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)

ANNOUNCEMENT OF UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2022

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

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

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

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

ANNUAL RESULTS

The board (the "**Board**") of Directors hereby announces the unaudited consolidated results of the Group for the year ended 31 March 2022 (the "**Year**") together with the comparative audited figures for the year ended 31 March 2021 ("**FY2021**"), which have been prepared in accordance with the Hong Kong Financial Reporting Standards as below. As further explained in the paragraph headed "Review of the Unaudited Annual Results for the Year" in this announcement, due to the escalated COVID-19 outbreak in Shanghai, in which the Group is headquartered and its principal subsidiaries are located, since March 2022, necessitating the strict implementation of the prevention and control measures locally, the auditing process for the annual results of the Group for the Year has yet to be completed as at the date of this announcement.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	Notes	**2022** **HK$'000** **(Unaudited)**	2021 *HK$'000* (Audited)
Revenue	4	**37,961**	615,941
Cost of sales		**(19,528)**	(490,731)
Gross profit		**18,433**	125,210
Other income and gains or losses, net	5	**2,947**	3,587
Gain/(loss) on disposal of a subsidiary		**260**	(20,161)
Administrative expenses		**(45,921)**	(70,665)
Allowance for expected credit losses, net		**–**	(143,913)
Impairment loss recognised in respect of property, plant and equipment		**–**	(1,182)
Impairment loss recognised in respect of right-of-use assets		**–**	(805)
Impairment loss recognised in respect of intangible asset		**–**	(8,682)
Impairment loss recognised in respect of goodwill		**–**	(7,721)
Share of gain/(loss) of an associate		**139**	(156)
Loss from operations	7	**(24,142)**	(124,488)
Finance costs	8	**(52,643)**	(60,155)
Loss before taxation		**(76,785)**	(184,643)
Income tax expense	9	**(1,337)**	(11,485)
Loss for the year		**(78,122)**	(196,128)
Other comprehensive income/(expense) for the year			
Item that will not be reclassified to profit or loss:			
Fair value gain on financial assets at fair value through other comprehensive income		**–**	13,921
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**8,411**	48,221
Reclassification of cumulative translation reserve upon disposal of a foreign operation		**(260)**	–
Share of other comprehensive income of an associates, net of income tax		**12**	13
Other comprehensive income for the year, net of income tax		**8,163**	62,155
Total comprehensive expense for the year		**(69,959)**	(133,973)
Loss for the year attributable to:			
Owners of the Company		**(52,840)**	(152,500)
Non-controlling interests		**(25,282)**	(43,628)
		(78,122)	(196,128)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(47,856)**	(96,773)
Non-controlling interests		**(22,103)**	(37,200)
		(69,959)	(133,973)
Loss per share			
Basic and diluted	11	**HK(1.45) cents**	HK(4.27) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	Notes	**2022** ***HK$'000*** **(Unaudited)**	2021 *HK$'000* (Audited)
Non-current assets			
Property, plant and equipment		**455**	889
Right-of-use assets		**2,772**	1,379
Intangible assets		**79**	–
Goodwill		**6,688**	6,417
Financial assets at fair value through other comprehensive income		**39,156**	39,789
Investment in an associate		**–**	312
		49,150	48,786
Current assets			
Inventories		**1,745**	–
Trade and other receivables and deposits	12	**1,286,494**	1,221,750
Deposit for film production		**31,421**	30,151
Deposit for purchase of film rights		**4,203**	4,033
Financial assets at fair value through profit or loss		**2**	2
Bank balances and cash		**16,854**	36,196
		1,340,719	1,292,132
Current liabilities			
Trade and other payables	13	**393,817**	298,848
Borrowings		**36,574**	627,156
Lease liabilities		**2,946**	2,390
Tax payable		**41,912**	41,821
		475,249	970,215
Net current assets		**865,470**	321,917
Total assets less current liabilities		**914,620**	370,703

	2022	2021
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Capital and reserves		
Share capital	**36,406**	36,406
Reserves	**295,126**	342,937
Equity attributable to owners of the Company	**331,532**	379,343
Non-controlling interests	**(33,427)**	(8,855)
	298,105	370,488
Non-current liabilities		
Borrowings	**616,515**	–
Lease liabilities	**–**	215
	616,515	215
Total equity and non-current liabilities	**914,620**	370,703

NOTES:

For the year ended 31 March 2022

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 GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 26 August 2002. Its immediate holding company is Dadi International Holdings Co., Ltd and ultimate holding company is 山西省國有資本運營有限公司, a company incorporated in the People's Republic of China (the "**PRC**").

The 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 principal activity of the Company is investment holding and the principal activities of its subsidiaries are publication, purchase and distributing of books, provision of environmental protection services, provision of financial leasing and other financial services, provision of advertising and media related services and sales of healthcare products.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARD ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

The application of the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments[2]
Amendments to HKFRS 3	Reference to the Conceptual Framework[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[2]
Amendments to HKAS 8	Definition of Accounting Estimates[2]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[1]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020[1]

[1] Effective for annual periods beginning on or after 1 January 2022.
[2] Effective for annual periods beginning on or after 1 January 2023.
[3] Effective for annual periods beginning on or after a date to be determined.

The directors anticipate that the application of all the new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

Going concern assessment

For the year ended 31 March 2022, the Group incurred a net loss of approximately HK$78,122,000, and as of that date, the Group had current liabilities of approximately HK$475,249,000, while bank balances and cash was approximately HK$16,854,000 only as at 31 March 2022. The directors of the Company adopted the going concern basis in the preparation of consolidated financial statements and implemented the following measures in order to improve the working capital and liquidity and cash flow position of the Group. In view of such circumstances, the directors of the Company have given careful consideration to future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will be able to finance its future working capital and finance requirements. Certain measures have been and will be taken to manage its liquidity need and to improve its financial position which include, but are not limited to, the followings:

(i) The Company has actively negotiated with financial institutions to secure the renewals of the Group's borrowings to meet its liabilities when fall due;

(ii) The Group is actively negotiating with 山西省環境集團有限公司, a substantial shareholder of the Company, to seek the latter to provide continuing financial support to the Group to enable the Group to meet its financial obligations as and when they fall due for the foreseeable future, and not to demand repayment of any of the amounts due to a substantial shareholder by the Group in the next twelve months from the date of approval for issue of these consolidated financial statements;

(iii) The Group has taken measures to tighten cost controls over production costs and expenses with the aim of attaining profitable and positive cash flow operations;

(iv) The Group may consider to dispose non-core business and/or financial assets if required; and

(v) The Company has actively negotiated with investors for obtaining further financing when necessary including but not limited to shareholder's loan, equity financing and bank borrowings to improve the liquidity of the Group.

In the opinion of the directors of the Company, in light of the various measures or arrangements implemented after the end of reporting period, the Group will have sufficient working capital for its current requirements and it is reasonable to expect the Group to remain a commercially viable concern. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

4. REVENUE

	2022 *HK$'000* (Unaudited)	2021 *HK$'000* (Audited)
Revenue from contract with customers		
Over time		
Environmental protection services	**–**	4,171
Financial services	**230**	3,237
At a point in time		
Environmental protection services	**34,748**	–
Sale of healthcare products	**274**	–
Publication, purchase and distribution of books	**2,709**	608,533
	37,961	615,941

5. OTHER INCOME AND GAINS OR LOSSES, NET

	2022 *HK$'000* (Unaudited)	2021 *HK$'000* (Audited)
Interest income on:		
Bank deposits	**93**	205
Financial assets at fair value through other comprehensive income ("**FVTOCI**")	**–**	86
Total interest income	**93**	291
Dividend income	**3,135**	1,385
Government grants *(note)*	**–**	1,797
Others	**(281)**	114
Total	**2,947**	3,587

Note: For the year ended 31 March 2021, the Group recognised government grants of HK$1,797,000 of which HK$270,000 relates to Employment Support Scheme provided by the Hong Kong government and HK$1,527,000 relates to enterprise support fund provided by the PRC government.

6. 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 four 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 protection services:	Provision of environmental protection and consultancy services in the PRC.
(v)	Sales of healthcare products:	Engaged in sales of healthcare products in the PRC.

During the year, the Group commenced the business engaging in sales of healthcare products in the PRC, and it is considered as a new operating and reportable segment by the CODM.

Segment revenues and results

Information regarding the Group's reportable segments as provided to CODM for the purposes of resources allocation and assessments of segment performance for the years ended 31 March 2022 and 2021 is set out below:

	Advertising and media related services		Financial leasing and other financial services		Publication, purchase and distribution of books		Environmental protection services		Sales of healthcare products		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
	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)	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)
Revenue												
Sales to external customers	**–**	–	**230**	3,237	**2,709**	608,533	**34,748**	4,171	**274**	–	**37,961**	615,941
Segment results	**(1,522)**	(159,869)	**(8,570)**	(14,507)	**(50,349)**	39,728	**7,799**	599	**(1,482)**	–	**(54,124)**	(134,049)
Loss on disposal of subsidiaries											**260**	(20,161)
Share of gain/(loss) of an associate											**139**	(156)
Unallocated other gains or losses, net											**(107)**	399
Unallocated expenses											**(20,374)**	(29,938)
Loss from operations											**(74,206)**	(183,905)
Unallocated finance costs											**(2,579)**	(738)
Loss before taxation											**(76,785)**	(184,643)
Income tax expense											**(1,337)**	(11,485)
Loss for the year											**(78,122)**	(196,128)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in both years.

Segment results represent the profit/(loss) of each segment without allocation of central administration cost including directors' remuneration, certain other gains or losses, net, certain finance costs and income tax expense. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

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

	Advertising and media related services		**Financial leasing and other financial services**		**Publication, purchase and distribution of books**		**Environmental protection services**		**Sales of healthcare products**		**Total**	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
	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)	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)
Segment assets	**77,387**	70,105	**199,929**	190,505	**957,335**	925,569	**41,287**	38,847	**7,095**	–	**1,283,033**	1,225,026
Unallocated assets											**106,836**	115,892
Total assets											**1,389,869**	1,340,918
Segment liabilities	**45,902**	45,049	**24,359**	28,540	**956,891**	258,307	**7,436**	6,701	**7,034**	–	**1,041,622**	338,597
Unallocated liabilities											**50,142**	631,833
Total liabilities											**1,091,764**	970,430

For the purpose of monitoring segment performance and allocating resources between segments:

– all assets are allocated to reportable segments other than certain property, plant and equipments, certain right-of-use assets, intangible assets, investment in an associate, financial assets at FVTOCI, financial assets at fair value through profit or loss ("**FVTPL**") and corporate financial assets; and

– all liabilities are allocated to reportable segments other than certain lease liabilities, tax payable, corporate financial liabilities and borrowings.

Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets. The geographical location of customers is based on the location of the revenue derived, and the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, and the location of the operation to which they are allocated, in the case of intangible assets and goodwill.

The Group operates in three principal geographical areas – Hong Kong, Japan and the PRC (excluding Hong Kong).

The Group's revenue from external customers and information about its non-current assets by geographical location are detailed below:

	Revenue from external customers		**Non-current assets***	
	2022	2021	**2022**	2021
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
Hong Kong	**–**	–	**2,620**	279
Japan	**–**	–	**15**	33
The PRC	**37,961**	615,941	**7,359**	8,685
	37,961	615,941	**9,994**	8,997

* Non-current assets excluded those relating to financial assets at FVTOCI.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2022	2021
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Customer A[1]	**–**	608,533

[1] Revenue from publication, purchase and distribution of books

7. LOSS FROM OPERATIONS

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

	2022	2021
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Auditors' remuneration		
Audit service	**1,096**	1,140
Non-audit service	**–**	240
	1,096	1,380
Staff costs (including directors' remuneration)		
Salaries and allowances	**17,889**	22,014
Contribution to retirement benefits scheme	**2,842**	1,176
	20,731	23,190

8. FINANCE COSTS

	2022	2021
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Interest on borrowings	**52,181**	59,632
Interest on lease liabilities	**462**	523
	52,643	60,155

9. INCOME TAX EXPENSE

	2022	2021
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Current tax:		
Hong Kong Profits tax	**–**	–
PRC Enterprise Income Tax	**1,337**	11,502
	1,337	11,502
Over-provision in respect of prior years:		
PRC Enterprise Income Tax	**–**	(17)
Total tax charge	**1,337**	11,485

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

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% for both years.

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profit earned by the PRC subsidiaries. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to the profits earned by the PRC subsidiaries as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. No provision for profits tax is made in other jurisdictions as the subsidiaries operating in other jurisdictions have no assessable profits for the both years.

10. DIVIDEND

No final dividend was paid or proposed during the year ended 31 March 2022, nor any dividend has been proposed by the board of directors subsequent to the end of the reporting period (2021: nil).

11. LOSS PER SHARE

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

	2022	2021
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Loss		
Loss attributable to owners of the Company for the purposes of basic and diluted loss per share	**(52,840)**	(152,500)

	2022	2021
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**3,640,627,457**	3,575,520,623

No diluted loss per share for both years were presented as there were no potential ordinary shares in issue in both years.

12. TRADE AND OTHER RECEIVABLES AND DEPOSITS

Included in trade and other receivables and deposits are trade receivables of approximately HK$985,593,000 (2021: HK$652,743,000) which are analysed by invoice date as follows:

	2022	2021
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 to 30 days	**1,593**	2,420
31 to 60 days	**1,100**	1,660
61 to 90 days	**856**	1,678
Over 90 days	**982,044**	646,985
	985,593	652,743

The Group generally allows credit period from 30 to 90 days to its customers.

13. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of approximately HK$181,218,000 (2021: HK$171,289,000) which are analysed by invoice date as follows:

	2022	2021
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 to 30 days	**325**	157,959
31 to 60 days	**9**	–
61 to 90 days	**15**	–
Over 90 days	**180,869**	13,330
	181,218	171,289

The average credit period on trade payables is 60 days.

MANAGEMENT DISCUSSION AND ANALYSIS

I. BUSINESS REVIEW

The outbreak of the novel coronavirus pneumonia ("**COVID-19**") pandemic had a significant impact on the global economy. The Year had proved to be very difficult for the Group. Despite the challenges imposed by the generally unfavourable economic and industry environment, the Group exhibited resilience in its overall operations over the Year. 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.

Publication, Purchase and Distribution of Books

The Group's publication, purchase and distribution of books business segment is generally operated and maintained by its non-wholly owned subsidiary, namely, Dadi Feichi Culture Development (Shanghai) Company Limited (大地飛馳文化發展(上海)有限公司).

The Group issued over 800 genres of books with a total of approximately 400,000 books published and distributed over the Year. The Group recorded sales of approximately HK$2.7 million (FY2021: HK$608.5 million) and a segmental loss of approximately HK$50.3 million (FY2021: HK$39.7 million segmental profit) in respect of its publication, purchase and distribution of books business for the Year. The year-on-year significant decrease of 99.6% in the segmental revenue and the turnaround from segmental profit to segmental loss were mainly attributable 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 evolvement of the COVID-19 variants over the Year, 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. Meanwhile, the Group continued to incur certain direct costs including the costs for book procurement and delivery costs associated with the book distribution over the year to sustain the segmental operations.

Over the Year, the Group had been strengthening its effort to recoup the outstanding receivables from certain downstream distributors as part of its ongoing commitment to maintain its liquidity and financial position to facilitate its business operations and development. For instance, in response to the overall condition of the industry, the Group had launched legal proceedings in the PRC against certain downstream distributors on contractual claims. The Group is paying close attention to the development of the book publication and distribution industry, and will be prepared to seek legal advice as to any further available course of action to demand immediate settlement of outstanding fees and receivables, and to seek compensation and remedies from the counterparties as and when appropriate.

Environmental Protection Services

The environmental protection services segment became the major revenue driver of the Group for the Year. 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 protection business. The management devoted more resources towards the development of its segmental operations and was met with further business opportunities. During the Year, whilst actively expanding its nuclear and radiation monitoring business for the electricity supply industry, the Group 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 utilization 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.

This business segment contributed revenue of approximately HK$34.7 million (FY2021: approximately HK$4.2 million), and profit of approximately HK$7.8 million (FY2021: approximately HK$0.6 million) to the Group during the Year, representing a year-on-year increase of approximately 733.1% and 1,202.0% in the segmental revenue and profit, respectively. The substantial increases above were principally attributable to (i) the expansion in the service offerings and projects undertaken by the Group in relation to environmental protection services over the Year; and (ii) the relatively small segmental revenue and profit recognised by the Group in FY2021 as the acquisition of the majority interest in Shanxi Jinxin Keyuan Environmental Protection Science and Technology Company Limited (山西晉新科源環保科技有限公司) ("**Jinxin Keyuan**"), the principal subsidiary of the Group responsible for the provision of environmental protection services, was only completed, and the latter's accounts were only consolidated towards the Group's accounts, by the end of FY2021.

Sales of 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 Year. 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 Year, the Group recorded sales of approximately HK$0.3 million (FY2021: nil) and a loss of approximately HK$1.5 million (FY2021: nil) from the sales of healthcare products.

Other Business Segments

During the Year, the Group had minimal operations in the advertising and media related services segment and the financial leasing and other financial service segment. The Group did not recognise any revenue (FY2021: nil) and recorded a loss of approximately HK$1.5 million (FY2021: HK$159.9 million) in relation to the advertising and media related services segment; and recorded a revenue of approximately HK$0.2 million (FY2021: HK$3.2 million) and a loss of approximately HK$8.6 million (FY2021: HK$14.5 million) for the Year.

II. FINANCIAL REVIEW

Revenue

The Group recognised revenue of approximately HK$38.0 million for the Year, representing a year-on-year decrease of approximately 93.8% as compared to that of approximately HK$616.0 million for FY2021.

During the Year, the Group principally derived its revenue from its publication, purchase and distribution of books as well as the provision of environmental protection services. The Group also commenced certain sales of healthcare products. The Group did not recognise any revenue in respect of its advertising and media related services segment in the Year, and recorded a substantially less revenue from the provision financial leasing and other financial service during the Year as compared to that of FY2021.

The table below sets out the breakdown of the Group's segment revenue and results for the Year and FY2021.

	Advertising and media related services		Financial leasing and other financial services		Publication, purchase and distribution of books		Environmental protection services		Sales of healthcare products		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
	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)	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)
Revenue												
Sales to external customers	**–**	–	**230**	3,237	**2,709**	608,533	**34,748**	4,171	**274**	–	**37,961**	615,941
Segment results	**(1,522)**	(159,869)	**(8,570)**	(14,507)	**(50,349)**	39,728	**7,799**	599	**(1,482)**	–	**(54,124)**	(134,049)

The substantial decrease in the Group's revenue for the Year was mainly attributable to (i) a significant decrease in the Group's revenue from the publication, purchase and distribution of books segment due to the impact of the COVID-19 pandemic on the industry participants creating severe cash flow pressure and delay in the settlement of payments and receivables along the industry chain, thereby causing a generalised slowdown of the business and economic activities in the industry; and (ii) the minimal operations and therefore, relatively low revenue recognised from the Group's provision of advertising and media related services as well as financial leasing and other financial services as the Group's current operations and business strategies were focused towards developing its environmental protection services business, the publication, purchase and distribution of books business and the sales of healthcare products business, partially offset by the substantial increase in the Group's environmental protection services segmental revenue and certain revenue recognised from the developing healthcare product sales.

Please refer to the paragraph headed "Business Review" in this announcement for further details of the segmental financial performance of the Group.

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 sales of healthcare products; the procurement costs of books for the purpose of publication and distribution and of the healthcare products for sales in the PRC; and the costs in relation to procurement of outsourced technology services for the purpose of rendering certain environmental protection services for the Group's customers.

The Group recorded costs of sales of approximately HK$19.5 million for the Year, representing a year-on-year decrease of approximately 96.0% as compared to that of approximately HK$490.7 million for FY2021. The substantial decrease was mainly attributable to (i) the forced reduction in the scale of operation of the publication, purchase and distribution of books segment in light of the industry condition leading to a significantly lower procurement costs incurred; and (ii) the reduction in direct costs incurred for the advertising and media related services and provision financial leasing and other financial service business segments as a reduction in their scale of operations by the Group, partially offset by (i) the increase in costs incurred for the procurement of equipment and outsourced technology services as well as increase in manpower and other resources to support the expansion of the provision of environmental protection services; and (ii) the initial start-up costs incurred to prepare for the commencement of the sales of healthcare product business segment.

Gross Profit and Gross Margin

The Group's gross profit recorded a year-on-year decrease of approximately 85.3% from approximately HK$125.2 million for FY2021 to approximately HK$18.4 million for the Year. The decrease in the gross profit of the Group was mainly attributable to the substantial decrease in the Group's revenue as a result of the forced scale-back of the operations in the Group's book publication, purchase and distribution business, as well as the reduction in the Group's provision of advertising and media related services and provision financial leasing and other financial services leading to a significant drop in the Group's revenue generated from these business segments.

The gross margin (expressed as a percentage of gross profit over revenue) of the Group increased from approximately 20.3% for FY2021 to approximately 48.6% for the Year. The improvement of the gross margin of the Group was mainly attributable to the relatively significant decrease in the direct costs associated with the procurement and distribution of books, and the reduction in costs for the purpose of offering advertising and media related services as well as financial leasing and other financial services.

Administrative Expenses

The Group recorded a year-on-year decrease of approximately 35.0% from HK$70.7 million for FY2021 to approximately HK$45.9 million for the Year in respect of its administrative expenses. The decrease in the Group's administrative expenses was principally attributable to (i) the absence of recognition of consulting service fee payment to Shanxi Environment Protection Fund Co., Ltd. (山西省環境保護基金有限公司) ("**Shanxi Fund**") pursuant to the financing services framework agreement entered into between the Company (for itself and on behalf of its subsidiaries) and Shanxi Fund, the agreement having been expired on 31 December 2020 upon the end of the term of the agreement (please refer to the paragraph headed "Report of the Directors – Connected Transaction" in the 2021 annual report of the Company and the announcement of the Company dated 11 August 2020 for details); and (ii) the cost-saving measures including reduction in the office rental implemented by the Group in light of the relatively unfavourable business environment as mentioned above.

Finance Costs

The Group recognised finance costs of approximately HK$52.6 million for the Year, representing a year-on-year decrease of approximately 12.5% from approximately HK$60.2 million for FY2021. The decrease in the Group's finance costs was mainly attributable to the lower interest rates charged by the new loans obtained by the Group as replacements to the then existing loans.

Loss for the Year

The Group recorded loss for the year and loss for the year attributable to the owners of the Company of approximately HK$78.1 million and HK$52.8 million, respectively, for the Year, when compared to those of HK$196.1 million and HK$152.5 million, respectively, for FY2021. The improvement of the year-on-year loss position of the Group was principally due to (i) the absence of recognition of (a) net allowance for expected credit losses and (b) impairment losses in respect of property, plant and equipment, intangible asset and goodwill; and (ii) the year-on-year decrease in the administrative expenses and finance costs incurred by the Group, despite the decreases in the Group's revenue and gross profit recognised for the Year as mentioned above.

III. PROSPECTS

In pursuance of good corporate governance practices, the management of the Group will enhance its effort to promote the development of its various businesses under the leadership of the Board and in line with the resolutions and directions of the Board, thereby establishing a good business presence in the industries in which the Group operates.

In respect of the 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. Whilst the Group is strengthening its effort to recoup the outstanding receivables from various industry counterparties (particularly, the downstream book distributors), it will conduct careful assessment and select prominent institutions to seek business cooperation opportunities with strategic values to the Group to resume the normal scale of operations in this segment.

In terms of its environmental protection services, 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 in order to promote its capabilities including mine restoration, comprehensive utilisation of mine solid waste and sales of complete equipment systems for biomass gasification and power generation in order to diversity its revenue streams and improve the overall profitability. Further, the Group is currently in negotiations with the PRC government subordinate entities in respect of a potential joint development of a centralised and unified green stone material industry trading service platform in Laizhou, Shandong by way of government guidance and market-oriented operation. Please refer to the paragraph headed "Events after the Reporting Period – Entering into of the Cooperation Framework Agreement and the Memorandum of Understanding" in this announcement for details.

As a newly commenced 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 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.

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 remained positive on the industry outlook as well as the future performance of the PRC economy in general. With the determined and effective measures imposed the PRC authorities to combat the COVID-19 pandemic, the Group is confident that the impact from the pandemic will eventually ease off, and the PRC economy will pick up its original uprising development pace. 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. In the coming year, 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 (the "**Shareholders**") of the Company.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally derives cash for operation from internal cash flow and from banks and financial institutions in the PRC. As at 31 March 2022, the Group had total assets of approximately HK$1,389.9 million (as at 31 March 2021: approximately HK$1,340.9 million), including trade and other receivables and deposits of approximately HK$1,286.5 million (as at 31 March 2021: approximately HK$1,221.8 million) and net cash and bank balances of approximately HK$16.9 million (as at 31 March 2021: approximately HK$36.2 million). As at 31 March 2022, the Group's interest bearing bank and other borrowings amounted to approximately HK$653.1 million (as at 31 March 2021: approximately HK$627.2 million).

The above changes were mainly attributable to the impact of COVID-19 pandemic suffered by the Group and, in particular, a general downturn of the performance of the books industry over the Year due to the tightened cash flow and an overall delay in settlement of payment and receivables among the industry participants, leading to a year-on-year increase of approximately 5.3% in the Group's trade and other receivables and deposits as mentioned above.

The Group adopted a prudent capital management approach in light of the industry circumstances and temporarily eased its pace of operations in the book publication, purchase and distribution segment; meanwhile, the Group ramped up its effort in its environmental protection business segment by expanding the number of active projects and increase in its provision of environmental consultancy services. As such, the Group had to resort more to its internal resources and bank and other borrowings to maintain its day-to-day operations as well as to support the business expansion in the environmental protection sector, therefore leading to a relatively substantial year-on-year decrease of approximately 53.4% in the Group's net cash and bank balances, coupled with a year-on-year increase of approximately 4.1% in the Group's bank and other borrowings.

The Group's current assets and current liabilities as at 31 March 2022 were approximately HK$1,340.7 million (as at 31 March 2021: approximately HK$1,292.1 million) and approximately HK$475.2 million (as at 31 March 2021: approximately HK$970.2 million), respectively. The Group's non-current liabilities as at 31 March 2022 was approximately HK$616.5 million (as at 31 March 2021: approximately HK$0.2 million). The year-on-year increase of approximately 3.8% in the Group's current assets was mainly attributable to the increase of the trade and other receivables and deposits, partially offset by the decrease in the Group's net cash and bank balances. The year-on-year decrease of approximately 51.0% in the Group's current liabilities and the substantial increase in the Group's non-current liabilities were mainly due to the new loans obtained by the Group, which replaced the then existing loans, were classified as non-current liabilities of the Group; and in respect of the Group's current liabilities, the effect from the decrease in the short-term borrowings of the Group as mentioned above was partially offset by the increase in the trade and other payables of the Group of approximately 31.8% from approximately HK$298.8 million as at 31 March 2021 to approximately HK$393.8 million as at 31 March 2022, the latter the major cause of which was the consequent extension of trade payables settlement resulting from the delay in the Group's operations under the COVID-19 pandemic.

The gearing ratio of the Group, expressed as a percentage of total liabilities over total assets, was approximately 78.6% (as at 31 March 2021: approximately 72.4%). The increase in the gearing ratio of the Group was mainly attributable to the combined effect of (i) the increases in the Group's liabilities in terms of its trade and other payables as well as its bank and other borrowings; and (ii) the decrease in the Group's net cash and bank balances as mentioned above.

The management of the Group has been striving to obtain sufficient financial resources to maintain and improve the working capital and liquidity of the Group. Please refer to note 3 to the unaudited consolidated financial statements set out above for details.

TREASURY POLICIES

The primary objective of the Group's capital management is to maintain its ability to continue as a going concern so that the Group can constantly provide returns for the Shareholders and benefits for other stakeholders by implementing proper product pricing and securing access to financing at reasonable costs. The Group actively and regularly reviews and manages its capital structure and makes adjustments by taking into consideration the changes in economic conditions, its future capital requirements, prevailing and projected profitability and operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group also closely monitors its gearing ratio as mentioned above.

FOREIGN CURRENCY EXPOSURE

The Group's businesses are mainly conducted in Renminbi ("**RMB**"), Hong Kong dollars and United States dollars. Currently, the Group has not employed any foreign currency derivative instruments to hedge its exposure to foreign exchange risk. However, the Group's management monitors closely the exposures and will consider hedging the exposures should the need arise.

INTEREST RATE EXPOSURE

The Group's interest rate risk arises primarily from bank and other borrowings and bank balances. Borrowings at variable rates expose the Group to cash flow interest rate risk. Currently, the Group does not employed any financial instruments to hedge against interest rate risk.

CAPITAL STRUCTURE

The Board monitors the Group's capital structure by reviewing its cash flow requirements and considering its future financial obligations and commitments. There had been no change in the Company's capital structure during the Year. As at 31 March 2022, the Company's issued share capital was approximately HK$36.4 million (the same as at 31 March 2021), and the number of ordinary shares issued by the Company was 3,640,627,457 (the same as at 31 March 2021).

COMMITMENTS

The Group did not have any material capital commitment as at 31 March 2022 (as at 31 March 2021: nil).

CHARGE ON ASSETS

As at 31 March 2022, the Group did not have any charge on its assets (as at 31 March 2021: nil).

CONTINGENT LIABILITIES

As at 31 March 2022, save as disclosed in the unaudited consolidated financial statements set out above, the Group did not have any material contingent liabilities (as at 31 March 2021: nil).

SIGNIFICANT INVESTMENTS

Save for the investment in its subsidiaries by the Company, the Group did not have any significant investments during the Year.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisition and disposal of subsidiaries, associates or joint ventures during the Year, when compared to FY2021, during which the Group completed the acquisition of 60% of the equity interest in Jinxin Keyuan at an initial consideration of RMB27 million pursuant to an acquisition agreement (the "**Acquisition Agreement**") entered into among the Company, Zhongtou Jinfu Technology Development (Beijing) Company Limited. (眾投金服科技發展(北京)有限公司) ("**Zhongtou Jinfu**", a wholly-owned subsidiary of the Company), Han Jin (韓晉), Wang Huaiyu (王懷宇), Zhao Yongde (趙永德) and Zhou Jin (周進) (collectively the "**Vendors**"). For details of the said acquisition, please refer to the announcements of the Company dated 28 December 2020, 19 January 2021 and 9 February 2021 (collectively the "**Acquisition Announcements**").

PROFIT GUARANTEE IN RELATION TO THE ACQUISITION OF JINXIN KEYUAN

Pursuant to the Acquisition Agreement, the Vendors jointly and severally guarantee and undertake to the Company and Zhongtou Jinfu that (i) the revenue from the principal business of Jinxin Keyuan will grow year by year; and (ii) the audited net profit after deducting all extraordinary items of Jinxin Keyuan will be not less than the amounts set out below for the relevant years:

Relevant year	Guaranteed Profit
the year ending 31 December 2021	RMB5,500,000
the year ending 31 December 2022	RMB6,050,000
the year ending 31 December 2023	RMB6,655,000

If Jinxin Keyuan does not meet the above performance targets, the consideration for the said acquisition shall be adjusted in the manner set out in the Acquisition Agreement, pursuant to which the Company may repurchase part or all the consideration shares issued to the Vendors. Please refer to the Acquisition Announcements for further details.

Based on the information available to the Group, the profit guarantee for the year ended 31 December 2021 had been met.

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the paragraph headed "Events after the Reporting Period" in this announcement, the Board had not approved any plan for material investments or acquisitions of capital assets.

EMPLOYEES

As at 31 March 2022, the Group employed around 99 employees (as at 31 March 2021: around 80 employees). The remuneration policy and package of the Group's employees are maintained at market level and are reviewed annually by the management. Their remuneration, promotion and salary review are assessed based on job responsibilities, work performance, professional experiences and the prevailing industry practices. The employees in Hong Kong and the PRC have been enrolled to the appropriate mandatory provident fund schemes and retirement benefits schemes. In addition to basic salary, discretionary bonuses and other fringe benefits such as medical insurance, share options may also be granted to eligible employees at the discretion of the Board and are subject the performance of the individual employees as well as the Group. Please refer to the paragraph headed "Share Option Scheme" in this announcement for details.

The Group regards its employees as the most important asset and resource and provides regular training courses and a variety of development programs and has developed relevant training policies and procedures to enhance the effectiveness of such training programs. Trainings provided to the employees cover topics including but not limited to industry updates, compliance matters and occupational health and safety, etc.

SHARE OPTION SCHEME

The Group has adopted the current share option scheme (the "**Share Option Scheme**") pursuant to a resolution passed at the annual general meeting of the Company held on 25 September 2012. In accordance with the Share Option Scheme, the Company may grant the share options to individuals including employee or proposed employee, non-executive director and customer of the Company or any of its subsidiaries or entities in which the Group holds an equity interest and persons providing research, development or other technological support to the above in order to acquire shares of the Company. The Board considers that the Share Option Scheme enables the Group to provide incentives and rewards to the above participants for their contribution to the Group.

Save for the grant of share options by the Company on 13 January 2017, no share option has been granted since the adoption of the Share Option Scheme and there was no share option outstanding as at 31 March 2022.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain high standard of corporate governance standards and procedures to safeguard the interests of all Shareholders and to enhance accountability and transparency. The corporate governance principles of the Company emphasize 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. Throughout the Year, the Group has complied with all applicable code provisions in the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "**Model Code**"). The Company, having made specific enquiry of all the Directors, is not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors during the Year.

Pursuant to Rule 5.66 of the Model Code, the Directors have also requested any employee of the Company or director or employee of a subsidiary of the Company who, because of his/her office or employment in the Company or a subsidiary, is likely to possess inside information in relation to the securities of the Company, not to deal in the securities of the Company when he/she would be prohibited from dealing by the Model Code as if he/she were a Director.

COMPETING INTEREST

In respect of the Year, the Directors were not aware of any business or interest of the Directors, the substantial Shareholders and their respective close associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the Year (FY2021: nil).

AUDIT COMMITTEE

The Company has established an audit committee (the "**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, review of the Group's consolidated financial statements and review of the relationship with the auditors of the Company. The Audit Committee comprises of three independent non-executive Directors, namely, Mr. Law Yui Lun, who is the chairman of the Audit Committee, Dr. Zhang Wei and Dr. Jin Lizuo, and a non-executive Director, Mr. Zhang Xiongfeng.

The Audit Committee has reviewed with the Group's management the accounting principles and practices adopted by the Group. The Audit Committee has also reviewed the unaudited consolidated financial statements of the Group for the Year and is of the view that the preparation of such statements complied with the applicable accounting standards, the GEM Listing Rules and other applicable legal requirements and that adequate disclosure has been made.

REVIEW OF THE UNAUDITED ANNUAL RESULTS FOR THE YEAR

The Company has appointed Messrs. HLB Hodgson Impey Cheng Limited (the "**Auditor**") as its external auditor to conduct an audit on the consolidated financial statements of the Group for the Year.

Due to the escalated COVID-19 outbreak in Shanghai since March 2022 necessitating the strict implementation of the prevention and control measures (the "**Prevention and Control Measures**") including extended period of lock-down as well as enhanced mandatory quarantine measures and scalable nucleic acid testing orders in place from time to time in a number of districts and communities in Shanghai, in which the Group is headquartered and its principal subsidiaries are located, the audit procedures have been seriously disrupted. Responding to the call for the protection of the health and livelihood of the citizens in Shanghai in the COVID-19 battle in Greater Shanghai (大上海保衛戰) and insistence of the master policy of "dynamic clearance" (「動態清零」總方針) promulgated by the Central People's Government against the COVID-19 pandemic, a significant majority of the staff of the Group, as well as those of other local corporate and bank entities, are generally under work-from-home arrangements. Therefore, the Auditors have been faced with practical difficulties to deploy sufficient manpower and resources to perform audit field works and complete the necessary audit procedures in time and within three months after the Company's financial year-end.

In order to ensure that the Shareholders and potential investors of the Company will continue to receive sufficient information regarding the business operation and financial position of the Group in order to make informed investment decisions, the Board hereby provided the Shareholders and potential investors with the unaudited consolidated annual results of the Group for the Year together with the audited comparative figures for FY2021. Accordingly, the unaudited consolidated financial results of the Group for the Year contained in this announcement have not been agreed with the Auditor as required under Rule 18.49 of the GEM Listing Rules, but have been reviewed by the Audit Committee and approved by the Board. An announcement relating to the audited annual results of the Group will be made when the auditing process has been completed in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants.

DELAY IN PUBLICATION OF AUDITED ANNUAL RESULTS AND DESPATCH OF THE ANNUAL REPORT FOR THE YEAR AND FURTHER ANNOUNCEMENTS

Under Rules 18.49 and 18.48A of the GEM Listing Rules, the Company is required to publish the announcement in relation to the preliminary audited annual results of the Group and despatch the annual report of the Company to the Shareholders no later than 30 June 2022, being three months after the end of the financial year of the Company, respectively. However, the auditing process of the annual results of the Group for the Year has yet to be completed as at the date of this announcement due to the COVID-19 outbreak as mentioned in the paragraph headed "Review of the Unaudited Annual Results for the Year" in this announcement.

Based on the discussions with the Auditor, the information currently available to the management of the Group as well as the current progress of the audit works, additional time is required for the Auditor, among other things, to obtain the outstanding bank confirmations and other third-party confirmations and conduct on-site sampling checks of the accounting books and records. Further, taking into account the fluctuations and continuous sporadic outbreak of COVID-19 cases for the past month in both Shanghai and Beijing in which the Group's principal operations are led, it is expected that the Prevention and Control Measures may remain in place for a period of time. As such, and in line with the principles set out in the guidance under the Frequently Asked Questions on the Joint Statement in relation to Results Announcements in light of Travel Restrictions related to the Severe Respiratory Disease associated with a Novel Infectious Agent (Joint Statement) and Holding of General Meeting jointly issued by the Securities and Futures Commission of Hong Kong and the Stock Exchange on 21 February 2022 and updated on 8 April 2022, the audit procedures are expected to be completed, and the announcement for the audited consolidated annual results of the Company together with the material differences (if any) as compared with the unaudited annual results contained in this announcement and the annual report of the Company for the Year are expected to be published and despatched to the Shareholders by 15 August 2022, respectively. Further announcements will be made by the Company as to the material developments in the completion of the auditing process and updates in respect of the matters referred to above in accordance with the GEM Listing Rules as well as the guidance from the Stock Exchange from time to time.

EVENTS AFTER THE REPORTING PERIOD

Entering into of the Cooperation Framework Agreement and the Memorandum of Understanding

In line with the expansion of the Group in its environmental protection business segment, the Company entered into a cooperation framework agreement (the "**Framework Agreement**") with the People's Government of Laizhou, Yantai City, Shandong Province of the PRC (the "**Laizhou Government**") on 3 June 2022 in relation to, among other things, the joint development of a centralised and unified green stone material industry trading service platform (the "**Service Platform**") in Laizhou by way of government guidance and market-oriented operation.

In addition, for the furtherance and promotion of the communication and exploration of the cooperation contemplated under the Framework Agreement, the Company and Laizhou State Owned Capital Investment Company Limited (萊州市國有資本投資有限公司) ("**Laizhou State Owned Capital Investment**"), a subordinate entity of the Laizhou Government, subsequently entered into a memorandum of understanding (the "**Memorandum of Understanding**") pursuant to which, among other things, the parties intend to, through their respective subordinate companies, establish a joint venture company (the "**JV Company**") to be the entity responsible for the establishment and operation of the Service Platform.

Pursuant to the Memorandum of Understanding, the initial plan for the registered capital of the JV Company is to be USD15 million, within which the above parties will own 30% and 70% of the equity interest in the JV Company upon its establishment. It is intended that the designated subsidiary of Laizhou State Owned Capital Investment will be responsible for USD4.5 million of the capital commitment to the JV Company, whereas a joint venture entity (the "**Cooperation Company**") under the Company will be responsible for the remaining USD10.5 million of the capital commitment to the JV Company, whereby such sum shall be borne by the shareholders of the Cooperation Company in accordance with their respective shareholding interest in the Cooperation Company.

The Framework Agreement and the Memorandum of Understanding merely present the intention and principle of cooperation between the Group and the Laizhou Government (and its subordinate entity) and does not bear the ultimate legal effect. As at the date of this announcement, the Group and Laizhou State Owned Capital Investment are still under negotiations in respect of the proposed formation of the JV Company, and up to the date of this announcement, the terms and conditions in respect of the proposed formation of the JV Company have yet to be finalised, and no definitive agreement or transaction in relation to such has been entered into or carried out.

For details, please refer to the announcements of the Company dated 3 June 2022 and 15 June 2022.

Save for the above, the Board is not aware of any significant event requiring disclosure that has taken place subsequent to 31 March 2022 and up to the date of this announcement.

APPRECIATION

The Board would like to express its sincere appreciation to the Shareholders, business partners and customers for their continuous support to the Group. The Board would also like to take this opportunity to thank the management team and staff for their hard work and dedication throughout the Year.

The financial information contained in this announcement in respect of the annual results of the Group have not been audited and have not been agreed with the Auditors. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 30 June 2022

As at the date of this announcement, the Board comprises of 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, Mr. Law Yui Lun and Dr. Jin Lizuo.

This announcement will remain on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk on the "Latest Listed Company Information" page for at least 7 days from the day of its posting and the Company's website at http://www.dadi-international.com.hk.