



**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  
**2024**



## **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 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 2024 (the “**Reporting Period**”), together with the unaudited comparative figures for the six months ended 30 September 2023 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the six months ended 30 September	
	Notes	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Revenue	5	6,002	9,954
Cost of sales		<u>(2,737)</u>	<u>(3,760)</u>
Gross profit		3,265	6,194
Other gains or losses	6	-	1,936
Administrative expenses		<u>(9,856)</u>	<u>(8,902)</u>
Loss from operations	7	(6,591)	(772)
Finance costs	8	<u>(9,528)</u>	<u>(9,712)</u>
Loss before taxation		(16,119)	(10,484)
Income tax expense	9	-	(470)
Loss for the period		<u>(16,119)</u>	<u>(10,954)</u>
<b>Loss for the period attributable to:</b>			
Owners of the Company		(11,217)	(7,623)
Non-controlling interests		<u>(4,902)</u>	<u>(3,331)</u>
		<u>(16,119)</u>	<u>(10,954)</u>
		<b>HK Cents</b>	<b>HK Cents</b>
<b>Loss per share</b>	10		
Basic and diluted		<u>(0.44)</u>	<u>(0.21)</u>

	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Loss for the period	<u>(16,119)</u>	<u>(10,954)</u>
<b>Other comprehensive income/(expense) for the period</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of overseas subsidiaries	<u>2,602</u>	<u>3,311</u>
Other comprehensive income/(expense) for the period	<u>2,602</u>	<u>3,311</u>
<b>Total comprehensive expense for the period</b>	<u>(13,517)</u>	<u>(7,643)</u>
<b>Total comprehensive expense for the period attributable to:</b>		
Owners of the Company	<u>(9,609)</u>	<u>(5,433)</u>
Non-controlling interests	<u>(3,908)</u>	<u>(2,210)</u>
	<u>(13,517)</u>	<u>(7,643)</u>



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 September 2024 HK\$'000 (Unaudited)	At 31 March 2024 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	11	400	400
Goodwill		–	–
Right-of-use assets		1,531	1,493
Financial assets at fair value through other comprehensive income		<u>28,395</u>	<u>28,229</u>
		<u>30,326</u>	<u>30,122</u>
<b>Current assets</b>			
Trade, bills and other receivables, deposits and prepayments	12	653,613	645,592
Financial assets at fair value through profit or loss		727	727
Inventory		–	–
Tax recoverable		–	–
Bank balances and cash		<u>13,469</u>	<u>12,987</u>
		<u>667,809</u>	<u>659,306</u>
<b>Current liabilities</b>			
Trade and other payables	13	492,201	472,983
Contract liabilities		481	478
Borrowings	14	587,781	584,634
Lease liabilities		203	203
Tax payable		<u>37,796</u>	<u>37,940</u>
		<u>1,118,462</u>	<u>1,096,238</u>
<b>Net current assets</b>		<u>(450,653)</u>	<u>(436,932)</u>
<b>Total assets less current liabilities</b>		<u>(420,327)</u>	<u>(406,810)</u>
<b>Non-current liabilities</b>			
Lease liabilities		–	–
<b>Net liabilities</b>		<u>(420,327)</u>	<u>(406,810)</u>

		<b>At 30 September 2024</b>	<b>At 31 March 2024</b>
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Capital and reserves</b>			
Share capital	15	<b>36,406</b>	36,406
Reserves		<b><u>(221,492)</u></b>	<u>(211,883)</u>
Capital deficiency to owners of the Company		<b>(185,086)</b>	(175,477)
Non-controlling interests		<b><u>(235,241)</u></b>	<u>(231,333)</u>
<b>Total capital deficiency</b>		<b><u>(420,327)</u></b>	<u>(406,810)</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to equity shareholders of the Company							Non-controlling interests	Total equity	
	Issued capital	Share premium	Contributed surplus	Statutory reserve	Revaluation reserve	Translation reserve	Accumulated losses			
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)			HK\$'000 (Unaudited)
<b>At 1 April 2023</b>	36,406	1,828,573	311,538	8,001	(7,448)	46,611	(2,356,248)	(132,567)	(204,406)	(336,973)
Loss for the period	-	-	-	-	-	-	(7,623)	(7,623)	(3,331)	(10,954)
Other comprehensive income for the period	-	-	-	-	-	2,190	-	2,190	1,121	3,311
Total comprehensive income/(expense) for the period	-	-	-	-	-	2,190	(7,623)	(5,433)	(2,210)	(7,643)
Capital contribution from non-controlling interest	-	-	-	-	-	-	-	-	-	-
<b>At 30 September 2023</b>	<u>36,406</u>	<u>1,828,573</u>	<u>311,538</u>	<u>8,001</u>	<u>(7,448)</u>	<u>48,801</u>	<u>(2,363,871)</u>	<u>(138,000)</u>	<u>(206,616)</u>	<u>(344,616)</u>
<b>At 1 April 2024</b>	36,406	1,828,573	311,538	9,225	5,006	49,682	(2,415,907)	(175,477)	(231,333)	(406,810)
Loss for the period	-	-	-	-	-	-	(11,217)	(11,217)	(4,902)	(16,119)
Other comprehensive income for the period	-	-	-	-	-	1,608	-	1,608	994	2,602
Total comprehensive income/(expense) for the period	-	-	-	-	-	1,608	(11,217)	(9,609)	(3,908)	(13,517)
<b>At 30 September 2024</b>	<u>36,406</u>	<u>1,828,573</u>	<u>311,538</u>	<u>9,225</u>	<u>5,006</u>	<u>51,290</u>	<u>(2,427,124)</u>	<u>(185,086)</u>	<u>(235,241)</u>	<u>(420,327)</u>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Operating activities</b>		
Cash generated from/(used in) operations	769	3,681
Tax refunded	–	369
	<hr/>	<hr/>
Net cash generated from/(used in) operating activities	769	4,050
	<hr/>	<hr/>
<b>Investing activities</b>		
Other cash flows arising from investing activities	–	1,685
	<hr/>	<hr/>
Net cash generated from investing activities	–	1,685
	<hr/>	<hr/>
<b>Financing activities</b>		
Proceeds from other borrowings	–	–
Repayment of other borrowings	–	(1,375)
	<hr/>	<hr/>
Other cash flows used in financing activities	–	–
	<hr/>	<hr/>
Net cash used in financing activities	–	–
	<hr/>	<hr/>
<b>Net decrease in cash and cash equivalents</b>	<b>769</b>	<b>4,360</b>
	<hr/>	<hr/>
<b>Cash and cash equivalents at beginning of period</b>	<b>12,987</b>	<b>8,880</b>
Effect of foreign exchange rate changes	(287)	(253)
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of period</b>	<b>13,469</b>	<b>12,987</b>
	<hr/>	<hr/>
<b>Analysis of cash and cash equivalents</b>		
Cash and cash equivalents of the Group	13,469	12,987
	<hr/>	<hr/>



## 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 Room 1503, 15/F, Olympia Plaza, 255 King's Road, North Point, 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 provision of environmental consultancy services, sales of healthcare products and publication, purchase and distributing of books.

### 2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2024 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 2024.

The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2024 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 2024 are consistent with those followed in the preparation of the annual consolidated financial statements for the year ended 31 March 2024, except for the adoption of new standards and interpretations effective as of 1 April 2024. 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 geographical locations. In a manner consistent with the way in which information is reported internally to the chief operating decision maker (“**CODM**”) for the purposes of resource allocation and performance assessment, the Group has presented the following five reportable segments. No operating segments have been aggregated to form the following reportable segments.

- |       |  |   |
|-------|--|---|
| (i)   | 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. |
| (ii)  | Financial leasing and other financial services:  | Provision of financial leasing and other financial services in the PRC.   |
| (iii) | Publication, purchase and distribution of books: | Engaged in publication, purchase and distribution of books in the PRC.  |
| (iv)  | Environmental consultancy services:              | Provision of environmental consultancy services in the PRC.   |
| (v)   | Healthcare products:                             | Engaged in sales of healthcare products 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 consultancy services		Healthcare products		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	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Revenue:</b>												
Sales to external customers	-	-	-	-	-	-	6,002	9,954	-	-	6,002	9,954
Segment results	-	-	-	-	-	-	3,265	6,194	-	-	3,265	6,194
Unallocated other income and gains											-	1,936
Unallocated expenses											9,865	(8,902)
(Loss) from operations											(6,591)	(772)
Unallocated finance costs											(9,528)	(9,712)
Loss before taxation											(16,119)	(10,484)
Income tax expense											-	(470)
Loss for the period											(16,119)	(10,954)

## 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 consultancy services		Healthcare products		Total	
	At	At	At	At	At	At	At	At	At	At	At	
	30 September 2024	31 March 2024	30 September 2024	31 March 2024	30 September 2024	31 March 2024	30 September 2024	31 March 2024	30 September 2024	31 March 2024	30 September 2024	31 March 2024
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Segment assets	623,342	620,236	5,756	4,731	6,145	5,259	22,160	19,899	4,699	4,904	659,982	655,029
Unallocated assets											36,033	34,399
Total assets											696,135	689,428
Segment liabilities	939,687	934,913	26,561	26,483	28,963	28,682	7,419	6,086	10,166	7,385	1,011,166	1,003,549
Unallocated liabilities											105,646	92,689
Total liabilities											1,116,462	1,096,238

## Other segment information

	Publication, purchase and distribution of books		Advertising and media related services		Financial leasing and other financial services		Environmental consultancy services		Healthcare products		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	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Addition to non-current assets	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation of property, plant and equipment	-	-	-	-	-	-	59	59	-	-	59	59

## 5. REVENUE

	For the six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
<b>Revenue from contracts with customers</b>		
<i>At a point in time</i>		
Publication, purchase and distribution of books	-	-
<i>Overtime</i>		
Environmental consultancy services	6,002	9,954
Healthcare products	-	-
Advertising and media related business	-	-
	<u>6,002</u>	<u>9,954</u>

## 6. OTHER GAINS OR LOSSES

	For the six months ended 30 September	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Bank interest income	-	331
Dividend income	-	1,605
Other (loss)/Income	-	-
	<u>-</u>	<u>1,936</u>
Total	<u>-</u>	<u>1,936</u>

## 7. LOSS FROM OPERATIONS

For the six months ended  
30 September  
2024 2023  
HK\$'000 HK\$'000  
(Unaudited) (Unaudited)

The Group's loss from operations is arrived at after charging:

Cost of sales	2,737	3,760
Depreciation charge – property, plant and equipment	59	90
Net foreign exchange (loss)/gain	–	(15)
Staff costs (including directors' remuneration)	3,512	7,191

## 8. FINANCE COSTS

For the six months ended  
30 September  
2024 2023  
HK\$'000 HK\$'000  
(Unaudited) (Unaudited)

Interest on other borrowing	9,528	9,712
Total	9,528	9,712



## 9. INCOME TAX EXPENSE

	For the six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax charged:		
PRC Enterprise Income Tax	—	470
Total tax charged	—	470

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 2024 (30 September 2023: nil).

The Group had no significant unprovided deferred tax assets and liabilities at 30 September 2024 (30 September 2023: 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 six months ended 30 September 2024 of approximately HK\$11,217,000 (30 September 2023: loss attributable to owners of the Company of approximately HK\$7,623,000) and the weighted average of 3,640,627,457 shares in issue during the six months ended 30 September 2024 (30 September 2023: 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 six months ended 30 September 2024.

## 11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2024, the Group acquired property, plant and equipment amount to HK\$Nil (six months ended 30 September 2023: HK\$nil) and items of property, plant and equipment with carrying amounts were not disposed of (six months ended 30 September 2023: nil).

## 12. TRADE, BILLS AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 30 September 2024 HK\$'000 (Unaudited)	At 31 March 2024 HK\$'000 (Audited)
Trade and bills receivables	618,214	615,704
Allowance for expected credit losses	<b>(268,865)</b>	<b>(268,865)</b>
	<b>349,349</b>	346,839
Deposits	303	303
Prepayments	292,980	292,980
Other receivables	237,033	231,922
Loan receivables	11,213	11,213
Allowance for expected credit losses	<b>(237,665)</b>	<b>(237,665)</b>
	<b>303,864</b>	298,753
	<b>653,213</b>	645,592

An aged analysis of the Group's trade and bills 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 2024 HK\$'000 (Unaudited)	At 31 March 2024 HK\$'000 (Audited)
0 – 30 days	1,932	412
31 – 60 days	592	192
61 – 90 days	178	388
Over 90 days	<b>346,647</b>	345,847
	<b>349,349</b>	346,839

### 13. TRADE AND OTHER PAYABLES

	At 30 September 2024 <i>HK\$'000</i> (Unaudited)	At 31 March 2024 <i>HK\$'000</i> (Audited)
Trade payables	166,714	165,827
Accruals and other payables	319,826	273,837
Dividend payables to non-controlling interests	5,457	32,431
Security deposits received	204	888
	<u>492,201</u>	<u>472,983</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 2024 <i>HK\$'000</i> (Unaudited)	At 31 March 2024 <i>HK\$'000</i> (Audited)
0 – 30 days	–	–
31 – 60 days	108	98
61 – 90 days	120	110
Over 90 days	166,486	165,619
	<u>166,714</u>	<u>165,827</u>

## 14. BORROWINGS

	At 30 September 2024 HK\$'000 (Unaudited)	At 31 March 2024 HK\$'000 (Audited)
Borrowings-secured	<u>554,453</u>	<u>551,442</u>
Borrowings-unsecured	<u>33,328</u>	<u>33,092</u>
	<u>587,781</u>	<u>584,634</u>
The carrying amounts of the above borrowings are repayable:		
Within one year	<u>587,781</u>	<u>584,634</u>
Within a period of more than one year but not exceeding two years	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Less: amounts due within one year shown under current liabilities	<u>-</u>	<u>-</u>
Amounts shown under non-current liabilities	<u>-</u>	<u>-</u>

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

	At 30 September 2024 (Unaudited)	At 31 March 2024 (Audited)
Fixed rate	<u>12%</u>	<u>12%</u>

As at 30 September 2024, the borrowings of approximately HK\$554,453,000 (31 March 2024: approximately HK\$551,542,000 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
<b>Authorised:</b>		
At 31 March 2024, 1 April 2024 and 30 September 2024, ordinary shares of HK\$0.01 each	20,000,000,000	200,000
<b>Issued and fully paid:</b>		
At 31 March 2024 and 1 April 2024, ordinary shares of HK\$0.01 each (Audited) and 30 September 2024, 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	
			2024 HK\$'000 (Unaudited)	2023 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)	551,542	546,568

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-year 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 2024 (2023: nil).

### Industry Overview

#### *Environmental Protection Service Industry*

In respect of environmental consultancy services, the Chinese environmental consulting service industry in China has the characteristics of a large number of enterprises and a relatively dispersed industry concentration. With the further relaxation of the national qualification control for environmental consulting services, barriers in government approval, enterprise qualifications, market pricing and other aspects are gradually being broken down. The marketization level of the industry is rapidly increasing, making the market competition in the environmental consulting service industry fierce, and there are numerous enterprises engaging in detailed business within the industry.

The government of China attaches great importance to environmental protection and sustainable development, and has introduced a series of policies to encourage and support the development of the environmental consulting service industry. For example, the “Opinions on Comprehensively Promoting the Construction of a Beautiful China” proposes to establish and improve an environmental governance system, enhance environmental governance capabilities, and provide a broad market space for the environmental consulting service industry. In addition, the government has also increased investment in the environmental protection industry, promoting technological innovation and industrial upgrading in the environmental consulting service industry.

With the continuous improvement of environmental awareness and the increasingly strict environmental policies, the environmental consulting service industry will usher in a broader development space. In the future, the environmental consulting service industry will develop towards specialization, refinement, characterization, and novelty. Enterprises in the industry will pay more attention to technological innovation and service quality, and improve market competitiveness. At the same time, with the continuous development and application of Internet, big data, artificial intelligence and other technologies, the environmental consulting service industry will also usher in digital and intelligent transformation and upgrading.

Overall, from 2023 to 2024, the environmental consulting service industry has shown a good development trend in terms of market size, competitive landscape, policy environment, and development trends. In the future, with the continuous improvement of environmental awareness and the increasingly strict environmental policies, the environmental consulting service industry will usher in a broader development space.

## **MANAGEMENT DISCUSSION AND ANALYSIS** *(Continued)*

### **Industry Overview** *(Continued)*

#### **Healthcare Products Industry**

The enthusiasm for new healthcare materials, technologies, formulations and products has been increasing in recent years. With the stagnified competition among the domestic healthcare and functional food producers, the public had turned to look for overseas resources and supplies. Meanwhile, the higher disposable income of residents in the People's Republic of China (the "PRC") has promoted the demand for better lifestyles and the consumption pattern transfers from affordable products to high-quality and diversified products. In addition, imported products can offer opportunities for potentially higher premiums with more diversified types for selection by the customers. Further, overseas products with innovative formulas usually offer better functional experience, and healthy snack products are usually favoured by and has become popular among domestic consumers.

Healthcare product demand has remained strong in recent years. Whilst healthcare and functional food product will be an essential element in the realisation of the comprehensive healthcare awareness in the PRC, the per capital consumption of healthcare products in the PRC remains to be far behind with that of other developed countries such as Japan and the United States. Therefore, with the increased consumption level of the public in the PRC, it is expected that there will be much growth potential for the sales of imported healthcare products.

Furthermore, the COVID-19 pandemic had raised the public awareness for a healthy lifestyle and bodily care. Particularly, alongside with the extended "long COVID" symptoms suffered by certain patients, quality healthcare products and functional food supplements have received higher level of attention and have become increasing welcomed by the public.

## MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

### Business Review

The Group's principal business activities during the Reporting Period arose from the provision of the environmental consultancy services segment. The Reporting Period represents a challenge to the operations of the Group, alongside with various market participants in the economy of the PRC. Whereas the global economy had been unstable with heightening costs of borrowing and inflation witnessed in overseas countries, the PRC economy had also continued to exhibit a generally lower level of business, investment and consumption activities. Meanwhile, the PRC economy had yet to have resumed its strong growth trend in the post-COVID era, and was suffering from the impact from unfavorable market news including various bond defaults and potential bankruptcy of certain key industry players and conglomerates in the PRC and elsewhere due to the refinancing issues and the inability to pay off their accumulated debts. The market remained to be on a wait-and-see approach and reduced the current level of investment pending more favorable policies in place to stimulate the PRC economy activities towards the first half of 2024. Accordingly, the Group had received a relatively lower level of new project engagement in respect of the environmental consultancy services. Nevertheless, the Group took advantage of the relatively quiet market environment to re-assess its strategy in terms of the sales of healthcare segment and is consolidating its product sourcing pathways and new product supply chain to introduce more attractive, advanced and novel healthcare products and nutrition supplements from overseas to the domestic market in the PRC.

### Financial Review

#### Revenue

The Group recorded a period-on-period decrease of approximately 39.70% in its revenue from approximately HK\$9.95 million for the six months ended 30 September 2023 to approximately HK\$6.00 million for the Reporting Period. The Group's revenue for the Reporting Period was principally derived from its provision of the environmental consultancy services. The period-on-period decrease of the Group's revenue was mainly attributable to the reduction in the new environmental protection and remediation consultancy projects successfully obtained by the Group following the gradual completion of the on-going projects from the previous financial year. Meanwhile, whereas the PRC economy remained relatively quiet with lower level of business and investment activities; and the general market was adopting a wait-and-see attitude towards its future development, coupled with the relatively unstable economy in overseas countries and increased finance costs following therefrom, as well as unfavourable market news such as the potential default of certain key industry players in the PRC and elsewhere, the Group had witnessed a temporary reduction in the willingness of certain project owners to make substantive investments for environmental conservation and remediation projects, thereby leading to the relatively lower number of consultancy engagements undertaken by the Group during the Reporting Period and thus the service income resulting therefrom.

## **MANAGEMENT DISCUSSION AND ANALYSIS** *(Continued)*

### **Financial Review** *(Continued)*

#### ***Costs of sales***

The costs of sales of the Group consisted primarily of costs directly attributable to the provision of its services and sales of goods, which mainly included, among other things, the direct labour and staff costs associated to the provision of services; and the costs in relation to procurement of outsourced technology services for the purpose of rendering certain environmental consultancy services for the Group's customers.

The Group recorded costs of sales of approximately HK\$2.74 million for the Reporting Period, representing a period-on-period decrease of approximately 27.13% from that of approximately HK\$3.76 million for the corresponding period in 2023. The significant decrease in the costs of sales incurred by the Group was mainly attributable to a period-on-period reduction in terms of the scale of operations of the Group's environmental consultancy services segment due to the uncertain economic condition and the stalled investment incentive of market participants, leading to a corresponding decrease in the Group's demand for outsourced technology services to cater for the on-site performance of certain consultancy works.

#### ***Gross profit and gross margin***

The Group's gross profit recorded a period-on-period decrease of approximately 47.17% from approximately HK\$6.19 million for the six months ended 30 September 2023 to approximately HK\$3.27 million for the Reporting Period. Meanwhile, the gross margin (expressed as a percentage of gross profit over revenue) of the Group decreased from approximately 62% for the six months ended 30 September 2023 to 54% for the Reporting Period. The period-on-period decrease in the gross profit of the Group was attributable to the temporary reduction in the number of new environmental consultancy projects undertaken by the Group during the Reporting Period as a result of the uncertain economic environment in the PRC and thus the revenue derived from the provision of environmental consultancy services by the Group.

## **MANAGEMENT DISCUSSION AND ANALYSIS** *(Continued)*

### **Financial Review** *(Continued)*

#### ***Administrative expenses***

The Group recorded a period-on-period increase in its administrative expenses of approximately 10.79% from approximately HK\$8.90 million for the six months ended 30 September 2022 to approximately HK\$9.86 million for the Reporting Period. The slight increase is mainly due to the expansion of business in the environmental consulting services sector.

#### ***Finance costs***

The Group recognised finance costs of approximately HK\$9.53 million for the Reporting Period, which was basically the same as that of approximately HK\$9.71 million for the six months ended 30 September 2022.

#### ***Loss for the period***

The Group recorded loss for the period and loss for the period attributable to owners of the Company of approximately HK\$16.12 million and HK\$11.21 million for the Reporting Period, when compared to those of approximately HK\$10.95 million and HK\$7.62 million for the six months ended 30 September 2022, respectively. The increase is mainly due to (i) the narrowing of environmental consulting services business; and (ii) the increase in administrative costs for environmental consulting services in order to expand business.



## **MANAGEMENT DISCUSSION AND ANALYSIS** *(Continued)*

### **Discussion of going concern issue**

The Board would like to remind all investors that the net current assets of the Group as at 30 September 2024 are HK\$(450,653,000). It was mainly due to that the Group's receivables remained relatively significant in terms of its asset profile, resulting in the Company's cash flow shortage. Whilst the majority of such trade receivables represent those from the downstream customers, namely the book distributors, of the Group's publication, purchase and distribution of books segment, which were incurred during the early stage of the COVID-19 pandemic upon which the whole industry chain suffered from a nearly stalled settlement of payments and receivables, leading to the prevalent tightened cash flows and generalised slowdown among the industry players. The Group and Shanxi Environment had taken various legal recourses to recover such outstanding receivables.

Meanwhile, referring to the announcement of our company on September 9, 2024, the cooperation and development of our group's ecological and cultural cemetery and related industries businesses are progressing normally, and the company will release further information at an appropriate time. The board of directors requires the company's management team to implement the above matters and achieve significant improvement in the company's sustainable operation in the second half of the year.

### **Outlook**

Although many countries around the world, including China, have announced multiple policies to stimulate the economy, the overall economic situation is still unfavorable optimistic, combined with the unstable situation in multiple regions of the world, it further exacerbates the uncertainty of economic recovery. The Group will prudently evaluate the prospects of various industries and operate steadily while maintaining its existing business operations.

On the one hand, we will strive to recover the Company's accounts receivable, and on the other hand, we will vigorously explore new business growth points, strive to make a significant improvement in the Company's operating conditions within the next fiscal year.

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.

## MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

### Outlook *(Continued)*

In relation to the business of the sales of healthcare products, the Group will launch new products in this year, whilst increasing its product profile such as Nattokinase food supplements from Japan. The Group believes that the expanded product mix will further attract the domestic demand for healthcare products, particularly for the younger generations in the PRC. To this end, the Group will maintain close observation of the market trend and response, and will actively explore new products and enhance its strategic positioning in the market in a timely manner.

Second half of the year, the Group will mainly seek to expand businesses with stable revenue based on the unstable global political and economic situation 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

The Group generally derives cash for operation from internal cash flow and borrowings in the PRC. As at 30 September 2024, the Group had total assets of approximately HK\$698.13 million (31 March 2024: HK\$689.43 million), including trade, bills and other receivables, deposits and prepayments of approximately HK\$653.61 million (31 March 2024: HK\$645.59 million) and bank balances and cash of HK\$13.47 million (31 March 2024: HK\$12.99 million). As at 30 September 2024, the Group's borrowings amounted to approximately HK\$587.78 million (31 March 2024: HK\$584.63 million).

The Group's current assets and current liabilities as at 30 September 2024 were approximately HK\$667.81 million (31 March 2024: HK\$659.31 million) and approximately HK\$1,118.46 million (31 March 2024: HK\$1,096.24 million), respectively. The Group's non-current assets and non-current liabilities as at 30 September 2024 were approximately HK\$30.33 million (31 March 2024: HK\$30.12 million) and HK\$0 million (31 March 2024: HK\$0 million), respectively.

The decrease of approximately 1% in the Group's current assets from that as at 31 March 2024 to that as at 30 September 2024 was mainly attributable to a decrease in the trade, bills and other receivables, deposits and bills and prepayments from that of approximately HK\$645.59 million as at 31 March 2024 to that of approximately HK\$653.61 million as at 30 September 2024 due to the reduced trade receivables from customers of the Group's environmental consultancy services business as a result of a lower level of new projects undertaken by the Group during the Reporting Period against the background of the generally unfavourable economic conditions in the PRC, and resulting from which, the prepayments made by the Group to third party suppliers for the purpose of performance of such projects correspondingly decreased; partially offset by the improvement of the Group's bank balances and cash position from that of HK\$12.99 million as at 31 March 2024 to that of HK\$13.47 million as at 30 September 2024 due to the enhanced recovery of the level of cash from its operations during the Reporting Period.

## **MANAGEMENT DISCUSSION AND ANALYSIS** *(Continued)*

### **Liquidity and Financial Resources** *(Continued)*

The Group recorded a slight increase of approximately 2% in its current liabilities from that as at 31 March 2024 to that as at 30 September 2024. This was mainly due to the increase in interest on payables.

### **Capital Structure**

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

As at 30 September 2024, the total borrowings of the Group, all of which were denominated in Renminbi, amounted to approximately HK\$587.78 million (31 March 2024: approximately HK\$584.63 million) that bore interest rate of approximately 12% per annum as at 30 September 2024. 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 approximately 160% (31 March 2024: approximately 159%).

### **Charge on the Group's Assets**

As at 30 September 2024, 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.

### **Capital Commitment**

As at 30 September 2024, the Group did not have any significant capital commitments (31 March 2024: nil).

### **Contingent Liabilities**

As at 30 September 2024, the Group had no significant contingent liabilities (31 March 2024: nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS** *(Continued)*

### **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 2024, the Group had 72 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 are subject to social insurance contribution plans or other pension schemes organised by the regional governments and the Group is required to pay on behalf of the employees a monthly social insurance premium covering pension insurance, medical insurance, unemployment insurance and a 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 2024, save for the investment in its subsidiaries by the Company, the Group had no significant investments (31 March 2024: nil).

### **Future Plans for Material Investments and Capital Assets**

As at 30 September 2024, 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 2024 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 2024, 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	31,880,000	0.88%
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 2024, 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 2024, 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 2024, 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)*

### **CHANGE IN INFORMATION OF DIRECTORS AND CHIEF EXECUTIVE OF THE COMPANY**

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, no change in information of Directors and chief executive of the Company during the Reporting Period and up to the date of this report.

### **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 (the "**CG 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 2024.

## **OTHER INFORMATION** *(Continued)*

### **BOARD OF DIRECTORS**

At the date of this report, the executive Director is 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**  
**Wu Xiaoming**  
*Interim Chairman*

Hong Kong, 29 November 2024