



**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)

**THIRD QUARTERLY REPORT 2021**

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

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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.*

## THIRD QUARTERLY RESULTS (UNAUDITED)

The board of Directors (the “Board”) of the Company presents the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the three months and the nine months ended 31 December 2021 (the “Period”), together with the comparative figures for the corresponding periods in 2020 as follows:

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

	Notes	For the three months ended 31 December		For the nine months ended 31 December	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
<b>Revenue</b>	4	<b>10,715</b>	352,541	<b>30,028</b>	599,262
Cost of sales		<b>(6,289)</b>	(275,054)	<b>(14,940)</b>	(483,161)
Gross profit		<b>4,426</b>	77,487	<b>15,088</b>	116,101
Other gains and losses	5	<b>102</b>	3,310	<b>1,945</b>	5,175
Administrative expenses		<b>(12,897)</b>	(10,860)	<b>(36,353)</b>	(50,167)
(Loss)/profit from operations	6	<b>(8,369)</b>	69,937	<b>(19,320)</b>	71,109
Finance costs	7	<b>(11,811)</b>	(15,310)	<b>(38,307)</b>	(44,377)
(Loss)/profit before taxation		<b>(20,180)</b>	54,627	<b>(57,627)</b>	26,732
Income tax expense	8	<b>247</b>	(9,097)	<b>(1,285)</b>	(14,756)
<b>(Loss)/profit for the period</b>		<b>(19,933)</b>	45,530	<b>(58,912)</b>	11,976
<b>(Loss)/profit for the period attributable to:</b>					
owners of the Company		<b>(14,004)</b>	19,437	<b>(40,503)</b>	(8,087)
non-controlling interests		<b>(5,929)</b>	26,093	<b>(18,409)</b>	20,063
		<b>(19,933)</b>	45,530	<b>(58,912)</b>	11,976
		<b>HK cents</b>	HK cents	<b>HK cents</b>	HK cents
<b>(Loss)/earnings per share</b>					
Basic and diluted	9	<b>(0.38)</b>	0.55	<b>(1.11)</b>	(0.23)

Notes	For the three months ended		For the nine months ended	
	31 December		31 December	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>(Loss)/profit for the period</b>	<b>(19,933)</b>	45,530	<b>(58,912)</b>	11,976
<b>Other comprehensive income/(expense)</b>				
<i>Items that will not be reclassified to profit or loss:</i>				
Fair Value gain/(loss) on financial assets at fair value through other comprehensive income	87	-	87	-
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translation of foreign operations	(2,769)	22,008	5,315	39,898
Share of other comprehensive income of an associates, net of income tax	-	-	16	-
Other comprehensive income/(expense) for the period	(2,682)	22,008	5,418	39,898
<b>Total comprehensive income/(expense) for the period</b>	<b>(22,615)</b>	67,538	<b>(53,494)</b>	51,874
<b>Total comprehensive income/(expense) attributable to:</b>				
owners of the Company	(17,191)	39,165	(36,146)	27,820
non-controlling interests	(5,424)	28,373	(17,348)	24,054
	<b>(22,615)</b>	67,538	<b>(53,494)</b>	51,874

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

Dadi International Group Limited (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 of Hong Kong Limited (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 condensed consolidated 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 distribution of books; provision of advertising and media related services and financial leasing and other financial services.

### 2. BASIS OF PREPARATION

The Unaudited Consolidated Results have been prepared in accordance with the applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) and with Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The Unaudited Consolidated Results should be read in conjunction with the annual financial statements of the Group for the year ended 31 March 2021.

The accounting policies and basis of preparation adopted in the preparation of the Unaudited Consolidated Results are consistent with those adopted in the annual financial statements for the year ended 31 March 2021.

The Group has applied new and amended standards and interpretations of HKFRSs which are mandatory during the current accounting and relevant to its operations. The application of such new and amended standards and interpretations does not have material impact on the Unaudited Consolidated Results and does not result in substantial changes to the Group’s accounting policies.

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective but the Directors are in the process of assessing their impact on the results of operation and financial position of the Group.

### 3 ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed consolidated financial statements for the nine months ended 31 December 2021 are consistent with those followed in the preparation of the annual consolidated financial statements for the year ended 31 March 2021, except for the adoption of new standards and interpretations effective as of 1 April 2021. 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. REVENUE

	For the three months ended 31 December		For the nine months ended 31 December	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
<b>Revenue from contracts with customers</b>				
<i>Over time</i>				
Environmental protection business	10,695	–	27,338	–
<i>At points of time</i>				
Publication, purchase and distribution of books	20	352,541	2,690	599,262
	<b>10,715</b>	<b>352,541</b>	<b>30,028</b>	<b>599,262</b>

#### 5. OTHER GAINS AND LOSSES

	For the three months ended 31 December		For the nine months ended 31 December	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Bank interest income	22	19	74	183
Dividend income	–	23	1,449	1,364
Other income/(loss)	80	3,268	422	3,628
Total	<b>102</b>	<b>3,310</b>	<b>1,945</b>	<b>5,175</b>

#### 6. PROFIT/(LOSS) FROM OPERATIONS

	For the three months ended 31 December		For the nine months ended 31 December	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
The Group's profit/(loss) from continuing operation is arrived at after charging/(crediting):				
Cost of sales	6,289	275,054	14,940	483,161
Depreciation charge				
– owned property, plant and equipment	137	56	82	227
– right-of-use assets	–	1,303	–	4,007
Net foreign exchange gain/(loss)	8	19	7	38
Staff costs (including directors' remuneration)	6,608	5,030	19,006	16,425

## 7. FINANCE COSTS

	For the three months ended 31 December		For the nine months ended 31 December	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Interest on other borrowings	11,811	15,192	38,307	43,940
Interest on lease liabilities	–	118	–	437
Total	<u>11,811</u>	<u>15,310</u>	<u>38,307</u>	<u>44,377</u>

## 8. INCOME TAX EXPENSE

	For the three months ended 31 December		For the nine months ended 31 December	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Current tax charged:				
PRC Enterprise Income Tax	(247)	9,097	1,285	14,756
Total tax charged	<u>(247)</u>	<u>9,097</u>	<u>1,285</u>	<u>14,756</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 nine months ended 31 December 2021(2020: Nil).

The Group had no significant unprovided deferred tax assets and liabilities at 31 December 2021 (2020: Nil).

## 9. (LOSS)/PROFIT PER SHARE

### Basic (loss)/profit per share

The calculation of the basic (loss)/profit per share is based on the loss attributable to owners of the Company for the three months ended 31 December 2021 of approximately HK\$14,004,000 (2020: profit attributable to owners of HK\$19,437,000) and loss attributable to owners of the Company for the nine months ended 31 December 2021 of approximately HK\$40,503,000(2020: loss attributable to owners of HK\$8,087,000) and the weighted average of 3,640,627,457 shares in issue during the three months ended 31 December 2021 (2020: 3,564,945,946 shares) and the weighted average of 3,640,627,457 shares in issue during the nine months ended 31 December 2021(2020: 3,564,945,946 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 nine months ended 31 December 2021.

## 10. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### Equity attributable to equity holders of the Company

	Issued capital HK\$'000 (Unaudited)	Share premium HK\$'000 (Unaudited)	Contributed surplus HK\$'000 (Unaudited)	Statutory reserve HK\$'000 (Unaudited)	Revaluation Reserve HK\$'000 (Unaudited)	Translation reserve HK\$'000 (Unaudited)	Accumulated losses HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)	Non-controlling Interests HK\$'000 (Unaudited)	Total equity HK\$'000 (Unaudited)
<b>At 1 April 2020</b>	35,649	1,823,073	325,798	6,939	(1,093)	(8,489)	(1,697,965)	483,912	51,903	535,815
Profit for the period	-	-	-	-	-	-	(8,087)	(8,087)	20,063	11,976
Other comprehensive expense for the period	-	-	-	-	-	35,907	-	35,907	3,991	39,898
Total comprehensive expense/ income for the period	-	-	-	-	-	35,907	(8,087)	27,820	24,054	51,874
Capital contribution from non-controlling interest	-	-	-	-	-	-	-	-	2,034	2,034
Dividend distribution to Non-controlling interests	-	-	-	-	-	-	-	-	(33,840)	(33,840)
<b>At 31 December 2020</b>	<b>35,649</b>	<b>1,823,073</b>	<b>325,798</b>	<b>6,939</b>	<b>(1,093)</b>	<b>27,418</b>	<b>(1,706,052)</b>	<b>511,732</b>	<b>44,151</b>	<b>555,883</b>
<b>At 1 April 2021</b>	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	-	-	-	-	-	-	(40,503)	(40,503)	(18,409)	(58,912)
Other comprehensive expense for the period	-	-	-	-	45	4,312	-	4,357	1,061	5,418
Total comprehensive income/ (expense) for the period (unaudited)	-	-	-	-	45	4,312	(40,503)	(36,146)	(17,348)	(53,494)
Capital contribution from non-controlling interest	-	-	-	-	-	-	-	-	-	-
Dividend distribution to Non-controlling interests	-	-	-	-	-	-	-	-	-	-
<b>At 31 December 2021</b>	<b>36,406</b>	<b>1,828,573</b>	<b>311,538</b>	<b>7,706</b>	<b>12,661</b>	<b>38,048</b>	<b>(1,891,735)</b>	<b>343,197</b>	<b>(26,203)</b>	<b>(316,994)</b>



## MANAGEMENT DISCUSSION AND ANALYSIS

### Interim Dividend

The Board resolved not to declare any interim dividend for the nine months ended 31 December 2021 (corresponding period in 2020: nil).

### Business Review

During the Period, the Group was met with the challenges stemming from the resultant impact of the COVID-19 outbreak. The slowdown of the business activities in the books publication, purchase and distribution industry had led to an adverse impact to the business development of the Group. In the circumstances, the Group shall closely monitor the development of the pandemic and continuously assess its impact on its operations. Nevertheless, the Group's environmental protection business remained exhibiting its growth potential during the Period.

#### *Publication, purchase and distribution of books business*

During the Period, the revenue contributed by such segment was approximately HK\$2.7 million (corresponding period in 2020: HK\$599.3 million) from publication, purchase and distribution of books in the PRC.

The significant period-to-period decrease in the revenue of the Group generated from the book publication purchase and distribution business segment was due to the resultant impact of the COVID-19 pandemic suffered by the industry participants. With the continued sporadic outbreak of COVID-19 confirmed cases in various regions in the PRC as a result of the evolvement of the COVID-19 variants, an overall slowdown of business activities along the industry chain led to a tightened cash flow and, in turn, a generalised delay in the settlement of payments and receivables among various industry participants. The Group, adopting its prudent capital management perspective, had to continue with its approach to temporarily ease the pace of its operations in this business segment. Meanwhile, the Group had been strengthening its effort to recoup the outstanding receivables from certain downstream distributors as its ongoing commitment to maintain its liquidity and financial position to facilitate its business operations and development.

#### *Environmental protection business*

During the Period, the revenue contributed by such segment was approximately HK\$27.3 million (corresponding period in 2020: nil)

The Group commenced recognizing the environmental protection business segment following the acquisition of Shanxi Jinxi Keyuan Environmental Protection Science and Technology Company Limited ("Jinxin Keyuan") in February 2021. Such business segment commenced its substantive operation in March 2021, and its operations have been developing in a progressive manner since then.

## Financial Review

During the Period, the revenue of the Group was approximately HK\$30.0 million (2020: HK\$599.3 million), which HK\$2.7 million was generated from the publication, purchase and distribution of books (2020: HK\$599.3 million), and the revenue of HK\$27.3 million from the environmental protection business. The revenue decreased by approximately HK\$569.2 million or 95.0% as compared with the nine months ended 31 December 2020, principally attributable to the decrease in the revenue generated from the publication, purchase and distribution of books business. Please refer to the section headed “Business Review” above for details.

Loss attributable to owners of the Company for the nine months ended 31 December 2021 amounted to approximately HK\$40.5 million (2020: loss attributable to owners of the Company: HK\$8.1 million). The loss for the nine months ended 31 December 2021 was mainly attributable to a significant period-to-period decrease in the revenue of the Group generated from the books publication, purchase and distribution segment stemming from the impact of the COVID-19 pandemic, partially offset by the period-to-period decrease in its administrative expenses and finance costs due to its cost saving effort in light of the general business environment as well as the revenue recognised from the new business segment of the environmental protection business.

## Outlook

The management of the Company will seize the opportunity to promote the development of various businesses according to the annual development plan determined by the Board.

In relation to the publication, purchase and distribution of books business, the Group will continue to actively advance its cooperation with well-known institutions, such as Shanghai Juvenile Children’s Publishing House Company Limited (上海少年儿童出版社有限公司) to expand its business scale in the cultural industry. Meanwhile, the Group will enhance its efforts to recover outstanding payments from downstream books distributors, thereby reducing the scale of receivables and strive to minimize the negative impact resulting by the pandemic.

The Group will continue to increase the investments in and business scale of environmental protection as well as its support for Jinxin Keyuan to expand the business scale and improve the revenue stream. Meanwhile, the Group will actively explore other environmental protection businesses, with an aim to achieve business breakthrough in the areas of solid disposal and green and ecological rehabilitation, so as to optimize the Group’s industrial layout.

During the financial year, the Group will actively cooperate with various investors to expand its financing channels, so as to improve the Group’s investment ability. The Group will also continue to integrate various resources and strive to achieve its operational goal for the whole year to bring better return to its shareholders.

## OTHER INFORMATION

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

As at 31 December 2021, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("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 EXECUTIVE'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, as at 31 December 2021, 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 31 December 2021, 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

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 in a controlled corporation	1,027,985,995 (Note)	28.24%
山西大地環境投資控股有限公司	Interest in a controlled corporation	1,027,985,995 (Note)	28.24%
山西省環境集團有限公司	Interest in a 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 山西省環境集團有限公司, 山西大地環境投資控股有限公司 and 山西省國有資本投資運營有限公司 is deemed to be interested in the Shares held by Dadi International Holdings Co., Ltd.

Save as disclosed above, as at 31 December 2021, 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)*

### **COMPETING INTEREST**

As at 31 December 2021, none of the directors, substantial shareholders, and their respective close associates of the Company had any interests in any business which competes or may compete with the business of 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 Period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the Period.

### **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, risk management 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 Chairman), Dr. Zhang Wei and Dr. Jin Lizuo. The audit committee has reviewed the Group's unaudited consolidated financial statements for the Period.

### **BOARD OF DIRECTORS**

As at the date of this report, the board of Directors comprises three executive Directors, namely Mr. Qu Zhongrang, Mr. Fu Yuanhong and Mr. Wu Xiaoming, two non-executive Directors, namely Mr. Ju Mengjun and Mr. Zhang Xiongfeng, and three independent non-executive Directors, namely 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, 8 February 2022