



Dadi International Group Limited

大地國際集團有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 8130)

INTERIM REPORT

2022



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*This report, for which the directors (the “**Directors**”) of Dadi International Group Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on 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 aspects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

UNAUDITED INTERIM RESULTS

The board of Directors (the “**Board**”) of Dadi International Group Limited (the “**Company**”) presents the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 September 2022 (the “**Reporting Period**”), together with the unaudited comparative figures for the six months ended 30 September 2021 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	For the three months ended 30 September		For the six months ended 30 September	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue	5	7,616	9,461	19,856	19,313
Cost of sales		(5,053)	(6,205)	(13,129)	(8,651)
Gross profit		2,563	3,256	6,727	10,662
Other gains or losses	6	(23)	1,652	202	1,843
Administrative expenses		(6,076)	(11,234)	(13,276)	(23,456)
(Loss)/profit from operations	7	(3,536)	(6,326)	(6,347)	(10,951)
Finance costs	8	(6,986)	(10,280)	(15,071)	(26,496)
Loss before taxation		(10,522)	(16,606)	(21,418)	(37,447)
Income tax expense	9	(827)	(13)	(942)	(1,532)
Loss for the period		(11,349)	(16,619)	(22,360)	(38,979)
Loss for the period attributable to:					
Owners of the Company		(7,898)	(11,253)	(15,561)	(26,499)
Non-controlling interests		(3,451)	(5,366)	(6,799)	(12,480)
		(11,349)	(16,619)	(22,360)	(38,979)
		<i>HK Cents</i>	<i>HK Cents</i>	<i>HK Cents</i>	<i>HK Cents</i>
Loss per share	10				
Basic and diluted		(0.22)	(0.31)	(0.43)	(0.73)

	For the three months ended 30 September		For the six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Loss for the period	<u>(11,349)</u>	<u>(16,619)</u>	<u>(22,360)</u>	<u>(38,979)</u>
Other comprehensive income/(expense) for the period				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translation of financial statements of overseas subsidiaries	<u>(2,281)</u>	<u>(696)</u>	<u>(55)</u>	<u>8,100</u>
Other comprehensive income/(expense) for the period	<u>(2,281)</u>	<u>(696)</u>	<u>(55)</u>	<u>8,100</u>
Total comprehensive expense for the period	<u>(13,630)</u>	<u>(17,315)</u>	<u>(22,415)</u>	<u>(30,879)</u>
Total comprehensive expense for the period attributable to:				
Owners of the Company	<u>(9,674)</u>	<u>(11,921)</u>	<u>(15,934)</u>	<u>(18,955)</u>
Non-controlling interests	<u>(3,956)</u>	<u>(5,394)</u>	<u>(6,481)</u>	<u>(11,924)</u>
	<u>(13,630)</u>	<u>(17,315)</u>	<u>(22,415)</u>	<u>(30,879)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 September 2022	At 31 March 2022
	<i>Notes</i>	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	11	736	272
Goodwill		6,195	6,688
Right-of-use assets		2,462	2,462
Financial assets at fair value through other comprehensive income		31,466	46,737
Intangible asset		0	0
Investment in an associate		0	0
		<u>40,859</u>	<u>56,159</u>
Current assets			
Trade and other receivables and deposits	12	878,258	975,203
Deposit for film production		30,879	30,879
Deposit for purchase of film rights		4,131	4,131
Financial assets at fair value through profit or loss		2	2
Bank balances and cash		15,123	16,854
Inventory		1,618	1,745
		<u>930,011</u>	<u>1,028,814</u>
Current liabilities			
Trade and other payables	13	335,276	361,323
Borrowings	14	588,973	652,660
Lease liabilities		2,753	2,776
Tax payable		39,979	41,912
		<u>966,981</u>	<u>1,058,671</u>
Net current assets		<u>(36,970)</u>	<u>(29,857)</u>
Total assets less current liabilities		<u>3,889</u>	<u>26,302</u>

		At 30 September 2022	At 31 March 2022
	<i>Notes</i>	HK\$'000 (Unaudited)	<i>HK\$'000 (Audited)</i>
Capital and reserves			
Share capital	15	36,406	36,406
Reserves		142,533	158,467
Equity attributable to owners of the Company		178,939	194,873
Non-controlling interests		(175,271)	(168,790)
Total equity		3,668	26,083
Non-current liabilities			
Borrowings	14	-	-
Lease liabilities		221	219
		221	219
Total equity and non-current liabilities		3,889	26,302

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Equity attributable to equity shareholders of the Company

	Issued capital <i>HK\$'000</i> (Unaudited)	Share premium <i>HK\$'000</i> (Unaudited)	Contributed surplus <i>HK\$'000</i> (Unaudited)	Statutory reserve <i>HK\$'000</i> (Unaudited)	Revaluation reserve <i>HK\$'000</i> (Unaudited)	Translation reserve <i>HK\$'000</i> (Unaudited)	Accumulated losses <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)	Non- controlling interests <i>HK\$'000</i> (Unaudited)	Total equity <i>HK\$'000</i> (Unaudited)
At 1 April 2021	36,406	1,828,573	311,538	7,706	12,616	33,736	(1,851,232)	379,343	(8,855)	370,488
Loss for the period	-	-	-	-	-	-	(26,499)	(26,499)	(12,480)	(38,979)
Other comprehensive income for the period	-	-	-	-	-	7,544	-	7,544	556	8,100
Total comprehensive income/(expense) for the period	-	-	-	-	-	7,544	(26,499)	(18,955)	(11,924)	(30,879)
Capital contribution from non-controlling interest	-	-	-	-	-	-	-	-	-	-
At 30 September 2021	36,406	1,828,573	311,538	7,706	12,616	41,280	(1,877,731)	360,388	(20,779)	339,609
At 1 April 2022	36,406	1,828,573	311,538	8,001	19,546	59,909	(2,069,100)	194,873	(168,790)	26,083
Loss for the period	-	-	-	-	-	-	(15,561)	(15,561)	(6,799)	(22,360)
Other comprehensive income for the period	-	-	-	-	-	(373)	-	(373)	318	(55)
Total comprehensive income/(expense) for the period	-	-	-	-	-	(373)	(15,561)	(15,934)	(6,481)	(22,415)
Capital contribution from non-controlling interest	-	-	-	-	-	-	-	-	-	-
At 30 September 2022	36,406	1,828,573	311,538	8,001	19,546	59,536	(2,084,661)	178,939	(175,271)	3,668

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Operating activities		
Cash generated from/(used in) operations	(2,621)	(10,142)
Tax refunded	188	—
	<u>(2,433)</u>	<u>(10,142)</u>
Net cash generated from/(used in) operating activities		
Investing activities		
Other cash flows arising from investing activities	1,600	4,788
	<u>1,600</u>	<u>4,788</u>
Net cash generated from investing activities		
Financing activities		
Proceeds from other borrowings	0	600,197
Repayment of other borrowings	0	(591,590)
	<u>0</u>	<u>(14,968)</u>
Other cash flows used in financing activities		
Net cash used in financing activities	0	(6,361)
	<u>0</u>	<u>(6,361)</u>
Net decrease in cash and cash equivalents	(833)	(11,715)
Cash and cash equivalents at beginning of period	16,854	36,196
Effect of foreign exchange rate changes	(898)	325
	<u>(898)</u>	<u>325</u>
Cash and cash equivalents at end of period	15,123	24,806
Analysis of cash and cash equivalents		
Cash and cash equivalents of the Group	15,123	24,806
	<u>15,123</u>	<u>24,806</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 9 November 2001 and continued in Bermuda on 20 April 2009. The Company's shares have been listed on the GEM of The Stock Exchange since 26 August 2002.

The registered office and principal place of business of the Company are located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and Unit 1504-1506, 15th Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong respectively.

The unaudited condensed consolidated interim financial statements are presented in Hong Kong dollars ("HK\$"), which is the same as the functional currency of the Company and all values are rounded to the nearest thousand (HK\$'000) except otherwise indicated.

The Company's principal activity is investment holding. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in publication, purchase and distributing of books, environmental protection business and financial leasing and other financial services.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2022 has been prepared in accordance with the Hong Kong Accounting Standards 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants, and applicable disclosure requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

The unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statement, and should be read in conjunction with those of the annual report for the year ended 31 March 2021.

The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2022 have not been audited by the Company's auditors, but have been reviewed by the Company's audit committee.

3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed consolidated financial statements for the six months ended 30 September 2022 are consistent with those followed in the preparation of the annual consolidated financial statements for the year ended 31 March 2022, except for the adoption of new standards and interpretations effective as of 1 April 2022. The adoption of the new standards and amendments does not have a material impact on the accounting policies of the Group, and the amounts reported for the current period and prior periods. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

4. SEGMENT INFORMATION

The Group manages its businesses by divisions which are organised by a mixture of both business lines (products and services) and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following four reportable segments. No operating segments have been aggregated to form the following reportable segments.

- | | | |
|-------|---|---|
| (i) | Publication, purchase and distribution of books : | Engaged in Publication, purchase and distribution of books in the People's Republic of China ("PRC"). |
| (ii) | Advertising and media related services: | Engaged in designing, production, acting as agency and placement of advertisements, information consulting and marketing planning in Hong Kong and the PRC. |
| (iii) | Financial leasing and other financial services: | Provision of financial leasing and other financial services in the PRC. |
| (iv) | Environmental protection business: | Provision of environmental consultancy service in the PRC. |
| (v) | Sales of healthcare products business: | Engaged in sales of healthcare products comprising primarily dietary supplements in the PRC. |

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment:

	Publication, purchase and distribution of books		Advertising and media related services		Financial leasing and other financial services		Environmental protection business		Sales of healthcare products business		Total	
	For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>
(Unaudited)		(Unaudited)		(Unaudited)		(Unaudited)		(Unaudited)		(Unaudited)		
Revenue:												
Sales to external customers	0	2,670	122	0	0	0	19,487	16,643	247	0	19,856	19,313
Segment results	0	(24,953)	117	0	0	0	6,926	6,004	(316)	0	6,727	(18,949)
Unallocated other income and gains											202	271
Unallocated expenses											(13,277)	(17,291)
(Loss)/profit from operations											(6,347)	(35,969)
Unallocated finance costs											(15,071)	(1,478)
Loss before taxation											(21,418)	(37,447)
Income tax expense											(942)	(1,532)
Loss for the period											(22,360)	(38,979)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments:

	Publication, purchase and distribution of books		Advertising and media related services		Financial leasing and other financial services		Environmental protection business		Sales of healthcare products business		Total	
	At 30 September 2022	At 31 March 2022	At 30 September 2022	At 31 March 2022	At 30 September 2022	At 31 March 2022	At 30 September 2022	At 31 March 2022	At 30 September 2022	At 31 March 2022	At 30 September 2022	At 31 March 2022
	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Segment assets	612,847	695,233	57,535	59,582	183,742	166,986	42,204	41,218	7,066	7,002	903,414	970,021
Unallocated assets											67,456	115,042
Total assets											970,870	1,084,973
Segment liabilities	871,904	919,471	30,400	32,786	13,309	30,025	13,147	7,404	7,351	6,886	936,110	996,572
Unallocated liabilities											31,092	62,318
Total liabilities											967,202	1,058,890

Other segment information

	Publication, purchase and distribution of books		Advertising and media related services		Financial leasing and other financial services		Environmental protection business		Sales of healthcare products business		Total	
	For the six months ended 30 September 2022		For the six months ended 30 September 2021		For the six months ended 30 September 2022		For the six months ended 30 September 2021		For the six months ended 30 September 2022		For the six months ended 30 September 2021	
	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Addition to non-current assets	0	0	0	128	0	128	441	116	0	0	441	244
Depreciation of property, plant and equipment	18	25	0	0	0	0	34	36	3	0	55	61

5. REVENUE

	For the three months ended 30 September		For the six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue from contracts with customers				
<i>At a point in time</i>				
Publication, purchase and distribution of books	0	2,670	0	2,670
<i>Overtime</i>				
Environmental protection business	7,362	6,791	19,487	16,643
Sales of healthcare products business	132	0	247	0
Advertising and media related business	-	-	122	-
	<u>7,494</u>	<u>9,461</u>	<u>19,856</u>	<u>19,313</u>

6. OTHER GAINS OR LOSSES

	For the three months ended 30 September		For the six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Bank interest income	52	32	92	51
Dividend income	0	1,449	0	1,449
Other (loss)/Income	(75)	171	110	343
	<u>23</u>	<u>1,652</u>	<u>202</u>	<u>1,843</u>

7. LOSS/PROFIT FROM OPERATIONS

	For the three months ended 30 September		For the six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
The Group's (loss)/profit from operations is arrived at after charging/(crediting):				
Cost of sales	5,053	6,205	13,129	8,651
Depreciation charge				
– property, plant and equipment	925	57	1,001	111
– right-of-use assets	0	0	0	0
Net foreign exchange (loss)/gain	27	1	1	1
Staff costs (including directors' remuneration)	4,382	5,940	9,179	12,398

8. FINANCE COSTS

	For the three months ended 30 September		For the six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Interest on other borrowing	6,986	10,280	15,071	26,496
Interest on lease liabilities	–	0	–	0
Total	6,986	10,280	15,071	26,496

9. INCOME TAX EXPENSE

	For the three months ended 30 September		For the six months ended 30 September	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current tax charged:				
PRC Enterprise Income Tax	<u>827</u>	<u>13</u>	<u>942</u>	<u>1,532</u>
Total tax charged	<u>827</u>	<u>13</u>	<u>942</u>	<u>1,532</u>

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits in Hong Kong or the estimated assessable profit was wholly absorbed by tax losses brought forward for the six months ended 30 September 2022 (2020: Nil).

The Group had no significant unprovided deferred tax assets and liabilities at 30 September 2022 (2020: Nil).

10. LOSS PER SHARE

Basic loss per share

The calculation of the basic loss per share is based on the loss attributable to owners of the Company for the three months ended 30 September 2022 of approximately HK\$7,898,000 (2021: loss attributable to owners of the Company of approximately HK\$11,253,000) and loss attributable to owners of the Company for the six months ended 30 September 2022 of approximately HK\$15,561,000 (2021: loss attributable to owners of the Company of approximately HK\$26,499,000) and the weighted average of 3,640,627,457 shares in issue during the three months ended 30 September 2022 (2021: 3,640,627,457 shares) and the weighted average of 3,640,627,457 shares in issue during the six months ended 30 September 2022 (2021: 3,640,627,457 shares).

Diluted loss per share

No diluted loss per share were presented as there were no potential ordinary shares in issue for the three months and six months ended 30 September 2022.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2022, the Group acquired property, plant and equipment amount to HK\$441,000 (six months ended 30 September 2021: HK\$262,000) and items of property, plant and equipment with carrying amounts were not disposed of (six months ended 30 September 2021: nil).

12. TRADE AND OTHER RECEIVABLES AND DEPOSITS

	At 30 September 2022 <i>HK\$'000</i> (Unaudited)	At 31 March 2022 <i>HK\$'000</i> (Audited)
Trade receivables	654,169	684,267
Allowance for expected credit losses	<u>(284,555)</u>	<u>(284,555)</u>
	<u>369,614</u>	<u>399,712</u>
Deposits	1,341	1,452
Prepayments	292,018	325,712
Other receivables	275,265	306,081
Loan receivables	17,618	19,844
Allowance for expected credit losses	<u>(77,598)</u>	<u>(77,598)</u>
	<u>508,644</u>	<u>575,491</u>
	<u>878,258</u>	<u>975,203</u>

An aged analysis of the Group's trade receivables, based on the invoice date, which approximates the respective revenue recognition dates and net of allowance for expected credit losses, at the end of the Reporting Period is as follows:

	At 30 September 2022 <i>HK\$'000</i> (Unaudited)	At 31 March 2022 <i>HK\$'000</i> (Audited)
0 – 30 days	1,468	1,588
31 – 60 days	1,001	1,083
61 – 90 days	781	845
Over 90 days	<u>366,363</u>	<u>396,196</u>
	<u>369,614</u>	<u>399,712</u>

13. TRADE AND OTHER PAYABLES

	At 30 September 2022 <i>HK\$'000</i> (Unaudited)	At 31 March 2022 <i>HK\$'000</i> (Audited)
Trade payables	166,751	181,218
Accruals and other payables	130,912	142,392
Dividend payables to non-controlling interests	36,251	36,251
Security deposits received	1,362	1,462
	<u>335,276</u>	<u>361,323</u>

An aged analysis of the Group's trade payables presented based on the invoice date at the end of the Reporting Period is as follows:

	At 30 September 2022 <i>HK\$'000</i> (Unaudited)	At 31 March 2022 <i>HK\$'000</i> (Audited)
0 – 30 days	300	326
31 – 60 days	8	9
61 – 90 days	14	15
Over 90 days	166,429	180,868
	<u>166,751</u>	<u>181,218</u>

14. BORROWINGS

	At 30 September 2022 HK\$'000 (Unaudited)	At 31 March 2022 HK\$'000 (Audited)
Borrowings-secured	—	—
Borrowings-unsecured	588,973	652,660
	588,973	652,660
The carrying amounts of the above borrowings are repayable:		
Within one year	588,973	652,660
Within a period of more than one year but not exceeding two years	—	—
	—	652,660
Less: amounts due within one year shown under current liabilities	—	35,566
Amounts shown under non-current liabilities	—	600,197

The range of interest rates per annum on the Group's borrowings were as followed:

	At 30 September 2022 (Unaudited)	At 31 March 2022 (Audited)
Fixed rate	8%	8%

As at 30 September 2022, the borrowings of approximately HK\$552,828,000 (year ended 31 March 2022: approximately HK\$591,590,000 which granted by trust guarantee fund) was granted to the Group by Shanxi Environment Group Co., Ltd which is a substantial shareholder of the Company.

15. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised:		
At 1 April 2020, 31 March 2021, 1 April 2021 and 30 September 2022, ordinary shares of HK\$0.01 each	20,000,000,000	200,000
Issued and fully paid:		
At 1 April 2020, ordinary shares of HK\$0.01 each (Audited)	3,564,945,946	35,649
Issue of shares	75,681,511	757
At 31 March 2021 and 1 April 2021, ordinary shares of HK\$0.01 each (Audited) and 30 September 2022, ordinary shares of HK\$0.01 each (Unaudited)	3,640,627,457	36,406

16. MATERIAL RELATED PARTY TRANSACTION

Save as disclosed elsewhere in these unaudited condensed consolidated interim financial statements, the Group had entered into the following material transaction with related parties during the period.

Name of related party	Nature	Note	For the six months ended 30 September	
			2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Shanxi Environment Group Co., Ltd* (山西省環境集團有限公司· “Shanxi Environment”)	Long-term loan	(i)	552,828	600,197

Note:

- (i) On 23 June 2021, the Company and Shanxi Environment reached a loan contract. Pursuant to the Framework Agreement, Shanxi Environment granted a two-years term loan amount to RMB500,000,000 to Dadi Feichi Culture Development (Shanghai) Co., Limited (大地飛馳文化發展(上海)有限公司).

* For identification purpose only

MANAGEMENT DISCUSSION AND ANALYSIS

Interim Dividend

The Board resolved not to declare any interim dividend for the six months ended 30 September 2022 (2021: Nil).

Industry Overview

Environmental Protection Service Industry

In November 2016, the State Council issued the 13th Five-Year Plan for Ecological and Environmental Protection (《「十三五」生態環境保護規劃》), which illustrated the direction for the PRC's ecological and environmental protection work in the next five years. In March 2017, the State Council approved the 13th Five-Year Plan for Nuclear Safety and Radioactive Pollution Prevention and Control with the Vision 2025 (《核安全與放射性污染防治「十三五」規劃及二零二五年遠景目標》), clearly defining the new directions and goals for the nuclear safety and the prevention and control of radioactive pollution during the period of the 13th Five-year Plan. Both plans clearly propose “strengthening the supervision and management of associated radioactive mines”, “ensuring the radiation environmental safety of associated radioactive mines”, and “strengthening the radiation environmental management of associated radioactive mines”, placing the safety management of the radiation environment of associated radioactive mines and the prevention and control of radioactive pollution to an unprecedented position. In this context, the relevant market potential will continue to grow.

In respect of telecommunication base stations, there are more than 5 million base stations to service the 4G networks in China, while the 5G network would need to support 1 million devices per square kilometer, the network construction must be very dense, requiring a large number of small base stations to support the network infrastructure. Pursuant to the Notice on Issuing the Memorandum of Environmental Protection Work for Communication Base Stations (《關於印發通信基站環境保護工作備忘錄的通知》), it is clearly stipulated in the Shanxi Province Communication Facilities Construction and Protection Regulations (《山西省通信設施建設與保護條例》), the construction unit of communication facilities shall assess the level of the electromagnetic radiation of the communication base station, publish the test results to the public, and be responsible for the authenticity of the test results. Therefore, as the 5G era approaches, the “four major operators” in the province currently owning and operating a large number of existing mobile communication base stations will further install and put into operation a large number of 5G communication base stations during the 14th Five-Year Plan period. This industry will be the most significant business growth point for the radiation testing services. In addition, radio and television transmitting stations and numerous meteorological radars and navigation radar stations in Shanxi Province shall constitute countless electromagnetic sources, most of which will require completion of the requisite environmental protection procedures, as well as the need to conduct radiation environmental assessment and monitoring.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Industry Overview *(Continued)*

Environmental Protection Service Industry *(Continued)*

In respect of the power industry, wind power projects and photovoltaic power generation projects are among the key new energy projects in the PRC, and are the key support projects in the strategic emerging energy development. There are a number of areas in Shanxi Province suitable to build wind farms and install photovoltaic power generation panels. Taking into account of the good development value for wind and solar energy, a large number of wind and solar power plants have been established in recent years. At the same time, as a major energy province, there are a large number of power transmission and transformation facilities in Shanxi Province, with voltage levels of 500kV, 220kV, 110kV AC transmission and transformation, and its 1,000kV UHV transmission and transformation, as well as newly developed DC high-voltage transmission projects. These present a large potential for radiation monitoring demands.

In respect of radiation in general and from nuclear operations, the State has successively established various specifications and standards in 2021, such as the Technical Specification for Radiation Environmental Monitoring (《輻射環境監測技術規範》), the General Regulation of Quality Assurance for Ionizing Radiation Monitoring (《電離輻射監測質量保證通用要求》) and the Technical Specifications for Emergency Monitoring in Radiation Accidents (《輻射事故應急監測技術規範》), providing legal safeguards and basis for the development of the Company's business in respect of environmental assessment and monitoring of nuclear and radiation activities.

While there are no nuclear facilities in Shanxi Province, nuclear technology applications are present in the province. At present, there are 1,459 nuclear technology utilization units in the province, comprising mainly nuclear medicine departments, radiotherapy rooms and diagnostic radiology departments in hospitals, scientific research units for industrial flaw detection, well logging, density and ash analysis, and China Institute for Radiation Protection, in which 3,506 sealed radioactive sources are used, and a large number of radiation devices are equipped. There are also development and utilization of associated radioactive mines. Shanxi Province is a major province of mineral resources, thereby presenting a prominent market potential to strengthen the monitoring of surrounding radiation environment and effluent.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Industry Overview *(Continued)*

Healthcare Products Industry

With social progress and economic development, human beings are increasingly concerned about their own health. The health consumption level of global residents is rising year by year, and the demand for nutritional and healthcare food remains very strong. Healthcare food is called “functional food” or “healthy food” or “nutritional food” in Europe and the United States, “reformed food” in Germany, “food for specified health use” in Japan, and is included in the “specific nutritional food” category. Countries all over the world attach great importance to the development of healthcare food, and new functions, new products, new presentations and new consumption methods are constantly emerging. The PRC market has significant development potential. In the coming years, there will be 270 million “senior citizens” in the PRC, presenting a clear demand for health products with sufficient spending power. In addition, there is a current trend that promotion for nutrition is being promoted among younger generation. At present, young people in the PRC have some distinctive characteristics such as “loving food, beauty and health”, and have strong demand for diet and health, which will effectively expand domestic demand alongside with their increase in income in the future.

With the increase of per capita gross domestic product in the PRC, consumers have undergone fundamental changes in the consumption concept and willingness of healthcare food, and healthcare food will gradually change from discretionary consumption to essential consumer goods in terms of consumption attributes. With the gradual implementation of the National Nutrition Plan (2017-2030) (《國民營養計劃(2017–2030年)》) and the “Healthy China 2030” Planning Outline (《「健康中國2030」規劃綱要》) promulgated by the State Council of the PRC, the big health industry, especially the healthcare food industry, will usher in a golden period in the history in the PRC. The Guiding Opinions on Promoting the Healthy Development of the Food Industry (《關於促進食品工業健康發展的指導意見》) promulgated jointly by the National Development and Reform Commission of the PRC and the Ministry of Industry and Information Technology of the PRC points out that it is necessary to actively carry out food health efficacy evaluation, accelerate the development of infant formula food, food for the elderly and functional food that meet the needs of specific groups, support the development of healthcare products, and engage in the research and development of functional proteins, functional dietary fibers, functional glycogen, functional oils, probiotics, bioactive peptides and other healthcare and healthy foods.

In recent years, healthcare products market in the PRC has witnessed rapid growth. In 2021, the market size of healthcare products in the PRC increased by approximately RMB20.5 billion to approximately RMB270.8 billion compared with 2020, representing a year-on-year increase of 8.19%. Under the background of increasing health awareness and higher market demand, the overall market size of healthcare products in China will continue to expand. It is expected that the size of healthcare products industry in the PRC will reach RMB320 billion in 2023, with significant potential for market development.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Business Review

The outbreak of the novel coronavirus pneumonia (“**COVID-19**”) pandemic had a significant impact on the global economy. Despite the challenges imposed by the generally unfavourable economic and industry environment, the Group exhibited resilience in its overall operations over the Reporting Period. The Board, together with the support of the management of the Group, strived hard to mitigate the impact of the COVID-19 pandemic on its operations on one hand, and on the other, devoted resources to support the growth of the environmental protection business segment, which is the emerging revenue generator of the Group, and explored new opportunities in promoting the sales of healthcare products.

Environmental Consultancy Services

The environmental consultancy services segment became the major revenue driver of the Group during the Reporting Period. Upon the completion of acquisition of Jinxin Keyuan in February 2021, the Group had been successful in expanding the scale of operation in its environmental consultancy business. The management devoted more resources towards the development of its segmental operations and was met with further business opportunities. During the Reporting Period, on top of its nuclear and radiation monitoring business for the electricity supply industry, the Group further expanded its service offerings in relation to stone mine restoration, soil remediation and comprehensive utilization of mine solid waste businesses. Mine remediation and soil remediation services focused on the remediation of the damaged mountains, soil and vegetation left by historical mining activities as well as those sustained in the course of new mining activities through the implementation of holistic technical and commercial solutions; as for comprehensive utilisation of mine solid wastes, wastes generated in the mining process were processed and transformed into construction raw materials, so as to achieve the goal of ecological environmental protection and green mining of local governments and mining enterprises.

During the Reporting Period, this business segment contributed segmental revenue of approximately HK\$19.49 million (2021: approximately HK\$16.64 million), and segmental profit of approximately HK\$6.93 million (2021: approximately HK\$6.00 million) to the Group, representing an increase of approximately 17.13% and 15.50% in the segmental revenue and profit, respectively. The increases above were principally attributable to the expansion in the service offerings by the Group in relation to environmental consultancy services over the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Business Review *(Continued)*

Healthcare Products

The COVID-19 pandemic has raised the public's attention towards healthcare industry in general. The Group, as a continuing initiative to explore profitable markets and develop presence and expertise in these areas taking advantage of its current resources and network, commenced the sales of healthcare product business segment during the second half of 2021. The Group introduced various healthcare products from overseas markets for sales in the PRC through electronic platforms. The healthcare products comprised primarily of dietary supplements which aimed to support the metabolism and internal circulation of human beings. Meanwhile, as part of the strategies to expand the target customer group to the younger generations and leveraging on the Group's developing presence in Japan, the Group was introducing chewable functional natto snacks as well as other series of healthcare products featuring functional dietary fiber ingredients as part of its product portfolio to match the youth's trend for the growing support for healthcare and dietary supplements in the PRC.

During the Reporting Period, the Group recorded sales of approximately HK\$0.25 million (2021: nil) and a loss of approximately HK\$0.32 million (2021: nil) from the sales of healthcare products.

Publication, Purchase and Distribution of Books

During the Reporting Period, the Group did not record any sales (2021: HK\$2.67 million) nor any segmental profit/loss (2021: HK\$24.95 million segmental loss) in respect of its publication, purchase and distribution of books business. Due to the severe impact suffered from a number of industry participants arising from the continued sporadic outbreak of COVID-19 confirmed cases in various regions in the PRC as a result of the involvement of the COVID-19 variants during the first half of 2022, leading to a nearly stalled settlement of payments and receivables along the industry chain (including those from the Group's downstream customers, namely, the book distributors) and thus tightened cash flows among the industry players and a generalised slowdown in the business and financial performance of the books industry. In such circumstances, the Group, adopting a prudent capital management approach, was forced to temporarily scale down its operations in this business segment, and had not resumed its operations during the Reporting Period.

Other Business Segments

During the Reporting Period, the Group had minimal operations in the advertising and media related services segment and the financial leasing and other financial services segment. The Group recorded segmental revenue of approximately HK\$0.12 million (2021: nil) and recorded a segmental profit of approximately HK\$0.12 million (2021: nil) in relation to the advertising and media related services segment, due to the completion of certain printing services for our customers during the Reporting Period; and did not recognise any revenue (2021: nil) nor segmental profit/loss (2021: nil) in relation to the financial leasing and other financial services segment for the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Business Review *(Continued)*

Financial Review

During the Reporting Period, the revenue of the Group was approximately HK\$19.86 million (2021: HK\$19.31 million), of which the revenue of HK\$19.49 million was contributed from the environmental protection business. The revenue increased by approximately HK\$543,000 or 2.81% as compared with the six months ended 30 September 2021. Please refer to the section headed “Business Review” above for details of the reasons of the period-to-period decrease in the revenue of the Group.

Finance costs incurred during the Reporting Period amounted to approximately HK\$15.071 million (2021: HK\$26.50 million). The period-to-period decrease of approximately 9.10% was mainly due to the lower interest rates charged by the new loans obtained by the Group as replacements to the then existing loans.

Administrative expenses incurred by the Group recorded a period-to-period decrease of approximately 43.39% from approximately HK\$23.46 million for the six months ended 30 September 2021 to approximately HK\$13.28 million for the Reporting Period due to (i) the expiry and non-renewal of tenancy for the Group’s office premises in Shanghai due to the Group’s work-from-home arrangement; and (ii) the suspension of the publication, purchase and distribution of books business of the Group.

As a result of the foregoing, loss attributable to owners of the Company for the Reporting Period amounted to approximately HK\$15.561 million during the Reporting Period as compared to the loss attributable to owners of HK\$26.50 million during the corresponding period last year.

Discussion of going concern issue

The Board would like to remind all investors that the net current assets of the Company as at 30 September 2022 are HK\$-36,970,000, it was mainly due to that the Company’s receivables were enormous, resulting in the Company’s cash flow shortage, and then its principal business could not be developed with the difficult situation of sustainable operation. Although the Company has taken appropriate legal measures to recover the outstanding amounts from the downstream suppliers of the book business as soon as practicable, however, given that the epidemic is still relatively serious in Mainland China at present, the relevant legal proceedings progress slowly, and it still needs some time to deal with such risks. The Board is highly concerned about and requires the management team of the Company to solve the going concern issue of the Company through multiple channels and means. The Company will negotiate with investors as soon as practicable to obtain further support if necessary, including financial support, business cooperation, injection of new assets, etc. At the same time, the Company will also continue to actively reach an agreement with potential investor as soon as practicable, by introducing new investors to inject capital into the Company to solve its going concern issue as soon as practicable.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Outlook

Despite the COVID-19 pandemic had struck hard on the worldwide economy, and the Group had suffered the resultant impact, particularly as to its publication, purchase and distribution of books business segment, the Group considers that the impact of the COVID-19 pandemic will be temporary, and will ease off as the general economy and normal business activities gradually resume. With the determined and effective measures imposed by the PRC authorities to combat the COVID-19 pandemic, the impact from the pandemic will eventually diminished. The Group will conduct careful assessment on the outlook of each industry and operate in a stable manner. In respect of the publication, purchase and distribution of books business segment, the Group is further strengthening its effort to recoup the outstanding receivables from various industry counterparties (particularly, the downstream book distributors) including by way of resorting to various legal measures. Meanwhile, it will conduct careful assessment and select prominent institutions to seek new business cooperation opportunities with strategic values to the Group to resume the normal scale of operations in this segment.

In terms of its environmental consultancy services, in light of the increasing public awareness and policy support on environmental protection initiatives as well as enhanced compliance obligations imposed by the strengthened regulatory framework, the Group expects that the demand for its environmental consultancy services will continue to grow. In this regard, the Group will continue to enhance its effort in developing its service offerings as well as expanding its customer base so as to cover more industry needs. The Group is planning to devote more resources support to Jinxin Keyuan, the principal subsidiary of the Group responsible for the operations of this business segment, in order to promote its capabilities to undertake a wider variety of environmental protection and conservation projects and diversity its revenue streams and improve the overall profitability.

As a relatively new business segment for the sales of healthcare products, the Group plans to dedicate more resources to explore the market potentials and expand the scale of operations in a gradual manner. In this regard, the Group will further strengthen the cooperation and discussion with professional technology and product development agencies overseas and locally to identify potential healthcare and dietary products in order to expand the product portfolio of the Group. Further, the Group will conduct further market study, particularly in respect of the youth generation market, to identify the market leads with an aim gain a first-mover advantage as one of the first industry participants to introduce the appropriate products from overseas for sale in the PRC, and to meet the increasing awareness of the healthcare needs by the younger generations locally.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Outlook *(Continued)*

The COVID-19 pandemic had brought changes to the economic structure of the PRC and globally, certain strategic emerging industries such as new energy, environmental protection, conservation and restoration, as well as biomedicine and healthcare have evolved as a result, raising the public's attention and resource devotion to the research and development of new technologies, product and service offerings in these industries. Going forward, the Group will pay close attention to the industry developments, seize the opportunities and strive to enhance the revenue drivers of the Group in order to improve the overall financial performance of the Group and bring values to the shareholders of the Company.

Liquidity and Financial Resources

At 30 September 2022, the Group had total assets of approximately HK\$970.8 million (31 March 2022: HK\$1,114.83 million), including cash and bank balances of approximately HK\$15.12 million (31 March 2021: HK\$16.85 million). During the Reporting Period, the Group financed its operation mainly with internally generated cash flow and other borrowings.

The cash and cash equivalents of the Group were mainly denominated in Renminbi (“RMB”). The decrease of the cash balance was mainly due to the increase in trade receivables.

Capital Structure

There was no change in capital structure of the Group during the Reporting Period.

As at 30 September 2022, the total borrowings of the Group, all of which were denominated in RMB, amounted to approximately HK\$588.97 million (31 March 2022: HK\$652.66 million) that bore interest rate of approximately 8% per annum as at 30 September 2022. No financial instrument was being used for interest rate hedging purpose.

Gearing Ratio

The gearing ratio, expressed as percentage of total liabilities over total assets, was 99.60% (31 March 2022: 97.60%).

Charge on the Group's Assets

As at 30 September 2022, there was no charge on the Group's assets.

Foreign Exchange Exposure

The Group has not used any foreign currency derivative instruments to hedge its exposure to foreign exchange risk. However, the management closely monitors the exposures and will consider hedging the exposures should the need arise.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Capital Commitment

As at 30 September 2022, the Group did not have any significant capital commitments (31 March 2022: Nil).

Contingent Liabilities

As at 30 September 2022, the Group had no significant contingent liabilities (31 March 2022: Nil).

Material Acquisitions and Disposal of Subsidiaries, Associates and Joint Ventures

The Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

Employees

As at 30 September 2022, the Group had 65 full-time employees. Their remuneration, promotion and salary review are assessed based on job responsibilities, work performance, professional experiences and the prevailing industry practices. The Group's employees in the PRC is subject to social insurance contribution plans or other pension schemes organised by the regional governments and is required to pay on behalf of the employees a monthly social insurance premium covering pension insurance, medical insurance, unemployment insurance and housing fund, whilst the employees in Hong Kong joined the mandatory provident fund scheme. Other benefits include share options may be granted under the share option scheme based on individual performance. The Group provided various training courses to help employees to keep abreast of the latest trend in the industry and the dynamic pace in current market during the Reporting Period.

Significant Investment

As at 30 September 2022, save for the investment in its subsidiaries by the Company, the Group had no significant investments (31 March 2022: Nil).

Future Plans for Material Investments and Capital Assets

As at 30 September 2022, the Group did not have other plans for material investment and capital assets.

MATERIAL EVENTS AFTER THE REPORTING PERIOD

There are no material subsequent events undertaken by the Group since 30 September 2022 and up to the date of this report.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURE OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 September 2022, the interests and short position of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Hong Kong Securities and Futures Ordinance (“SFO”)), which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have taken under such provisions of the SFO) or which have been entered in the register maintained by the Company pursuant to Section 352 of the SFO, or otherwise required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, are as follows:

Long positions in ordinary shares of HK\$0.01 each (the “Shares”) of the Company

Name of director	Capacity/Nature of interest	Number of Shares held/ interested	Percentage of the Company's issued share capital
Mr. Wu Xiaoming	Beneficial owner	41,240,000	1.13%
Mr. Zhang Xiongfeng	Beneficial owner	237,209,900	6.52%

DIRECTORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, as at 30 September 2022, neither the Company nor any of its subsidiaries was a party to any arrangements to enable the directors and chief executive of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate, and none of the directors and chief executive of the Company or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such rights.

OTHER INFORMATION (Continued)

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at 30 September 2022, so far as the Directors are aware, the following persons (not being a Director or chief executive of the Company) had or were deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO or which were recorded in the register of the Company required to be kept by the Company under Section 336 of the SFO, or who is, directly or indirectly, interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group:

Long position in the Shares of the Company

Name of shareholder	Capacity	Interest in Shares	Percentage of the Company's issued share capital
山西省國有資本投資運營有限公司	Interest of controlled corporation	1,027,985,995 (Note)	28.24%
山西大地環境投資控股有限公司	Interest of controlled corporation	1,027,985,995 (Note)	28.24%
山西省環境集團有限公司	Interest of controlled corporation	1,027,985,995 (Note)	28.24%
Dadi International Holdings Co., Ltd	Beneficial owner	1,027,985,995 (Note)	28.24%

Note: Dadi International Holdings Co., Ltd is beneficially and wholly-owned by 山西省環境集團有限公司, which is in turn beneficially and 90% owned by 山西大地環境投資控股有限公司, which is in turn beneficially and wholly-owned by 山西省國有資本投資運營有限公司. As such, each of 山西省國有資本投資運營有限公司, 山西大地環境投資控股有限公司, 山西省環境集團有限公司 is deemed to be interested in the Shares held by Dadi International Holdings Co., Ltd.

Save as disclosed above, as at 30 September 2022, the Company has not been notified by any persons (other than the Directors and chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company which were to be recorded in the register required to be kept under Section 336 of the SFO and/or who were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

OTHER INFORMATION *(Continued)*

SHARE OPTION SCHEME

The Company adopted a share option scheme for a period of 10 years (the “**Share Option Scheme**”) pursuant to a resolution passed at the annual general meeting of the Company on 25 September 2012. The principal terms of the Share Option Scheme have been set out in note 40 to the financial statements as included in the annual report of the Company for the year ended 31 March 2022.

The Share Option Scheme has expired on 24 September 2022, and on which date, no share options were outstanding under the Share Option Scheme and no options were exercised, cancelled or lapsed during the Reporting Period.

COMPETING INTEREST

During the Reporting Period, none of the directors, management and substantial shareholders of the Company, or their respective associates had any interests in any business which competes or may compete with the business of the Group or had any other conflicts of interest with the Group pursuant to Rule 11.04 of the GEM Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Company has not redeemed any of its listed securities during the Reporting Period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company’s listed securities during the Reporting Period.

CORPORATE GOVERNANCE

The corporate governance principles of the Company emphasise a quality Board, sound internal controls, transparency and accountability to all shareholders. By applying rigorous corporate governance practices, the Group believes that its accountability and transparency will be improved thereby instilling confidence to shareholders and the public. During the Reporting Period, the Group has complied with the code provisions in the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 of the GEM Listing Rules.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the Reporting Period, the Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries of all Directors, all the Directors confirmed they have complied with the required standards of dealings and the code of conduct regarding securities transactions by Directors adopted by the Company.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control procedures of the Group. The audit committee comprises the non-executive director Mr. Zhang Xiongfeng and three independent non-executive directors namely, Mr. Law Yui Lun (the Chairperson), Dr. Zhang Wei and Dr. Jin Lizuo. The audit committee has reviewed the Group's unaudited condensed consolidated financial statements for the six months ended 30 September 2022.

BOARD OF DIRECTORS

At the date of this report, the executive Directors are Mr. Qu Zhongrang, Mr. Fu Yuanhong and Mr. Wu Xiaoming, the non-executive Directors are Mr. Ju Mengjun and Mr. Zhang Xiongfeng and the independent non-executive Directors are Dr. Zhang Wei, Dr. Jin Lizuo and Mr. Law Yui Lun.

By Order of the Board
Dadi International Group Limited
Fu Yuanhong
Chairman

Hong Kong, 14 November 2022