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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)

GRANT OF WAIVER IN RELATION TO FURTHER DELAY IN DESPATCH OF THE 2022 ANNUAL REPORT

This announcement is made by Dadi International Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and the Inside Information Provisions (as defined in the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcement of the Company dated 12 August 2022 (the “**August Announcement**”) in relation to, among others, (i) the further delay in the publication of the audited consolidated annual results announcement and despatch of the annual report (the “**2022 Annual Report**”) of the Company for the year ended 31 March 2022 (“**FY2022**”); (ii) the application to be made to the Stock Exchange for its approval of the further delay in the despatch of the 2022 Annual Report and for the waiver from strict compliance with the relevant requirements under the GEM Listing Rules; and (iii) the postponement of the meeting of the board (the “**Board**”) of directors (the “**Directors**”) of the Company for the purposes of approving the 2022 Audited Annual Results and its publication to a date no later than Wednesday, 31 August 2022. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the August Announcement.

UPDATES ON THE AUDIT WORKS IN RELATION TO THE 2022 AUDITED ANNUAL RESULTS

As disclosed in the August Announcement, the management of the Group and the auditors of the Company (the “**Auditors**”) have been working closely together to facilitate the implementation of the audit works, and as at the date of this announcement, there has been substantive progress in terms of the audit procedures having been performed since the date of the June Announcement. However, alongside with the reduction of the COVID-19 cases in the PRC in recent weeks, the restrictions imposed by the Prevention and Control Measures are only easing off with the resumption of normal commercial activities in a gradual manner. As such, a number of corporate and bank entities have yet returned to their respective full operational scale, leading to a further delay in processing the information request and issuing the relevant confirmations for the purposes of the Auditors’ independent audit works, particularly that, pursuant to the Group’s understanding upon discussion with these entities, they are also faced with a backlog responding to similar audit requests from other parties. As such, the auditing process has yet to be completed as at the date of this announcement.

In this regard, the Board wishes to update the Shareholders on the current progress as well as the expected timeframe for completion of the audit works in relation to the 2022 Audited Annual Results, based on the discussions with the Auditors and the information available to the management of the Group, as follow:

Collection of bank and third-party confirmations

- (i) In light of the circumstances mentioned above, the Auditors have experienced a generalised delay in the receipt of various bank confirmations and confirmations from third-party creditors, whereby at or around the time of the August Announcement, a number of such confirmations were either undergoing the final stage of the internal approval and issuance procedures by the banks and the third-party creditors or in the process of delivery to the Auditors' office, which had taken approximately one to two weeks before such confirmations were issued and delivered to the Auditors' office, and particularly in light of the occasional postal and courier delivery restrictions and delays due to the local circumstances. Over the course of the previous week, nearly all of such confirmations had been received by the Auditors. It is expected the last outstanding bank confirmation will be received by the Auditors within this week.

Due diligence of valuation items

- (ii) The Auditors received the working draft of the valuation report in relation to, among others, (a) the expected credit loss in respect to certain receivables of the Group mainly attributable to the recovery of the receivables from certain downstream distributors in the Group's books publication, purchase and distribution business segment, which has been suffering from the resultant impact of the COVID-19 pandemic over the course of FY2022 against the background of the continued sporadic outbreak of COVID-19 confirmed cases in various regions in the PRC due to the evolvement of the COVID-19 variants, and an overall slowdown of business activities within the industry leading to tightened cash flow positions faced by a number of industry participants and a nearly stalled settlement of payments and receivables along the industry chain; and (b) the fair value of certain equity interest in other companies held by the Group, and the right-of-use assets and lease liabilities of the Group, which are conducted as part of the normal annual audit process for the Company, on Friday, 5 August 2022, and had been reviewing the draft report, discussing with the management of the Group on the key content of the report and conducting the necessary due diligence in accordance with the applicable auditing procedures during the course of the previous weeks.

- (iii) The delay in the preparation of the draft valuation report by the valuer engaged by the Company (the “**Valuer**”) was also due to the resultant impact from the Prevention and Control Measures against the COVID-19 pandemic suffered by the Valuer and other parties involved in the valuation process. The Valuer had been faced with practical difficulties to deploy full-scale manpower and resources to attend the offices on-site and to review the relevant underlying documents for the purposes of preparing the relevant valuation models and conducting other valuation works. Further, the backlog in responding to the information request faced by the disclosing parties had further slowed down the valuation progress, which the Group had, on a best effort basis, been facilitating such processes. This is particularly in light of the circumstances where the general business activities in various major cities of the PRC, and in particular, in Shanghai, in which the Group is headquartered and its principal subsidiaries are located, have yet returned to their respective normal scale. To the best of the Directors’ knowledge and as informed by the Auditors, the above review and due diligence works have been substantially completed as at the date of this announcement.

Substantive finalisation of the 2022 Audited Annual Results

- (iv) The Auditors will, over the course of this week, further discuss with the management of the Group on any necessary adjustments to be made to the financial data contained in the Company’s consolidated financial statements and to the notes to the financial statements. Meanwhile, the Auditors will arrange for an advanced draft of the Company’s updated consolidated financial statements to undergo the necessary internal review and approval procedures. It is expected that the Company’s consolidated financial statements and the independent auditors’ report will be substantively finalised by Monday, 29 August 2022.

In light of the foregoing, and based on the assessment by the Board having regard to the current progress of the audit works for the 2022 Audited Annual Results, the Company expects to publish the 2022 Annual Results Announcement and despatch the 2022 Annual Report by Wednesday, 31 August 2022.

The Company would wish to supplement that to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, there is currently no inside information, to which the Group and the Directors are so aware of, resulting from any discovery based on the audit findings for the 2022 Audited Annual Results.

GRANT OF WAIVER BY THE STOCK EXCHANGE

Pursuant to Rule 18.03 of the GEM Listing Rules, a listed issuer shall send to every member of the listed issuer and every other holder of its listed securities a copy of the directors’ report and its annual consolidated financial statements, together with a copy of the auditors’ report thereon, not less than 21 days before the date of the listed issuer’s annual general meeting and not more than 3 months after the date upon which the financial period ended.

In addition, pursuant to Rules 18.48A and 18.50C of the GEM Listing Rules, a listed issuer shall publish its annual report in respect of each financial year of the listed issuer, not later than 3 months after the date upon which the financial year ended, and submit a copy of its annual report to the Stock Exchange for publication on the Stock Exchange’s website as soon as reasonably practicable after the approval by or on behalf of the board of its audited financial statements and in any event not more than 3 months after the date upon which the financial year ended.

In light of the aforementioned circumstances, and in line with the principles set out in the 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 Company has made a formal application to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 18.03, 18.48A and 18.50C of the GEM Listing Rules on the basis that the Company will despatch the 2022 Annual Report on or before Wednesday, 31 August 2022 and disclose the waiver (including the details and reasons) by way of an announcement. Accordingly, the Board meeting for the purposes of approving the 2022 Audited Annual Results and its publication will be postponed to be held on Wednesday, 31 August 2022.

The aforementioned waiver applies to this case only, and may be withdrawn or changed by the Stock Exchange if the Company's situation changes. Further announcement(s) will be made by the Company as to the material developments 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.

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, 22 August 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, for which the directors of 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 of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

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