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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)

CONTINUING CONNECTED TRANSACTION FINANCING SERVICES FRAMEWORK AGREEMENT

FINANCING SERVICES FRAMEWORK AGREEMENT

The Board is pleased to announce that on 11 August 2020, the Company (for itself and on behalf of its subsidiaries) entered into the Financing Services Framework Agreement with Shanxi Fund for the financing services for a term from 11 August 2020 to 31 December 2020.

GEM LISTING RULES IMPLICATIONS

As Dadi Environment indirectly holds approximately 28.84% of the issued share capital of the Company, and Shanxi Fund is a subsidiary of Dadi Environment, Shanxi Fund is an associate of a substantial shareholder of the Company and hence a connected person of the Company under the GEM Listing Rules. Hence, the transaction contemplated under the Financing Services Framework Agreement constitute a continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

As each of the applicable percentage ratios in respect of the transactions contemplated under the Financing Services Framework Agreement based on the Annual Cap exceeds 0.1% but is less than 5%, the transactions are subject to the reporting and announcement requirements but exempt from independent shareholders' approval requirement under Chapter 20 of the GEM Listing Rules.

FINANCING SERVICES FRAMEWORK AGREEMENT

The Board is pleased to announce that the Company and Shanxi Fund entered into the Financing Services Framework Agreement, the principal terms of which are as follows:

- Date:** 11 August 2020
- Parties:** the Company (for itself and on behalf of its subsidiaries) and Shanxi Fund
- Subject Matter:** Shanxi Fund agrees to provide financing services to the Group, including but not limited to offering advice on the financing projects of the Group, assisting it to select financing channels, methods and loan institutions; assisting it in the research and design of the term, financing purpose and repayment plan of the financing project; and to complete the financing project.
- Term:** 11 August 2020 to 31 December 2020
- Pricing basis:** The financing service fee is calculated based on the facility amount to be obtained by the Group in each of the projects multiplying a certain rate, which will be determined with regard to including but not limited to the scope of the consultancy services, the size, term and complexity of each of the financing projects, which range from 1% to 2% and will not exceed rates charged by Shanxi Fund to enterprises with the same credit ratings. The financing service fee shall be payable upon the expiration of the term of the Financing Services Framework Agreement after the Company's review and confirmation of all information in relation to financing service fee during the term submitted by Shanxi Fund.
- Individual contracts:** Shanxi Fund and the Group may, from time to time, enter into separate agreements which set out the specific scope of services and the terms and conditions of providing such services, according to the principles laid down by the Financing Services Framework Agreement.

ANNUAL CAP

For the period from 11 August 2020 to 31 December 2020, the maximum total amount of service fees payable by the Group to Shanxi Fund under the Financing Services Framework Agreement shall be RMB10,000,000.

In arriving at the above Annual Cap, the Directors have taken into account the following factors:

- (i) the prevailing market rates of comparable Services in the PRC;
- (ii) the level of service fees chargeable to independent third party(ies) by Shanxi Fund for providing such services of similar nature; and
- (iii) the Services provided by Shanxi Fund under the Financing Services Framework Agreement.

There were no previous transaction in relation to the provision of financing services by Shanxi Fund to the Group prior to the entering of the Financing Services Framework Agreement.

INTERNAL CONTROL MEASURES

To safeguard the interests of the Shareholders as a whole, should the need for fundraising arise, the Company shall obtain quotations from Shanxi Fund and at least two independent service providers. The Company shall compare the quotation from Shanxi Fund to those provided by independent service providers and engage the service provider offering the most favourable terms. In the event that Shanxi Fund is appointed, the terms offered by Shanxi Fund shall be no less favourable than those offered by the independent service providers.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FINANCING SERVICES FRAMEWORK AGREEMENT

The terms of the Financing Services Framework Agreement were entered into after arm's length negotiations by the parties. By entering into the Financing Services Framework Agreement, the Company will have easier access to funds and may be able to expand its capital base, provide the Group with a cashflow stream and thereby allowing it to increase its business scale.

The Directors (excluding the Directors who are required to abstain from voting on the transaction, but including the independent non-executive Directors) are of the view that the terms of the transaction contemplated under the Financing Services Framework Agreement are on normal commercial terms and in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and Shareholders as a whole.

As Mr. Qu Zhongrang and Mr. Fu Yuanhong are deemed to have conflict of interest in the transactions contemplated under the Financing Services Framework Agreement due to their directorship and/or senior management positions in Dadi Environment and/or Shanxi Fund, they have abstained from voting on approval of the Financing Services Framework Agreement and the transaction contemplated thereunder at the Board meeting. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, save and except that the aforementioned Directors, none of the other Directors has any material interests in this connected transaction.

GEM LISTING RULES IMPLICATIONS

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As each of the applicable percentage ratios in respect of the transactions contemplated under the Financing Services Framework Agreement based on the Annual Cap exceeds 0.1% but is less than 5%, the transactions are subject to the reporting and announcement requirements but exempt from independent shareholders' approval requirement under Chapter 20 of the GEM Listing Rules.

INFORMATION ON THE PARTIES

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 since 26 August 2002. The Group mainly engages in the publication, purchase and distribution of books.

Shanxi Fund is a company incorporated in the PRC with limited liability. It is principally engaged in entrusted investment and management of environment management projects; leasing of environment equipment; development and promotion of high technologies for environmental protection; and is approximately 99.98% owned by Dadi Environment as at the data of this announcement.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Annual Cap”	annual cap of the service fees payable by the Group to Shanxi Fund for the period ending 31 December 2020 as set out in the section headed “Annual Cap” in this announcement
“Board”	the board of directors of the Company
“Company”	Dadi International Group Limited, a company incorporated in Cayman Islands and continued in Bermuda with limited liability, whose issued Shares are listed and traded on GEM (stock code:8130)
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules

“connected transaction(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Dadi Environment”	Shanxi Dadi Environment Investment Holdings Co., Ltd.* (山西大地環境投資控股有限公司), a company incorporated in the PRC with limited liability and a substantial shareholder of the Company
“Director(s)”	the director(s) of the Company
“Financing Services Framework Agreement”	the financing services framework agreement as summarized in the section “Financing Services Framework Agreement”
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shanxi Fund”	Shanxi Environment Protection Fund Co., Ltd.* (山西省環境保護基金有限公司), a company established in the PRC with limited liability
“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	share(s) in the share capital of the Company, with a nominal value of HK\$0.01 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the GEM Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules

By order of the Board
Dadi International Group Limited
FU Yuanhong
Chairman

Hong Kong, 11 August 2020

* for identification purpose only

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, one non-executive Director, namely 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 the 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 GEM website at www.hkgem.com on the “Latest Company Announcements” page for 7 days from the day of its posting and the Company’s website at <http://www.dadi-international.com.hk>.