THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares in China Dili Group, you should at once hand this circular together with the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.

中国地利集团
China Dili Group

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1387)

PROPOSED REFRESHMENT OF GENERAL MANDATE
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders

中 毅 資 本 有 限 公 司
Grand Moore Capital Limited

A letter from the Board is set out on pages 3 to 15 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 16 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 17 to 32 of this circular.

A notice convening the EGM to be held at Statue Square Room & Alexandra Room, 2/F, Mandarin Oriental, 5 Connaught Road, Central, Hong Kong on Friday, 16 April 2021 at 3:00 p.m. is set out on pages EGM-1 to EGM-4 of this circular. Whether or not you are able to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

PRECAUTIONARY MEASURES FOR THE EGM

Measures to be taken with the aim of preventing and controlling the spread of COVID-19 at the EGM are set out in the notice of the EGM on page EGM-4 of this circular, which include:

- **mandatory body temperature checks at the entrance of the venue of the EGM for all participants, including Shareholders or their proxies;**
- **compulsory wearing of surgical face masks for all participants, including Shareholders or their proxies;**
- **the number of seats at the venue of the EGM will be limited and available on a first-come-first-served basis and the Company may limit the number of attendees at the EGM as may be necessary to avoid over-crowding and to enable social distancing;**
- **no distribution of corporate gift or refreshment and no eating or drinking in the venue of the EGM; and**
- **anyone who has travelled outside Hong Kong within 21 days before the EGM (a "Recent Record of Travelling"), who is subject to quarantine or self-quarantine related to COVID-19, or has close contact with any person who is undergoing quarantine or has a Recent Record of Travelling should not attend the EGM in person.**

Any person who does not comply with the precautionary measures may be denied entry into the EGM venue or be required to leave the EGM venue. The Company encourages Shareholders NOT to attend the EGM in person but to appoint the chairman of the EGM as their proxy to vote on the relevant resolution(s) at the EGM as an alternative.

22 March 2021

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DEFINITIONS

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

"2020 AGM"	the annual general meeting of the Company held on 19 May 2020
"Board"	the board of Directors
"Company"	China Dili Group, a company incorporated in the Cayman Islands whose members' liability is limited, the shares of which are listed on the Stock Exchange
"Directors"	the director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be convened and held at Statue Square Room & Alexandra Room, 2/F, Mandarin Oriental, 5 Connaught Road, Central, Hong Kong on Friday, 16 April 2021 at 3:00 p.m., at which the proposed grant of the Refreshed General Mandate will be considered, and if thought fit, approved by the Independent Shareholders
"Existing General Mandate"	the general mandate granted by the Shareholders to the Directors at the 2020 AGM, under which the Directors were authorised to allot, issue and deal with up to a maximum of 1,143,118,611 Shares (being 20% of the issued share capital of the Company at the date of the 2020 AGM)
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"Independent Board Committee"	an independent committee of the Board comprising all independent non-executive Directors to advise the Independent Shareholders on the proposed grant of the Refreshed General Mandate
"Independent Financial Adviser"	Grand Moore Capital Limited, a corporation licensed by the Securities and Futures Commission of Hong Kong to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Cap. 571, laws of Hong Kong), the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the proposed grant of the Refreshed General Mandate

"Independent Shareholder(s)"	Shareholder(s) other than any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates
"Latest Practicable Date"	19 March 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China, which for the purpose of this circular excludes Hong Kong, Macao Special Administrative Region of the PRC and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC
"Refreshed General Mandate"	the general mandate proposed to be granted to the Directors at the EGM to allot and issue new Shares not exceeding 20% of the total number of the issued Shares as at the date of the EGM
"Share(s)"	the shares of the Company
"Shareholder(s)"	the holders of Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription"	the subscription by Nelson Innovation Limited of 478,067,066 new Shares at HK$1.67 per Share as disclosed in the announcements of the Company dated 25 December 2020 and 4 February 2021
"%"	per cent.

The shareholding in the Company of the respective Shareholder as disclosed in this circular refers to the percentage shareholding of such Shareholder to the issued share capital of the Company.

In this circular, unless the context otherwise requires, the terms "associate(s)", "connected person(s)", "connected transaction(s)", "subsidiary(ies)", "controlling shareholder(s)" and "substantial shareholder(s)" shall have the meanings given to such terms in the Listing Rules, as modified by the Stock Exchange from time to time.

Certain amounts and percentage figures set out in this circular have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables and the currency conversion or percentage equivalents may not be an arithmetic sum of such figures.

中国地利集团 China Dili Group

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1387)

Executive Directors:
Mr. Wang Yan *(Chairman)*
Mr. Dai Bin *(Chief Executive Officer)*
Ms. Qin Xiang *(Chief Operating Officer)*

Non-executive Director:
Mr. Yin Jianhong

Independent non-executive Directors:
Mr. Fan Ren-Da, Anthony
Mr. Wang Yifu
Mr. Leung Chung Ki
Mr. Tang Hon Man

Registered office:
Cricket Square
Hutchins Drive
P. O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of business in Hong Kong:
Room 4205–10, 42/F
China Resources Building
26 Harbour Road, Wanchai
Hong Kong

22 March 2021

To the Shareholders

Dear Sir or Madam

A. INTRODUCTION

The purpose of this circular is to provide the Shareholders with information relating to (i) the proposed grant of the Refreshed General Mandate; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders on the proposed grant of the Refreshed General Mandate; (iii) the recommendation from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the proposed grant of the Refreshed General Mandate; and (iv) the notice of EGM, at which the necessary resolutions will be proposed to the Independent Shareholders to consider and, if thought fit, approve the proposed grant of the Refreshed General Mandate by way of poll.

B. EXISTING GENERAL MANDATE

At the 2020 AGM, the Shareholders approved, among other things, the Existing General Mandate which authorized the Directors to allot and issue not more than 1,143,118,611 Shares, being 20% of the total number of issued Shares as at the date of passing of the resolution at the 2020 AGM.

As at the Latest Practicable Date, the Existing General Mandate had been utilized as to 478,067,066 Shares (being approximately 41.82% of the Shares which can be allotted and issued under the Existing General Mandate) in relation to the completion of the Subscription, details of which were set out in the announcements of the Company dated 25 December 2020 and 4 February 2021.

C. PROPOSED GRANT OF THE REFRESHED GENERAL MANDATE

The Company will convene the EGM at which ordinary resolutions will be proposed to the Independent Shareholders that:

(i) the Directors be granted the Refreshed General Mandate to allot and issue Shares not exceeding 20% of the aggregate number of issued Shares as at the date of passing the relevant ordinary resolutions at the EGM; and

(ii) the Refreshed General Mandate be extended to any Shares repurchased by the Company pursuant to the repurchase mandate granted to the Directors at the 2020 AGM.

The Company has not refreshed the Existing General Mandate since the 2020 AGM. The Refreshed General Mandate proposed will last until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; or

(iii) the date on which the authority given to the Directors under the Refreshed General Mandate is revoked or varied by an ordinary resolution of the Company in general meeting.

As at the Latest Practicable Date, the Company had an aggregate of 8,896,289,780 Shares in issue. On the basis that no further Shares are issued or repurchased by the Company between the Latest Practicable Date and the date of the EGM, the Company will be allowed under the Refreshed General Mandate to allot and issue up to 1,779,257,956 Shares, representing 20% of the aggregate number of issued Shares as at the Latest Practicable Date.

The share capital base of the Company has been enlarged pursuant to the issue of conversion Shares (upon conversion by a holder of a convertible bond) in August 2020 and the issue of subscription Shares to a subscriber in February 2021 and the Existing General Mandate therefore requires to be refreshed to allow the Directors to allot and issue Shares based on the enlarged issued share capital of the Company.

D. REASONS FOR AND BENEFITS OF THE REFRESHMENT OF GENERAL MANDATE

The Group is principally engaged in business operations of ten agriculture wholesale markets in seven cities in the PRC namely Hangzhou, Shenyang, Harbin, Guiyang, Shouguang, Qiqihar and Mudanjiang, which provide trading platforms for traders, wholesalers and distributors to buy and sell primarily vegetables and also fruits, seafood, meat, grain and oil and other food produce.

Subscription announced in late December 2020 has generated further investment appetite and interest in the Company by other strategic investors

Recently in February 2021, JD.com, Inc. (a leading technology driven e-commerce company transforming to become a leading supply chain-based technology and service provider) completed its approximately HK$798 million Subscription for 478,067,066 new Shares which were issued under the Existing General Mandate. The Subscription was well-perceived by investors in the capital markets and has generated further investment appetite and interest in the Company by other strategic investors. Subsequent to the announcement of the Subscription in late December 2020, the Company has received indications of interest from several potential investors which were introduced by professional intermediaries, placing agents or from the business networks of the Company's controlling Shareholder. To the best knowledge of the Company, none of the potential investors has any relationship and/or arrangement with the Company and its connected persons.

Based on preliminary discussions between the Company and the potential investors, subject to negotiations with the relevant parties, market conditions and other external factors, the investment appetite of such potential investors may exceed RMB3 billion in aggregate. In terms of timeline, (i) the Company plans to commence negotiations with the potential investors immediately after publication of its annual results for the financial year ended 31 December 2020 (being 30 March 2021); and (ii) taking into account the estimated time required for due diligence to be conducted by the potential investors on the Company, negotiations between the Company and the potential investors on the terms and conditions of the transactional documents, internal approval procedures and/or capital call (if applicable) to be undertaken by the potential investors and administrative procedures for issuance and allotment of new Shares by the Company, the Company expects that subject to the circumstances of individual investor(s) and market conditions, the potential share placement(s) may complete shortly after the signing of definitive agreement(s) or may take longer to complete within a few weeks thereafter and in either case, prior to the forthcoming annual general meeting of the Company which is expected to be held in June 2021.

Subject to definitive agreement(s) being entered into, the potential investors may include renowned PRC technology conglomerate(s) which are top leader(s) in the industry among other interested investors. The Company is of the view that introducing technology conglomerate(s) as strategic investor(s) will bring tremendous benefits to the Group in terms of profile raising and business expansion. In particular, it will create opportunities for the Group to expand its supply chain and logistics management business through business cooperation with the strategic investors by leveraging their reputation, market leading position, expertise and network in digitalization and e-commerce as well as synergies between the businesses of the Group and the strategic investors. The Company believes that it would be an important step to achieve its long-term goal in establishing a brand new fresh food distribution and supply chain platform.

The Group has imminent needs for additional funding

The proceeds from the potential share placement(s) are expected to be used to fulfil genuine and imminent funding requirements of the Group. Having reviewed the existing financial position and development plans of the Group, the Board considers that the Group has several imminent needs for additional funding for the following reasons:

(i) **Imminent repayment obligations on outstanding bank loans (approximately RMB1,396 million for 2021)**: Based on the unaudited management accounts of the Group, as at 31 December 2020, the Group has repayment obligations on outstanding bank loans in the aggregate principal amount of approximately RMB1,621 million, including approximately RMB1,310 million which will fall due and imminently repayable within the first half of 2021 and a further RMB86 million repayable by the end of the financial year ending 31 December 2021;

(ii) **Capital expenditure on new agriculture wholesale markets and existing agriculture wholesale markets (estimated approximately RMB1,232 million for 2021)**: As disclosed in the 2020 interim report of the Company, the Group is in the process of constructing a new agriculture wholesale market in Kunming, namely the Kunming International Agricultural Produce Logistic Park (昆明國際農產品物流園) (the "**Kunming Project**"). Land acquisition for the Kunming Project has been completed in 2020. The Kunming Project has received planning approvals and commenced construction at the beginning of 2021 and is expected to be completed in mid-2022. The Group's total capital expenditure required for the construction of the Kunming Project is estimated to be approximately RMB1,714 million, of which approximately RMB417 million has been incurred and approximately RMB857 million is expected to be payable within 2021. Furthermore, to renovate and upgrade the infrastructure and trading systems of and to purchase new machinery, equipment and delivery fleets for the Group's existing agriculture wholesale markets in Hangzhou, Shenyang, Guiyang, Heilongjiang and Shouguang, a total capital expenditure of approximately RMB520 million will also be required, of which approximately RMB375 million will be payable within 2021. The Company expects that approximately RMB616 million will be incurred and payable for capital expenditure on the Kunming Project and the existing agriculture wholesale markets of the Group within the first half of 2021;

(iii) **Funding requirements for newly established joint ventures (estimated approximately RMB300 to 400 million for 2021)**: The Group has recently entered into business cooperation with a renowned e-commerce company to establish two joint ventures which will be principally engaged in (a) the establishment, operation and management of agriculture storage and processing centers in the regions and places where the Group's agriculture wholesale markets (including the markets currently operated by the Group as well as markets of third parties to which the Group will provide operation and management services in the future) are located, which will be engaged in the sorting, processing and packaging as well as the procurement and sale of agricultural products; (b) the research and development, operation and management of an online agricultural product trading system which can be used for the digitalization and e-commerce transformation of agriculture wholesale markets; and (c) operation and management of agriculture wholesale markets held by the Group and other independent third parties in the PRC. It is expected that the said joint ventures will involve capital contributions (in the form of capital injections or shareholders' loans) by the Group of approximately RMB300 million to RMB400 million within the second or third quarter of 2021. Such capital contributions will be used by the joint ventures for, among others, the trial establishment of the first agriculture storage and processing center in the PRC and the development of the said online agricultural product trading system;

(iv) **Development of the Group's supply chain and logistics management business (estimated approximately RMB690 million for 2021)**: To achieve the long-term goal in establishing a brand new fresh food distribution platform, one of the Group's business strategies is to expand into other downstream sectors in the agricultural industry. Since the last quarter of 2019, the Group has commenced a small-scaled supply chain and logistics management business which involves procurement of agricultural produce and food products from various upstream suppliers such as traders and wholesalers and the procured products will be sold and transported to downstream customers including supermarkets, food courts, student cafeterias and catering businesses in the community. As part of the Group's strategy in developing its supply chain and logistics management business, on 11 September 2020, the Group entered into a framework agreement with the Dili Fresh Group (as defined in the Company's announcement dated 11 September 2020 in relation to the said framework agreement) to supply various agricultural produce and food products across the retail network of the Dili Fresh Group. It is estimated that the Group's supply chain and logistics management business will require approximately RMB300 million for the first half of 2021 and RMB690 million for the financial year ending 31 December 2021 mainly for (a) the settlement of the purchasing costs of the agricultural produce and food products procured by the Group from upstream suppliers; (b) the settlement of the operating costs and expenses in relation to the sale of such agricultural produce and food products to downstream customers, such as storage and delivery expenses; and (c) the maintenance of the business's cash balance taking into account the credit period granted to the downstream customers for the payment of the purchase prices of the agricultural produce and food products supplied by the Group to such downstream customers;

(v) **Development of the Group's new supply chain finance business (estimated approximately RMB760 million)**: As part of the Group's business development strategy in the agricultural industry, the Company is planning to set up a new supply chain finance business which involves the provision by the Group (as lender) of debt facilities to farmers, agricultural companies and traders (as borrowers). The Group is currently in preparation for the application for the necessary licenses for conducting money lending business. It is estimated that the Group will require approximately RMB760 million as the start-up capital for this new supply chain finance business and for the potential credit lines to be extended to the target borrowers; and

(vi) **Maintenance of sufficient cash reserve in the face of global economic downturn**: As disclosed in the 2020 interim report of the Company, the Group experienced challenging business operation conditions due to the impact of the coronavirus ("**COVID-19**") pandemic, lockdowns and social distancing measures which resulted in temporary closures or shortened operation hours of the agriculture wholesale markets of the Group and thus decrease in the transaction volumes and commission income of the Group. Due to the uncertainties of the COVID-19 pandemic, the global economic instability may persist in the foreseeable future which may continue to have a negative impact on the Group's business operations. In light of the circumstances, the Board is of the view that it is important to enable the Group to have greater financing flexibility to replenish its cash reserve in a timely and efficient manner in order to sustain the smooth operations of the Group during the global economic downturn.

Based on its latest unaudited management accounts, the Group had cash balance of approximately RMB1.4 billion (including the unutilized net proceeds from the Subscription) as at the Latest Practicable Date. As mentioned above, the Group's funding needs for 2021 reach approximately RMB4.5 billion. Among the said funding needs, (i) approximately RMB1.3 billion of outstanding bank loans will fall due and imminently repayable within the first half of 2021; (ii) approximately RMB616 million is expected to be incurred and payable for capital expenditure on the Kunming Project and the existing agriculture wholesale markets of the Group within the first half of 2021; (iii) approximately RMB300 million to RMB400 million is expected to be required for capital contributions to the newly established joint ventures within the second or third quarter of 2021; and (iv) approximately RMB300 million is expected to be required for the development and operations of the Group's supply chain and logistics management business for the first half of 2021. In the circumstances, the Company has an imminent need to raise additional funds as its current internal available cash resources are insufficient to satisfy its aggregate funding needs for the current year and to support the business expansion of the Group. For the reasons set out below, the Board considers that equity fundraising by the issue of Shares under general mandate is the most suitable financing option in terms of time and cost efficiency and improving the liability position of the Group.

Maximum proceeds from the unutilized portion of the Existing General Mandate are insufficient to satisfy the investment appetite of the potential investors

As mentioned above, there are potential fundraising opportunities for the Company in the pipeline, including the introduction of renowned PRC technology conglomerate(s) as strategic investor(s). Given the volatility of the stock market, time is of the essence in terms of capturing the appropriate market window. In order to timely seize such fundraising opportunities, the Company plans to conduct negotiations with the potential investors and complete the potential share placement(s) as soon as practicable (subject to the progress of due diligence, negotiations, internal approval procedures of the potential investors and market conditions) after publication of its annual results for the financial year ended 31 December 2020 (being 30 March 2021).

As at the Latest Practicable Date, the Company has utilized approximately 41.82% of the Existing General Mandate for the issuance and allotment of new Shares pursuant to the Subscription, and approximately 58.18% of the Existing General Mandate has not yet been utilized. For illustration purpose only, assuming that the new Shares under the potential share placement(s) will be issued at current market price of the Shares (i.e. HK$2.37 per Share as at the Latest Practicable Date) (without even taking into account the customary discount (20% at the maximum) to the prevailing closing price in off-exchange share placements), the unutilized portion of the Existing General Mandate (i.e. 665,051,545 Shares) would only allow the Company to raise approximately HK$1.6 billion. As mentioned above, based on the Company's preliminary discussions with the potential investors, their investment appetite may exceed RMB3 billion in aggregate, and the unutilized portion of the Existing General Mandate is insufficient to satisfy such investment appetite and far below the maximum capital raising potentials of the Company. Therefore, the Company has an imminent need to refresh the Existing General Mandate for the purpose of seizing the invaluable fundraising opportunities from the potential investors which have indicated their interest in investment into and business cooperation with the Company.

The proposed grant of the Refreshed General Mandate is the most suitable financing option as compared with other financing alternatives

The Board also considers that the proposed grant of the Refreshed General Mandate is the most suitable financing option as compared with other financing alternatives such as issue and allotment of new Shares under specific mandate, debt financing, right issue or open offer, having considered the financial position, capital structure and cost of funding of the Group as well as the prevailing market conditions, as detailed below:

(i) **Issue and allotment of new Shares under specific mandate**: The Board is of the view that given the volatility of the capital market, time is of the essence in terms of securing suitable investors in the Company. Therefore, issue and allotment of new Shares under specific mandate may not be suitable for the purpose of capturing equity fundraising opportunities in a timely manner due to the lengthy formalities associated with holding an extraordinary general meeting to obtain the Shareholders' approval after the terms of the proposed new Shares issuance are finalized. On the other hand, the Refreshed General Mandate will be a more expeditious solution for the Company to respond quickly to market conditions and fundraising opportunities;

(ii) **Debt financing**: Debt financing may be subject to lengthy due diligence and negotiations and less favourable terms as compared with equity financing. In addition, debt financing will create interest payment obligations on the Group which will have a negative impact on the gearing ratio of the Group, and the outstanding principal will need to be repaid upon maturity creating financial burden on the Group. The lending financial institutions may also require pledging of collateral by the Group to secure the financing facilities; and

(iii) **Rights issue or open offer**: Right issue or open offer may involve substantial time, administrative work and cost to complete as compared with equity financing by issuance of new Shares under general mandate. In addition, the Company has conducted two rights issues since 2014 and post-pandemic economies may not be a suitable timing for conducting a third rights issue.

Sufficient protection of minority Shareholders' interests

The Board considers that the interests of minority Shareholders are sufficiently protected in the following manner: (i) the grant of the Refreshed General Mandate will be subject to the Independent Shareholders' approval which is more stringent than the grant of specific mandate (and also the customary grant of general mandate(s) at annual general meeting(s)) for which not only the Independent Shareholders can vote; (ii) the Independent Shareholders are given information in this circular as far as possible for them to make an informed voting decision, including the advice and recommendation of the Independent Board Committee and the Independent Financial Adviser as to how to vote, the intended use of the Refreshed General Mandate for placement(s) of new Shares to potential investors (including the expected size and timing of the potential share placement(s)) and the intended use of the proceeds from the potential share placement(s); (iii) the Company will inform the Shareholders about the terms and conditions of the potential share placement(s) by way of announcement(s) when they materialise; and (iv) the fairness of the potential share placement(s) will be subject to the scrutiny of the Stock Exchange for the grant of the listing approval for the new Shares to be issued.

Having considered that (i) since the Subscription, there has been market interest from potential investors who wish to make equity investments in the Company and the unutilized portion of the Existing General Mandate is unlikely to be sufficient to satisfy the investment appetite of the potential investors; (ii) the introduction of strategic investor(s) will bring tremendous benefits to the Group in terms of profile raising and business expansion through business cooperation; (iii) the proposed grant of the Refreshed General Mandate will provide the Company with flexibility and ability to capture appropriate capital raising opportunities in a timely manner without the need to wait for the forthcoming annual general meeting or the Shareholders' approval for granting a specific mandate; (iv) the Group has imminent funding needs for repayment of bank loans; (v) the Group has genuine funding needs for capital expenditure on existing and new agriculture wholesale markets, capital contributions to joint ventures, and the procurement of agricultural produce supply under a pre-existing framework agreement for the development of the Group's supply chain and logistics management business; (vi) equity financing does not create any interest payment obligations on the Group; (vii) issuance of new Shares under general mandate is a more time and cost efficient option as compared with rights issue or open offer; (viii) there are sufficient protection mechanisms for minority Shareholders' interest under the grant and exercise of the Refreshed General Mandate; and (ix) the dilution impact arising from the Refreshed General Mandate on existing minority Shareholders is no greater than the dilution impact arising from customary grant of general mandate(s) at annual general meeting(s), the Board considers that the proposed grant of the Refreshed General Mandate is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

E. FUNDRAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

Save as disclosed below, the Company has not conducted any equity fundraising activities in the past 12 months immediately preceding the Latest Practicable Date:

Date of announcement	Equity fundraising activity	Intended use of proceeds	Actual use of proceeds
27 April 2020	Issuance of HK$4,405,286,344 convertible bond under specific mandate for the issuance of the Shares convertible from the convertible bond	The convertible bond was intended to be issued for the full settlement of the consideration of RMB4.0 billion payable by the Company for the acquisition of the entire issued share capital of United Progress Group Limited.	The acquisition of the entire issued share capital of United Progress Group Limited was completed on 21 August 2020. The convertible bond was issued and fully converted into 2,702,629,658 Shares on the same day.
25 December 2020	Issuance of 478,067,066 new Shares pursuant to the Subscription under the Existing General Mandate which raised net proceeds of approximately HK$796,572,000	For possible investment(s) in the future when opportunities arise and as general working capital of the Group.	Approximately HK$96 million (representing approximately 12.05% of the net proceeds) has been used for general working capital of the Group. The Company intends that the unutilized net proceeds of approximately HK$700.6 million will be utilized within one year as to 9% for general working capital such as staff emoluments and 91% for the Group's investments such as capital expenditure on existing and new agriculture wholesale markets and capital contributions to newly established joint ventures.

The Company has not previously refreshed any of the general mandates obtained in prior annual general meetings of the Company.

F. POTENTIAL DILUTION OF SHAREHOLDING OF THE SHAREHOLDERS

The table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) upon full utilization of the Refreshed General Mandate (assuming no other Shares are issued or repurchased by the Company from the Latest Practicable Date up to and including the date when the Refreshed General Mandate is utilized in full), for illustrative and reference purpose:

	As at the Latest Practicable Date		**Upon full utilization of the Refreshed General Mandate (assuming there is no other change in the shareholding structure of the Company from the Latest Practicable Date)**	
	Number of Shares	*Approximate percentage of issued share capital*	*Number of Shares*	*Approximate percentage of issued share capital*
Super Brilliant Investments Limited[(1)]	2,011,810,466	22.61%	2,011,810,466	18.85%
Gloss Season Limited[(1)]	15,912,000	0.18%	15,912,000	0.15%
Wealthy Aim Holdings Limited[(1)]	83,299,066	0.94%	83,299,066	0.78%
Mr. Dai Yongge	20,007,000	0.22%	20,007,000	0.19%
New Amuse Limited[(2)]	3,514,336,975	39.50%	3,514,336,975	32.92%
Mr. Yin Jianhong[(3)]	4,835,000	0.05%	4,835,000	0.05%
Spouse of Ms. Qin Xiang[(4)]	800,000	0.01%	800,000	0.01%
Existing public Shareholders	3,245,289,273	36.48%	3,245,289,273	30.40%
Maximum number of new Shares that can be issued under the Refreshed General Mandate	–	–	1,779,257,956	16.67%
Total issued Shares	8,896,289,780	100.00%	10,675,547,736	100.00%

Notes:

(1) Each of Super Brilliant Investments Limited, Gloss Season Limited and Wealthy Aim Holdings Limited is wholly-owned by Mr. Dai Yongge.

(2) New Amuse Limited is wholly-owned by Ms. Zhang Xingmei, the spouse of Mr. Dai Yongge.

(3) Mr. Yin Jianhong is a non-executive Director.

(4) Ms. Qin Xiang is an executive Director.

(5) Any discrepancies in the above table between totals and sums of figures are due to rounding.

Assuming that (i) the proposed grant of the Refreshed General Mandate is approved at the EGM; and (ii) no Shares will be issued or repurchased by the Company from the Latest Practicable Date up to and including the date of the EGM, upon full utilization of the Refreshed General Mandate, 1,779,257,956 new Shares can be issued, which represent 20% of the aggregate number of issued Shares as at the Latest Practicable Date and approximately 16.67% of the issued share capital of the Company as enlarged by the issue of such new Shares. The aggregate shareholding of the existing public Shareholders will be diluted from approximately 36.48% as at the Latest Practicable Date to approximately 30.40% upon full utilization of the Refreshed General Mandate, representing a potential maximum dilution of the existing public shareholding by approximately 6.08%. The size of such dilution is comparable to and not greater than that arising from the grant of the Existing General Mandate approved at the 2020 AGM (in which the public Shareholders at the prevailing time were subject to a dilution from 48.43% to 40.36% upon full utilization of the Existing General Mandate).

In contrast, without the flexibility of the Refreshed General Mandate (standing ready to be utilized), the Company will forgo favourable capital raising windows in the stock market and be restrained to raising only from the remaining portion of the Existing General Mandate (and running the risks of losing potential investors which are unlikely to be willing to defer their investment decisions and wait for the grant of Shareholders' approval in general meeting(s) of the Company whether in the form of a new general mandate to be granted at the forthcoming annual general meeting or a specific mandate at an extraordinary general meeting of the Company to be convened).

Furthermore, in relation to previous fundraising activities in the past 12 months, the dilution impact which took place in February 2021 in relation to the Subscription was limited (public Shareholders were diluted from 32.87% to 31.11% only) and the dilution impact which took place in August 2020 in relation to the issue of conversion Shares under a specific mandate (not general mandate) arose from the conversion of the convertible bond which was settlement of consideration for the major acquisition of the Company, the full benefits of and reasons for such acquisition were set out in the circular of the Company published in May 2020 and the said acquisition and specific mandate were approved by independent Shareholders in an extraordinary general meeting of the Company.

Accordingly, taking into account the business benefits of the Refreshed General Mandate set out in the section headed "Reasons for and benefits of the refreshment of general mandate" above, the Board considers that the flexibility to issue new Shares under the Refreshed General Mandate sufficiently outweighs the aggregated dilution impact on existing minority Shareholders upon completion of the Company's fundraising activities in the past 12 months and the potential utilization of the Refreshed General Mandate.

G. EGM

Pursuant to Rule 13.36(4) of the Listing Rules, the proposed grant of the Refreshed General Mandate will be subject to Independent Shareholders' approval at a general meeting of the Company. Any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favor of the relevant resolutions approving the proposed grant of the Refreshed General Mandate.

As at the Latest Practicable Date, New Amuse Limited (which is wholly-owned by Ms. Zhang Xingmei) held 3,514,336,975 Shares (representing approximately 39.50% of the issued share capital of the Company) and therefore is a controlling Shareholder. Mr. Dai Yongge is the spouse of Mr. Zhang Xingmei and thus her associate. As at the Latest Practicable Date, Mr. Dai Yongge held 20,007,000 Shares (representing approximately 0.22% of the issued share capital of the Company) personally and 2,111,021,532 Shares (representing approximately 23.73% of the issued share capital of the Company) indirectly through Super Brilliant Investments Limited, Gloss Season Limited and Wealthy Aim Holdings Limited (each of which is wholly-owned by Mr. Dai Yongge). Accordingly, each of New Amuse Limited, Ms. Zhang Xingmei, Mr. Dai Yongge, Super Brilliant Investments Limited, Gloss Season Limited and Wealthy Aim Holdings Limited shall abstain from voting in favour of the relevant resolutions approving the proposed grant of the Refreshed General Mandate at the EGM. None of such parties has indicated to the Company its intention to vote against the relevant resolutions at the EGM. To the best of the Director's knowledge, information and belief having made all reasonable enquiries, no other Shareholder is required to abstain from voting on the relevant resolutions approving the proposed grant of the Refreshed General Mandate at the EGM.

A notice of the EGM to be held on Friday, 16 April 2021 at 3:00 p.m. is set out on pages EGM-1 to EGM-4 of this circular. A form of proxy for use at the EGM is enclosed. Whether or not you intend to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the proxy form shall not preclude you from attending, and voting in person at the EGM or any adjournment thereof if you so desire and, in such event, the instrument appointing a proxy will be deemed to be revoked.

In order to determine the list of Shareholders who will be entitled to attend and vote at the EGM, the register of members of the Company will be closed for registration of transfer of Shares from Wednesday, 14 April 2021 to Friday, 16 April 2021 (both days inclusive) during which period no transfer of Shares will be effected. Shareholders whose names appear on the register of members of the Company on Friday, 16 April 2021 shall be entitled to attend and vote at the EGM. In order for the Shareholders to qualify for attending and voting at the EGM, all transfer documents, accompanied by the relevant Share certificates, should be lodged for registration with Computershare Hong Kong Investor Services Limited, the Company's branch share registrar and transfer office in Hong Kong, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong on or before 4:30 p.m., Tuesday, 13 April 2021.

In light of the COVID-19 pandemic, to safeguard the health and safety of the Shareholders and other attendees of the EGM and to minimize the risks of spreading the virus and infection, the Company encourages Shareholders NOT to attend the EGM in person but appoint the chairman of the EGM as their proxy to vote on relevant resolution(s) according to their indicated voting instructions as an alternative.

Any vote of the Independent Shareholders at the EGM will be taken by poll and the results of the EGM will be announced after the EGM.

H. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee which comprises Mr. Fan Ren-Da, Anthony, Mr. Wang Yifu, Mr. Leung Chung Ki and Mr. Tang Hon Man, all being independent non-executive Directors, has been established to advise the Independent Shareholders on the proposed grant of the Refreshed General Mandate.

Grand Moore Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the proposed grant of the Refreshed General Mandate.

I. RECOMMENDATIONS

The Directors (excluding the independent non-executive Directors) consider that the proposed grant of the Refreshed General Mandate is in the interests of the Company and the Shareholders as a whole and therefore recommend the Independent Shareholders to vote in favour of the relevant resolutions approving the proposed grant of the Refreshed General Mandate at the EGM.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the proposed grant of the Refreshed General Mandate is fair and reasonable so far as the Independent Shareholders are concerned and accordingly recommends the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM for approving the proposed grant of the Refreshed General Mandate.

Your attention is drawn to the letter of advice from the Independent Financial Adviser set out on pages 17 to 32 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in connection with the proposed grant of the Refreshed General Mandate and the letter from the Independent Board Committee set out on page 16 of this circular which contains its recommendation to the Independent Shareholders in relation to the proposed grant of the Refreshed General Mandate.

J. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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 circular is accurate and complete in all material respects and is not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

By Order of the Board
China Dili Group
Wang Yan
Chairman

中国地利集团
China Dili Group

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1387)

22 March 2021

To the Independent Shareholders

Dear Sir or Madam,

PROPOSED REFRESHMENT OF GENERAL MANDATE

We refer to the circular of the Company dated 22 March 2021 (the "**Circular**") of which this letter forms part. Unless the context requires otherwise, capitalized terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed by the Board to advise the Independent Shareholders as to whether the terms of the proposed grant of the Refreshed General Mandate are fair and reasonable so far as the Independent Shareholders are concerned. Grand Moore Capital Limited has been appointed as the Independent Financial Adviser to advise us in this respect.

Having considered the principal reasons and factors considered by, and the advice of, the Independent Financial Adviser as set out in its letter of advice to us on pages 17 to 32 of the Circular, we are of the opinion that the proposed grant of the Refreshed General Mandate is in the interests of the Company and the Shareholders as a whole and the terms of the Refreshed General Mandate are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favor of the ordinary resolutions to be proposed at the EGM to approve the proposed grant of the Refreshed General Mandate.

Yours faithfully,
for and on behalf of the
Independent Board Committee
China Dili Group
Fan Ren-Da, Anthony
Wang Yifu
Leung Chung Ki
Tang Hon Man
Independent non-executive Directors

The following is the full text of a letter of advice from Grand Moore Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the proposed grant of the Refreshed General Mandate, which has been prepared for the purpose of incorporation in this circular.

中毅資本有限公司
Grand Moore Capital Limited

Unit 1607, 16/F, Silvercord Tower 1
30 Canton Road
Tsim Sha Tsui, Kowloon
Hong Kong

22 March 2021

To the Independent Board Committee and
the Independent Shareholder(s) of China Dili Group

Dear Sirs,

PROPOSED REFRESHMENT OF GENERAL MANDATE

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the proposed grant of refreshment of general mandate, details of which are set forth in the "Letter from the Board" (the "**Letter from the Board**") contained in the circular issued by the Company to the Shareholders dated 22 March 2021 (the "**Circular**"), of which this letter forms apart. Unless the context otherwise requires. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

At the 2020 AGM, the Shareholders approved, among other things, the Existing General Mandate which authorised the Directors to allot and issue not more than 1,143,118,611 Shares, being 20% of the total number of issued Shares as at the date of passing of the resolution at the 2020 AGM.

As at the Latest Practicable Date, the Existing General Mandate had been utilised as to 478,067,066 Shares (being approximately 41.82% of the Shares which can be allotted and issued under the Existing General Mandate) in relation to the completion of the Subscription, details of which were set out in the announcements of the Company dated 25 December 2020 and 4 February 2021. The Company will convene the EGM at which ordinary resolutions will be proposed to the Independent Shareholders that (i) the Directors be granted the Refreshed General Mandate to allot and issue Shares not exceeding 20% of the aggregate number of issued Shares as at the date of passing the relevant ordinary resolutions at the EGM; and (ii) the Refreshed General Mandate be extended to any Shares repurchased by the Company pursuant to the repurchase mandate granted to the Directors at the 2020 AGM.

Pursuant to Rule 13.36(4) of the Listing Rules, the proposed grant of the Refreshed General Mandate will be subject to Independent Shareholders' approval at a general meeting of the Company. Any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the relevant resolutions approving the proposed grant of the Refreshed General Mandate.

As at the Latest Practicable Date, New Amuse Limited (which is wholly owned by Ms. Zhang Xingmei) held 3,514,336,975 Shares (representing approximately 39.50% of the issued share capital of the Company) and therefore is a controlling Shareholder. Mr. Dai Yongge is the spouse of Ms. Zhang Xingmei and thus her associate. As at the Latest Practicable Date, Mr. Dai Yongge held 20,007,000 Shares (representing approximately 0.22% of the issued share capital of the Company) personally and 2,111,021,532 Shares (representing approximately 23.73% of the issued share capital of the Company) indirectly through Super Brilliant Investments Limited, Gloss Season Limited and Wealthy Aim Holdings Limited (each of which is wholly owned by Mr. Dai Yongge). Accordingly, each of New Amuse Limited, Ms. Zhang Xingmei, Mr. Dai Yongge, Super Brilliant Investments Limited, Gloss Season Limited and Wealthy Aim Holdings Limited shall abstain from voting in favour of the relevant resolutions approving the proposed grant of the Refreshed General Mandate at the EGM. None of such parties has indicated to the Company its intention to vote against the relevant resolutions at the EGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no other Shareholder is required to abstain from voting on the relevant resolutions approving the proposed grant of the Refreshed General Mandate at the EGM.

The Independent Board Committee which comprises Mr. Fan Ren-Da, Anthony, Mr. Wang Yifu, Mr. Leung Chung Ki and Mr. Tang Hon Man, all being independent non-executive Directors, has been established to advise the Independent Shareholders on the proposed grant of the Refreshed General Mandate. We, Grand Moore Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the proposed grant of the Refreshed General Mandate.

OUR INDEPENDENCE

As at the Latest Practicable Date, we were not connected with the Company or any of its respective substantial Shareholders, Directors or chief executives, or any of their respective associates and accordingly, are considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders in respect of the proposed grant of the Refreshed General Mandate. In the past two years, we have not acted as any financial adviser role to the Company, but we have acted as an independent financial adviser to the independent board committee and independent shareholders of the Company in its (i) major acquisition and connected transaction; and (ii) major and connected transaction (collectively the "**Previous Appointments**"), the details of which are set out in the Company's circulars dated 30 September 2019 and 29 May 2020, respectively.

Apart from normal professional fees paid or payable to us in connection with the Previous Appointments and current appointment as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company, its subsidiaries or their respective controlling shareholders that could reasonably be regarded as relevant to our independence. Moreover, we have maintained our independence from the Company during the Previous Appointments, accordingly, we consider that we are independent to act as the Independent Financial Adviser in respect of the proposed grant of Refreshed General Mandate.

BASIS OF OUR OPINION

In formulating our view and recommendation to the Independent Board Committee and the Independent Shareholders, we have relied on (i) the information, facts and representations provided, and the opinions and views expressed, to us by the Company, the Directors and/or the management of the Group, and (ii) the information, facts, representations, opinions and views of the Company, the Directors and/or the management of the Group contained or referred to in the Circular, including but not limited to the Letter from the Board contained therein, all of which have been assumed to be true, accurate and complete at the time they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, view, and intention made by the Company, the Directors and/or the management of the Group in the Circular, including but not limited to the Letter from the Board contained therein, were reasonably made after due and careful enquiry and the expectations and intentions made by the Company, the Directors and/or the management of the Group will be met or carried out as the case may be. We consider that we have received and reviewed sufficient information to reach an informed view and have no reason to believe that any material information has been omitted or withheld, or to doubt the truth, accuracy and completeness of the information and representations provided to us by the Company, the Directors and/or the management of the Group. We have been confirmed by the Company that no material facts have been withheld or omitted from the information provided to us, the opinion expressed to us, and/or information or opinion contained or referred to in the Circular.

We have not, however, carried out any independent verification of the information provided by the Company, the Directors and/or the management of the Group, nor have we conducted any independent investigation into the business, financial conditions and affairs of the Group, or any of its respective subsidiaries, controlled entities, jointly controlled entities or associates. We consider that we have performed our duties with impartiality and independence from the Company.

The Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regards to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular 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 in the Circular misleading.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation in respect of the grant of the Refreshed General Mandate, we have taken into consideration the principal factors and reasons set out below:

1. Background of the Group

The Group is principally engaged in business operations of ten agriculture wholesale markets in seven cities in the PRC namely Hangzhou, Shenyang, Harbin, Guiyang, Shouguang, Qiqihar and Mudanjiang, which provide trading platforms for traders, wholesalers and distributors to buy and sell primarily vegetables and also fruits, seafood, meat, grain and oil and other food produce. Set out below are the summarised financial information of the Group for the two years ended 31 December 2018 and 2019 ("**FY2018**" and "**FY2019**", respectively), as extracted from the annual report of the Company for the year ended 31 December 2019 ("**2019 AR**"), and for the six months ended 30 June 2020, as extracted from the interim report of the Company for the six months ended 30 June 2020 ("**2020 IR**"):

(i) *Financial performance*

	For the year ended 31 December	
	2019	**2018**
	RMB'000	*RMB'000*
	(audited)	(audited)
Revenue	**1,421,019**	**1,128,654**
Commission income	1,009,960	810,572
Lease income	411,059	318,082
Other income/(expenses)	121,920	(59,435)
Net valuation gain on investment properties	243,422	13,500
Administrative expenses	(622,671)	(703,134)
Other operating expenses	(314,278)	(691,339)
Profit/(loss) from operations	**849,412**	**(311,754)**
Profit/(loss) for the year attributable to the Shareholders	**557,285**	**(360,901)**

As disclosed in the 2019 AR, the revenue of the Group was approximately RMB1,421.0 million for FY2019, representing an increase of approximately RMB292.3 million or 25.9% as compared to approximately RMB1,128.7 million for FY2018. Such increase was mainly attributable to the consolidation of the Hangzhou markets after the completion of acquisition on 24 July 2018, of which the commission income increased by approximately RMB199.4 million or 24.6% to RMB1,010.0 million for FY2019 as compared to RMB810.6 million for FY2018, while the lease income also increased by approximately RMB93.0 million or 29.2% to approximately RMB411.1 million for FY2019 as compared to approximately RMB318.1 million for FY2018.

The Group recorded profit from operations of approximately RMB849.4 million for FY2019, as compared to loss from operations amounted to approximately RMB311.8 million for FY2018, such turnaround was primarily attributable to (i) the increase in revenue of approximately RMB292.3 million; (ii) the increase in other income of approximately RMB181.4 million, which comprised of the increase in market service fee income of approximately RMB24.3 million as well as the decrease in loss on disposal of property and equipment of approximately RMB176.4 million; and (iii) the decrease in other operating expenses of approximately RMB377.1 million. The Group recorded profit attributable to the Shareholders of approximately RMB557.3 million for FY2019, as compared to loss attributable to the Shareholders amounted to approximately RMB360.9 million for FY2018, such turnaround was in line with (i) the increase in revenue of commission income and lease income; and (ii) the increase in profit from operations as stated above.

(ii) *Financial position*

	As at 30 June 2020	**As at 31 December 2019**
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Non-current assets	**12,300,593**	**11,838,153**
Current assets	**1,391,387**	**1,667,186**
Inventories	65,878	44,337
Other receivables	496,783	948,968
Cash at bank and on hand	817,478	671,619
Other assets	11,248	2,262
Total assets	**13,691,980**	**13,505,339**
Non-current liabilities	**3,431,584**	**3,406,965**
Current liabilities	**1,232,932**	**1,274,096**
Bank loans	336,186	173,500
Other payables	686,121	860,281
Lease liabilities	85,339	125,617
Taxation	125,286	114,698
Total liabilities	**4,664,516**	**4,681,061**
Net current assets	**158,455**	**393,090**
Net assets attributable to the Shareholders	**8,742,310**	**8,612,927**

As disclosed in the 2020 IR, the Group had net current assets of approximately RMB158.5 million with current ratio of approximately 1.13 times as at 30 June 2020 as compared to net current assets of approximately RMB393.1 million with current ratio of approximately 1.31 times as at 31 December 2019, such decrease was mainly attributable to (i) the increase in bank loans from approximately RMB173.5 million as at 31 December 2019 to approximately RMB336.2 million as at 30 June 2020; and (ii) the decrease in loans to third parties from approximately RMB460.0 million as at 31 December 2019 to nil as at 30 June 2020 and was partially offset by the increase in amount due from related parties by approximately RMB377.9 million from approximately RMB236.8 million as at 31 December 2019 to approximately RMB614.7 million as at 30 June 2020.

As disclosed in the 2020 IR, the Group experienced challenging business operation conditions due to the impact of the COVID-19 pandemic, lockdowns and social distancing measures which resulted in temporary closures or shortened operation hours of the agriculture wholesale markets of the Group and thus decrease in the transaction volumes and commission income of the Group. Due to the uncertainties of the COVID-19 pandemic, the global economic instability may persist in the foreseeable future which may continue to have a negative impact on the Group's business operations. In light of the circumstances, the Board is of the view that it is important to enable the Group to have greater financing flexibility to replenish its cash reserve in a timely and efficient manner in order to sustain the smooth operations of the Group during the global economic downturn.

Taking into account that (i) the Group has been experiencing significant decrease in net current assets during the period from 31 December 2019 to 30 June 2020; and (ii) the Group's necessity in replenishing its cash reserve to sustain the smooth operations during the global economic downturn led by COVID-19, we consider that the grant of the Refreshed General Mandate would provide the Company with an additional financing option to raise further capital to ease such liquidity pressure prior to the forthcoming annual general meeting of the Company which is expected to be held in June 2021 ("**2021 AGM**").

2. Proposed grant of the Refreshed of General Mandate

As at the Latest Practicable Date, the Company had an aggregate of 8,896,289,780 Shares in issue. On the basis that no further Shares are issued or repurchased by the Company between the Latest Practicable Date and the date of the EGM, the Company will be allowed under the Refreshed General Mandate to allot and issue up to 1,779,257,956 Shares, representing 20% of the aggregate number of issued Shares as at the Latest Practicable Date.

The Company has not refreshed the Existing General Mandate since the 2020 AGM. The Refreshed General Mandate proposed will last until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; or

(iii) the date on which the authority given to the Directors under the Refreshed General Mandate is revoked or varied by an ordinary resolution of the Company in general meeting.

The share capital base of the Company has been enlarged pursuant to the issue of conversion Shares (upon conversion by a holder of a convertible bond) in August 2020 and the issue of subscription Shares to a subscriber in February 2021 and the Existing General Mandate therefore requires to be refreshed to allow the Directors to allot and issue Shares based on the enlarged issued share capital of the Company.

3. Reasons for and benefits of the refreshment of general mandate

The followings are the extracts from the relevant section of the Letter from the Board.

(i) Subscription announced in late December 2020 has generated further investment appetite and interest in the Company by other strategic investors

Recently in February 2021, JD.com, Inc. (a leading technology driven e-commerce company transforming to become a leading supply chain-based technology and service provider) completed its approximately HK$798.0 million Subscription for 478,067,066 new Shares which were issued under the Existing General Mandate. The Subscription was well-perceived by investors in the capital markets and has generated further investment appetite and interest in the Company by other strategic investors. Subsequent to the announcement of the Subscription in late December 2020, the Company has received indications of interest from several potential investors which were introduced by professional intermediaries, placing agents or from the business networks of the Company's controlling Shareholder. To the best knowledge of the Company, none of the potential investors has any relationship and/or arrangement with the Company and its connected persons.

Based on preliminary discussions between the Company and the potential investors, subject to negotiations with the relevant parties, market conditions and other external factors, the investment appetite of such potential investors may exceed RMB3.0 billion in aggregate. In terms of timeline, (i) the Company plans to commence negotiations with the potential investors immediately after publication of its annual results for the financial year ended 31 December 2020 (being 30 March 2021); and (ii) taking into account the estimated time required for due diligence to be conducted by the potential investors on the Company, negotiations between the Company and the potential investors on the terms and conditions of the transactional documents, internal approval procedures and/or capital call (if applicable) to be undertaken by the potential investors and administrative procedures for issuance and allotment of new Shares by the Company, the Company expects that subject to the circumstances of individual investor(s) and market conditions, the potential share placement(s) may complete shortly after the signing of definitive agreement(s) or may take longer to complete within a few weeks thereafter and in either case, prior to the 2021 AGM.

Subject to definitive agreement(s) being entered into, the potential investors may include renowned PRC technology conglomerate(s) which are top leader(s) in the industry among other interested investors. The Company is of the view that introducing technology conglomerate(s) as strategic investor(s) will bring tremendous benefits to the Group in terms of profile raising and business expansion. In particular, it will create opportunities for the Group to expand its supply chain and logistics management business through business cooperation with the strategic investors by leveraging their reputation, market leading position, expertise and network in digitalisation and e-commerce as well as synergies between the businesses of the Group and the strategic investors. The Company believes that it would be an important step to achieve its long-term goal in establishing a brand new fresh food distribution and supply chain platform.

(ii) The Group has imminent needs for additional funding

The proceeds from the potential share placement(s) are expected to be used to fulfil genuine and imminent funding requirements of the Group. Having reviewed the existing financial position and development plans of the Group, the Board considers that the Group has several imminent needs for additional funding for the following reasons:

(a) Imminent repayment obligations on outstanding bank loans (approximately RMB1,396.0 million for 2021):

Based on the unaudited management accounts of the Group, as at 31 December 2020, the Group has repayment obligations on outstanding bank loans in the aggregate amount of approximately RMB1,621.0 million, including approximately RMB1,310.0 million which will fall due and imminently repayable within the first half of 2021 and a further RMB86.0 million repayable by the end of the financial year ending 31 December 2021.

(b) Capital expenditure on new agriculture wholesale markets and existing agriculture wholesale markets (estimated approximately RMB1,232.0 million for 2021):

As disclosed in the 2020 IR, the Group is in the process of developing the Kunming Project, of which the land acquisition for the Kunming Project has been completed in 2020. The Kunming Project has received planning approvals and commenced construction at the beginning of 2021 and is expected to be completed in mid-2022. The Group's total capital expenditure required for the construction of the Kunming Project is estimated to be approximately RMB1,714.0 million, of which approximately RMB417.0 million has been incurred and approximately RMB857.0 million is expected to be payable within 2021. Furthermore, to renovate and upgrade the infrastructure and trading systems of and to purchase new machinery, equipment, and delivery fleets for the Group's existing agriculture wholesale markets in Hangzhou, Shenyang, Guiyang, Heilongjiang and Shouguang, a total capital expenditure of approximately RMB520.0 million will also be required, of which approximately RMB375.0 million will be payable within 2021. The Company expects that approximately RMB616.0 million will be incurred and payable for capital expenditure on the Kunming Project and the existing agriculture wholesale market of the Group within the first half of 2021.

(c) Funding requirements for newly established joint ventures (estimated approximately RMB300.0 million to 400.0 million for 2021):

The Group has recently entered into business cooperation with a renowned e-commerce company to establish two joint ventures which will be principally engaged in (a) the establishment, operation and management of agriculture storage and processing centers in the regions and places where the Group's agriculture wholesale markets (including the markets currently operated by the Group as well as markets of third parties to which the Group will provide operation and management services in the future) are located, which will be engaged in the sorting, processing and packaging as well as the procurement and sale of agricultural products; (b) the research and development, operation and management of an online agricultural product trading system which can be used for the digitalisation and e-commerce transformation of agriculture wholesale markets; and (c) operation and management of agriculture wholesale markets held by the Group and other independent third parties in the PRC. It is expected that the said joint ventures will involve capital contributions (in the form of capital injections or shareholders' loans) by the Group of approximately RMB300.0 million to RMB400.0 million within the second or third quarter of 2021. Such capital contributions will be used by the joint ventures for, among others, the trial establishment of the first agriculture storage and processing center in the PRC and the development of the said online agricultural product trading system.

(d) Development of the Group's supply chain and logistics management business (estimated approximately RMB690.0 million for 2021):

To achieve the long-term goal in establishing a brand new fresh food distribution platform, one of the Group's business strategies is to expand into other downstream sectors in the agricultural industry. Since the last quarter of 2019, the Group has commenced a small-scaled supply chain and logistics management business which involves procurement of agricultural produce and food products from various upstream suppliers such as traders and wholesalers and the procured products will be sold and transported to downstream customers including supermarkets, food courts, student cafeterias and catering businesses in the community. As part of the Group's strategy in developing its supply chain and logistics management business, on 11 September 2020, the Group entered into a framework agreement with the Dili Fresh Group (as defined in the Company's announcement dated 11 September 2020 in relation to the said framework agreement) to supply various agricultural produce and food products across the retail network of the Dili Fresh Group. It is estimated that the Group's supply chain and logistics management business will require approximately RMB300.0 million for the first half of 2021 and approximately RMB690.0 million for the financial year ending 31 December 2021 mainly for (a) the settlement of the purchasing costs of the agricultural produce and food products procured by the Group from upstream suppliers; (b) the settlement of the operating costs and expenses in relation to the sale of such agricultural produce and food products to downstream customers, such as storage and delivery expenses; and (c) the maintenance of the business's cash balance taking into account the credit period granted to the downstream customers for the payment of the purchase prices of the agricultural produce and food products supplied by the Group to such downstream customers.

(e) Development of the Group's new supply chain finance business (estimated approximately RMB760.0 million):

As part of the Group's business development strategy in the agricultural industry, the Company is planning to set up a new supply chain finance business which involves the provision by the Group (as lender) of debt facilities to farmers, agricultural companies and traders (as borrowers). The Group is currently in preparation for the application for the necessary licenses for conducting money lending business. It is estimated that the Group will require approximately RMB760.0 million as the start-up capital for this new supply chain finance business and for the potential credit lines to be extended to the target borrowers.

(f) Maintenance of sufficient cash reserve in the face of global economic downturn:

As disclosed in the 2020 IR, the Group experienced challenging business operation conditions due to the impact of the COVID-19 pandemic, lockdowns and social distancing measures which resulted in temporary closures or shortened operation hours of the agriculture wholesale markets of the Group and thus decrease in the transaction volumes and commission income of the Group. Due to the uncertainties of the COVID-19 pandemic, the global economic instability may persist in the foreseeable future which may continue to have a negative impact on the Group's business operations. In light of the circumstances, the Board is of the view that it is important to enable the Group to have greater financing flexibility to replenish its cash reserve in a timely and efficient manner in order to sustain the smooth operations of the Group during the global economic downturn.

Based on its latest unaudited management accounts, the Group had cash balance of approximately RMB1.4 billion (including the unutilised net proceeds from the Subscription) as at the Latest Practicable Date. As mentioned above, the Group's funding needs for 2021 reach approximately RMB4.5 billion. Among the said funding needs, (i) approximately RMB1.3 billion of outstanding bank loans will fall due and imminently repayable within the first half of 2021; (ii) approximately RMB616.0 million is expected to be incurred and payable for capital expenditure on the Kunming Project and the existing agriculture wholesale markets of the Group within the first half of 2021; (iii) approximately RMB300.0 million to RMB400.0 million is expected to be required for capital contributions to the newly established joint ventures within the second or third quarter of 2021; and (iv) approximately RMB300.0 million is expected to be required for the development and operations of the Group's supply chain and logistics management business for the first half of 2021. In the circumstances, the Company has an imminent need to raise additional funds as its current internal available cash resources are insufficient to satisfy its aggregate funding needs for the current year and to support the business expansion of the Group. For the reasons set out below, the Board considers that equity fundraising by the issue of Shares under general mandate is the most suitable financing option in terms of time and cost efficiency and improving the liability position of the Group.

(iii) Maximum proceeds from the unutilised portion of the Existing General Mandate are insufficient to satisfy the investment appetite of the potential investors

As mentioned above, there are potential fundraising opportunities for the Company in the pipeline, including the introduction of renowned PRC technology conglomerate(s) as strategic investor(s). Given the volatility of the stock market, time is of the essence in terms of capturing the appropriate market window. In order to timely seize such fundraising opportunities, the Company plans to conduct negotiations with the potential investors and complete the potential share placement(s) as soon as practicable (subject to the progress of due diligence, negotiations, internal approval procedures of the potential investors and market conditions) after publication of its annual results for the financial year ended 31 December 2020 (being 30 March 2021).

As at the Latest Practicable Date, the Company has utilised approximately 41.82% of the Existing General Mandate for the issuance and allotment of new Shares pursuant to the Subscription, and approximately 58.18% of the Existing General Mandate has not yet been utilised. For illustration purpose only, assuming that the new Shares under the potential share placement(s) will be issued at current market price of the Shares (i.e. HK$2.37 per Share as at the Latest Practicable Date) (without even taking into account the customary discount (20.0% at the maximum) to the prevailing closing price in off-exchange share placements), the unutilised portion of the Existing General Mandate (i.e. 665,051,545 Shares) would only allow the Company to raise approximately HK$1.6 billion. As mentioned above, based on the Company's preliminary discussions with the potential investors, their investment appetite may exceed RMB3.0 billion in aggregate, and the unutilised portion of the Existing General Mandate is insufficient to satisfy such investment appetite and far below the maximum capital raising potentials of the Company. Therefore, the Company has an imminent need to refresh the Existing General Mandate for the purpose of seizing the invaluable fundraising opportunities from the potential investors which have indicated their interest in investment into and business cooperation with the Company.

(iv) The proposed grant of Refreshed General Mandate is the most suitable financing option as compared with other financing alternatives

For further information and our analysis on this, please refer to the section headed "5. Other financing activities" in this letter.

(v) Sufficient protection of minority Shareholders' interests

The Board considers that the interests of minority Shareholders are sufficiently protected in the following manner: (i) the grant of the Refreshed General Mandate will be subject to the Independent Shareholders' approval which is more stringent than the grant of specific mandate (and also the customary grant of general mandate(s) at annual general meeting(s)) for which not only the Independent Shareholders can vote; (ii) the Independent Shareholders are given information in the Circular as far as possible for them to make an informed voting decision, including the advice and recommendation of the Independent Board Committee and the Independent Financial Adviser as to how to vote, the intended use of the Refreshed General Mandate for placement(s) of new Shares to potential investors (including the expected size and timing of the potential share placement(s)) and the intended use of proceeds from the potential share placement(s); (iii) the Company will inform the Shareholders about the terms and conditions of the potential share placement(s) by way of announcement(s) when they materialise; and (iv) the fairness of the share placement(s) will be subject to the scrutiny of the Stock Exchange for the grant of the listing approval for the new Shares to be issued.

The Directors have considered that (i) since the Subscription, there has been market interest from potential investors who wish to make equity investments in the Company and the unutilised portion of the Existing General Mandate is unlikely to be sufficient to satisfy the investment appetite of the potential investors; (ii) the introduction of strategic investor(s) will bring tremendous benefits to the Group in terms of profile raising and business expansion through business cooperation; (iii) the proposed grant of the Refreshed General Mandate will provide the Company with flexibility and ability to capture appropriate capital raising opportunities in a timely manner without the need to wait for the forthcoming annual general meeting or the Shareholders' approval for granting a specific mandate; (iv) the Group has imminent funding needs for repayment of bank loans; (v) the Group has genuine funding needs for capital expenditure on existing and new agriculture wholesale markets, capital contributions to joint ventures, and the procurement of agricultural produce supply under a pre-existing framework agreement for the development of the Group's supply chain and logistics management business; (vi) equity financing does not create any interest payment obligations on the Group; (vii) issuance of new Shares under general mandate is a more time and cost efficient option as compared with rights issue or open offer; (viii) there are sufficient protection mechanisms for minority Shareholders' interest under the grant and exercise of the Refreshed General Mandate; and (ix) the dilution impact arising from the Refreshed General Mandate on existing minority Shareholders is no greater than the dilution impact arising from customary grant of general mandate(s) at annual general meeting(s), the Board considers that the proposed grant of the Refreshed General Mandate is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

4. Our analysis on the Refreshed General Mandate

In assessing whether the Company has an imminent need to refresh the Existing General Mandate as soon as practicable and prior to the 2021 AGM, we have discussed with the Group's management and are given to understand that due to exceptional circumstances in 2019 and 2020, where (i) the annual general meeting of 2019 was brought forward to be held in late-May 2019 as announced in mid-April 2019 in anticipation that the announcement and circular of the Company in relation to share consolidation and change of company name being contemplated by the Group will be published by late April 2019 and the extraordinary general meeting approving such matters will be able to be scheduled on the same day as the annual general meeting of 2019 to minimise the administrative costs of the Group; and (ii) 2020 AGM was brought forward to be held in May 2020 such that the then independent shareholders could also in the same general meeting approve a discloseable and continuing connected transaction of the Group which required independent shareholders' approval (as a measure of reducing group gathering during COVID-19), the respective annual general meetings were held in May which deviated from the traditional end of June of each calendar year timeframe. Should we take the 2018 annual general meeting which is in line with the Company's tradition and was held on 27 June 2018 as a reference point for the expected date of the 2021 AGM, the expected date of 27 June 2021 is approximately three months away from the date of the Circular. The nature of the financial markets is extremely dynamic and is driven by various factors such as ones related to economical, geopolitical, social, etc. which are constantly changing on a daily basis. As the relevant fund raising exercise of the aforementioned investment appetite from potential investors (including renowned PRC technology conglomerate(s) which are top leader(s) in the industry which is expected by the Board to bring tremendous benefits to the Group in terms of profile raising and business expansion through business cooperation) which may exceed RMB3.0 billion in aggregate is expected to commence soon after the release of the annual results of the Company for the financial year ended 31 December 2020 at the end of March 2021, it is uncertain whether such investment appetite would still exist if the aforementioned timeframe as allowed by the Refreshed General Mandate is missed and the Company has to wait until the conclusion of the 2021 AGM for a refreshment of the Existing General Mandate which is insufficient for either the Company's funding needs or the investment appetite.

In connection with the imminency of the Company's funding needs, we have reviewed (i) the unaudited consolidated management accounts of the Group for the year ended 31 December 2020; (ii) the breakdown of the immediate repayment obligations of the Group as at 31 December 2020; and (iii) the breakdown of the monthly operating expenses of the Group. Based on our review and discussion with the management of the Group, we noted that (i) the Group's net current assets decreased from RMB393.1 million as at 31 December 2019 to approximately RMB158.5 million as at 30 June 2020; (ii) the bank loans increased from approximately RMB173.5 million as at 31 December 2019 to approximately RMB336.2 million as at 30 June 2020; (iii) the possible impact to the Group's business operation due to the uncertainties of the COVID-19 pandemic; and (iv) the necessity in developing new businesses. On this basis, we consider that having the fundraising capability through the grant of Refreshed General Mandate is a prudent approach in maintaining the financial flexibility and sufficient cashflow for the normal operation of the Group due to the abovementioned factors. In particular, we note from the Letter from the Board that the Group has repayment obligations on outstanding bank loans in the aggregate principal amount of approximately RMB1,621.0 million, including approximately RMB1,310.0 million due for repayment before the end of June 2021 with another RMB86.0 million due for repayment by the end of December 2021. Given that the Group had cash balance of approximately RMB1.4 billion (inclusive of unutilised net proceeds from the Subscription which is earmarked for possible investment(s) and general working capital of the Group as per the Company's announcement dated 25 December 2020 instead of repayment of debts) as at the Latest Practicable Date, it would appear that the Group will need to strengthen its financial resources so as to fulfill the repayment obligations arising out of the bank loans of RMB1,310.0 million due before the end of June 2021. Waiting until the 2021 AGM which is expected to take place towards the end of June 2021 would unnecessarily expose the Company to risks of (i) uncertainties as to whether the aforementioned investment appetite currently intended for the end of March 2021 timeframe (subject to the progress of the due diligence, negotiations, internal approval procedures of the potential investors and market conditions) would still exist; and (ii) should the relevant resolution for refreshment of the Existing General Mandate cannot proceed for whatever reason at the 2021 AGM, that would have left the Company with no other viable alternative to fulfill its debt repayment obligation due at around the same time. Given that the monetary cost of the Refreshed General Mandate to the Company is approximately HK$0.8 million, we are of the view that cost of potentially not capturing the aforementioned investment appetite as allowed by the Refreshed General Mandate and reaping the benefits thereof far outweighs the cost of the Refreshed General Mandate.

Having considered the above together with the Company's other funding needs as discussed in section 3. of this letter, we consider that the Refreshed General Mandate is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

5. Other financing activities

As set out in the Letter from the Board, the Board also considers that the proposed grant of the Refreshed General Mandate is the most suitable financing option as compared with other financing alternatives such as issue and allotment of new Shares under specific mandate, debt financing, rights issue or open offer, having considered the financial position, capital structure and cost of funding of the Group as well as the prevailing market conditions.

In respect of issue and allotment of new Shares under specific mandate, the Directors are of the view that given the volatility of the capital market, time is of the essence in terms of securing suitable investors in the Company. Therefore, issue and allotment of new Shares under specific mandate may not be suitable for the purpose of capturing equity fundraising opportunities in a timely manner due to the lengthy formalities associated with holding an extraordinary general meeting to obtain the Shareholders' approval after the terms of the proposed new Shares issuance is finalised. On the other hand, the Refreshed General Mandate will be a more expeditious solution for the Company to respond quickly to market conditions and fundraising opportunities.

In respect of debt financing, the Directors are of the view that debt financing may be subject to lengthy due diligence and negotiations and less favourable terms as compared with equity financing. In addition, debt financing will create interest payment obligations on the Group which will have a negative impact on the gearing ratio of the Group, and the outstanding principal will need to be repaid upon maturity creating financial burden on the Group. The lending financial institutions may also require pledging of collateral by the Group to secure the financing facilities while the outstanding principal will eventually need to be repaid upon maturity creating financial burden on the Group.

In respect of rights issue or open offer, the Directors consider that they may involve substantial time, administrative work and cost to complete as compared to equity financing by issuance of new Shares under general mandate. In our view, although both rights issue and open offer would allow the Shareholders to maintain their respective pro-rata shareholdings in the Company, the discount to market price needed to be offered would have been likely higher for a rights issue or open offer, as compared to a share placement so as to enhance its attractiveness to Shareholders. In addition, substantial underwriting costs may be involved and there is a lack of certainty in the successful implementation of a rights issue or open offer with their longer timetable. Besides, the Company has conducted two rights issues since 2014 and post-pandemic economies may not be a suitable timing for conducting a third rights issue.

Having considered (i) issue and allotment of new Shares under specific mandate may not be suitable in a timely manner due to the volatility of the current capital market; (ii) debt financing may be subject to lengthy due diligence and additional interest/principal repayment burden will be incurred on the Group; and (iii) rights issue or open offer may involve substantial time, administrative work and cost to complete, as such we are of the view that the grant of the Refreshed General Mandate will provide the Company with an additional alternative and it is reasonable for the Company to have flexibility and discretion in deciding the financing methods for its operation and business development. As a result, we concur with the Directors that raising funds through issue of new Shares under the Refreshed General Mandate can better control the completion risk and is more cost effective and time efficient compared to other financing alternatives.

6. Potential dilution of shareholding of the Shareholders

The table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) upon full utilisation of the Refreshed General Mandate (assuming no other Shares are issued or repurchased by the Company from the Latest Practicable Date up to and including the date when the Refreshed General Mandate is utilised in full), for illustrative and reference purpose:

	As at the Latest Practicable Date		**Upon full utilisation of the Refreshed General Mandate (assuming there is no other change in the shareholding structure of the Company from the Latest Practicable Date)**	
	Number of Shares	*Approximate percentage of issued share capital*	*Number of Shares*	*Approximate percentage of issued share capital*
Super Brilliant Investments Limited(1)	2,011,810,466	22.61%	2,011,810,466	18.85%
Gloss Season Limited(1)	15,912,000	0.18%	15,912,000	0.15%
Wealthy Aim Holdings Limited(1)	83,299,066	0.94%	83,299,066	0.78%
Mr. Dai Yongge	20,007,000	0.22%	20,007,000	0.19%
New Amuse Limited(2)	3,514,336,975	39.50%	3,514,336,975	32.92%
Mr. Yin Jianhong(3)	4,835,000	0.05%	4,835,000	0.05%
Spouse of Ms. Qin Xiang(4)	800,000	0.01%	800,000	0.01%
Existing public Shareholders	3,245,289,273	36.48%	3,245,289,273	30.40%
Maximum number of new Shares that can be issued under the Refreshed General Mandate	–	–	1,779,257,956	16.67%
Total issued Shares	8,896,289,780	100.00%	10,675,547,736	100.00%

Notes:

(1) Each of Super Brilliant Investments Limited, Gloss Season Limited and Wealthy Aim Holdings Limited is wholly owned by Mr. Dai Yongge.

(2) New Amuse Limited is wholly owned by Ms. Zhang Xingmei, the spouse of Mr. Dai Yongge.

(3) Mr. Yin Jianhong is a non-executive Director.

(4) Ms. Qin Xiang is an executive Director.

(5) Any discrepancies in the above table between totals and sums of figures are due to rounding.

As illustrated above, the shareholding of the existing public Shareholders would be diluted from approximately 36.48% to approximately 30.40% upon full utilisation of the Refreshed General Mandate. In the last twelve months immediately prior to the Latest Practicable Date, the Company completed two equity fund raising activities in August 2020 and February 2021, respectively, with total net proceeds raised of approximately HK$5,201.9 million, of which HK$4,405.3 million was utilised for the acquisition of the entire issued share capital of United Progress Group Limited; and approximately HK$96.0 million was utilised as general working capital of the Group as at the Latest Practicable Date. The Company intends that the unutilised net proceeds of approximately HK$700.6 million will be utilised within one year as to 9.0% for general working capital such as staff emoluments and 91.0% for the Group's investments such as capital expenditure on existing and new agriculture wholesale markets and capital contributions to newly established joint ventures.

Taking into consideration that (i) the proposed grant of the Refreshed General Mandate will provide the Company with flexibility and ability to capture appropriate capital raising opportunities in a timely manner; (ii) equity financing does not create any interest obligations on the Group; (iii) issuance of new Shares under general mandate is a more time and cost efficient option as compared with rights issue or open offer; and (iv) the shareholding of all the Shareholders will be diluted proportionately and the capital base of the Company will be enlarged upon utilisation of the Refreshed General Mandate, we consider that the dilution effect on the shareholding interests of the existing public Shareholders as a result of the grant of the Refreshed General Mandate is acceptable.

OPINION AND RECOMMENDATION

Having considered the principal factors and reasons discussed above, we are of the view that the grant of the Refreshed General Mandate is fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the ordinary resolution to be proposed at the EGM to approve the grant of the Refreshed General Mandate.

Yours faithfully,
For and on behalf of
Grand Moore Capital Limited
Kevin So
Director – Investment Banking Department

Note: *Mr. Kevin So is a licensed person under the SFO to undertake type 6 regulated activity (advising on corporate finance) and is a responsible officer in respect of Grand Moore's type 6 regulated activity (advising on corporate finance). Mr. So has over 16 years of experience in the corporate finance industry in Hong Kong.*

中国地利集团
China Dili Group

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1387)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of China Dili Group (the "**Company**") will be held at Statue Square Room & Alexandra Room, 2/F, Mandarin Oriental, 5 Connaught Road, Central, Hong Kong on Friday, 16 April 2021 at 3:00 p.m. for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolutions which will be proposed as ordinary resolutions of the Company.

ORDINARY RESOLUTIONS

1. **"THAT:**

(i) the general mandate (the "**Existing General Mandate**") granted to the directors of the Company (the "**Directors**") to allot, issue and deal with the unissued shares of the Company pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 19 May 2020 (the "**2020 AGM**") be and is hereby revoked (without prejudice to any valid exercise of the Existing General Mandate prior to the passing of this resolution);

(ii) subject to paragraph (iv) below, a general mandate be and is hereby unconditionally granted to the Directors to exercise during the Relevant Period (as defined in paragraph (v) below) all the powers of the Company to allot, issue and deal with additional shares of HK$0.10 each in the share capital of the Company (each a "**Share**") and to make or grant offers, agreements, options (including bonds, warrants and debentures convertible into Shares) or warrants which would or might require the exercise of such powers, subject to and in accordance with all applicable laws and requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time);

(iii) the mandate approved in paragraph (ii) of this resolution above shall be in addition to any other authorization given to the Directors and shall authorize the Directors during the Relevant Period to make or grant offers, agreements, options (including bonds, warrants and debentures convertible into Shares) and rights of exchange or conversion which might require the exercise of such powers after the end of the Relevant Period;

(iv) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the mandate approved in paragraph (ii) above, otherwise than pursuant to (a) a Rights Issue (as defined in paragraph (v) below); or (b) any option scheme or similar arrangement for the time being adopted by the Company for the purpose of granting or issuing Shares or right to acquire Shares to the directors, officers and/or employees of the Company and/or any of its subsidiaries; or (c) an issue of Share in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company from time to time; or (d) pursuant to a specific authority granted by the Shareholders; or (e) an issue of Shares as scrip dividend or similar arrangement in accordance with the articles of association of the Company from time to time, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution, and the said mandate shall be limited accordingly; and

(v) for the purpose of this resolution:

"**Relevant Period**" means the period from the date of the passing of this resolution until whichever is the earliest of: (a) the conclusion of the next annual general meeting of the Company; (b) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and (c) the date on which the authority sets out in this resolution is revoked or varied by an ordinary resolution of the Company in general meeting.

"**Rights Issue**" means an offer of Shares open for a period fixed by the Directors to holders of Shares or any class thereof on the register of members of the Company on a fixed record date in proportion to their then holdings of such Shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any legal restrictions or obligations under the laws of the relevant jurisdiction, or the requirements of any recognized regulatory body or any stock exchange, in any territory outside Hong Kong)."

2. "**THAT:**

conditional upon the passing of resolution no.1 above, the mandate granted to the Directors at the 2020 AGM to extend the Existing General Mandate by the addition thereto an amount representing the aggregate nominal amount of Shares purchased or otherwise acquired by the Company be and is hereby revoked and replaced by a mandate THAT the general mandate granted to the Directors to exercise the powers of the Company to allot, issue and otherwise deal with Shares pursuant to paragraph (ii) of resolution no.1 above be and is hereby extended by the addition thereto an amount representing the aggregate nominal amount of Shares purchased or otherwise acquired by the Company pursuant to the authority granted to the Directors pursuant to the ordinary resolution passed at the 2020 AGM, provided that such amount shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the 2020 AGM."

By Order of the Board
China Dili Group
Wang Yan
Chairman

Hong Kong, 22 March 2021

Notes:

(1) As disclosed in the circular of the Company dated 22 March 2021 to the shareholders of the Company (the "**Circular**"), each of New Amuse Limited, Ms. Zhang Xingmei, Mr. Dai Yongge, Super Brilliant Investments Limited, Gloss Season Limited and Wealthy Aim Holdings Limited (and any person who is not an Independent Shareholder (as defined in the Circular)) is required to abstain from voting in favour of the resolutions above at the EGM.

(2) The register of members of the Company will be closed for registration of transfer of shares from Wednesday, 14 April 2021 to Friday, 16 April 2021, both days inclusive. In order to qualify for attending and voting at the EGM, all transfer documents should be lodged for registration with Computershare Hong Kong Investor Services Limited, the Company's branch share registrar and transfer office in Hong Kong at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong on or before 4:30 p.m., Tuesday, 13 April 2021.

(3) Any shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint a proxy to attend and vote instead of him/her. A proxy needs not be a shareholder of the Company. A shareholder who is the holder of two or more Shares may appoint more than one proxy to represent him/her to attend and vote on his/her behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of Shares in respect of which each such proxy is so appointed.

(4) Where there are joint registered holders of any Share, any one of such persons may vote at the EGM, either in person or by proxy, in respect of such Share as if he/she was solely entitled thereto, but if more than one of such joint holders be present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members in respect of such Share shall alone be entitled to vote in respect thereof.

(5) To be effective, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, must be deposited at Computershare Hong Kong Investor Services Limited, the Company's branch share registrar and transfer office in Hong Kong at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the EGM and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

(6) The resolutions at the EGM will be taken by poll pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the results of the poll will be published on the websites of The Stock Exchange of Hong Kong Limited and the Company in accordance with the Listing Rules.

As at the date of this notice, the board of directors of the Company comprises Mr. Wang Yan, Mr. Dai Bin and Ms. Qin Xiang as executive Directors; Mr. Yin Jianhong as non-executive Director; Mr. Fan Ren-Da, Anthony, Mr. Wang Yifu, Mr. Leung Chung Ki and Mr. Tang Hon Man as independent non-executive Directors.

SPECIAL NOTICE

For ongoing prevention and control of the COVID-19 pandemic and to safeguard the health and safety of the shareholders of the Company (the "**Shareholders**") and other persons attending the EGM, the Company regrets to inform the Shareholders that there will be no distribution of corporate gift or serving of refreshment in the EGM. When entering the meeting venue, participants including the Shareholders or their proxies attending the EGM in person should allow their body temperatures to be checked and wear surgical face masks and maintain appropriate distance from each other throughout the EGM. Participants should also refrain from eating and drinking in the meeting venue.

The number of seats at the venue of the EGM will be limited and available on a first-come-first-served basis and the Company may limit the number of attendees at the EGM as may be necessary to avoid over-crowding and to enable social distancing. Anyone who has travelled outside Hong Kong within 21 days before the EGM (a "**Recent Record of Travelling**"), who is subject to quarantine or self-quarantine related to COVID-19, or has close contact with any person who is undergoing quarantine or has a Recent Record of Travelling should not attend the EGM in person.

Any person who does not comply with the precautionary measures may be denied the entry into the meeting venue. The Company also encourages Shareholders NOT to attend the EGM in person but appoint the chairman of the meeting as their proxy to vote on relevant resolutions according to their indicated voting instructions as an alternative. When assessing whether or not it is necessary to adjourn the EGM or change the meeting venue, the Board will consider the impact of the latest outbreak of COVID-19 in the local community, the measures announced by the Government of the Hong Kong Special Administrative Region and/or any applicable regulatory body in connection with COVID-19 and the availability of suitable meeting venue(s). If necessary, the Company will post an announcement on the website of the Company at http://www.diligrp.com and the website of The Stock Exchange of Hong Kong Limited at http://www.hkexnews.hk as soon as practicable to notify the Shareholders of any change to the meeting venue or the date, time and place of any adjourned meeting.