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中国地利集团
China Dili Group

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1387)

(1) QUARTERLY UPDATE ON RESUMPTION PROGRESS AND (2) CONTINUED SUSPENSION OF TRADING

This announcement is made by China Dili Group (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to the inside information provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), Rules 13.09 and 13.24A of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

References are made to the announcements of the Company (i) dated 28 October 2022 in relation to the suspension of trading in all securities of the Company on the Stock Exchange; (ii) dated 28 October 2022 in relation to inside information of the Company; (iii) dated 30 November 2022 in relation to the resumption guidance received from the Stock Exchange (the “**Resumption Guidance**”); and (iv) dated 12 December 2022 in relation to the appointment of an independent investigator (collectively, the “**Announcements**”). Unless otherwise stated, capitalised terms used in this announcement shall have the same meanings as defined in the Announcements.

The purpose of this announcement is to inform the Company’s shareholders and potential investors of the progress of actions recently taken by the Company in connection with fulfilling the Resumption Guidance and the latest development of the Group’s business operations.

UPDATE ON BUSINESS OPERATIONS

The Group is principally engaged in the operation of ten agriculture wholesale markets in seven cities in the People’s Republic of China. Since the suspension of trading in the securities of the Company and up to the date of this announcement, the Group is carrying on its business operations as usual in all material respects and will continue to closely monitor its financial position and business operations.

UPDATE ON RESUMPTION PROGRESS

As disclosed in the announcement of the Company dated 30 November 2022, the Stock Exchange has set out the following Resumption Guidance for the Company:

- (i) conduct an appropriate independent forensic investigation into the circumstances giving rise to the Guarantees and the Claims and the extent of other guarantee obligations undertaken by the Group, announce the findings and take appropriate remedial actions;

- (ii) demonstrate that there is no reasonable regulatory concern about the management integrity and/or the integrity of any persons with substantial influence over the Company's management and operations, which may pose a risk to investors and damage market confidence;
- (iii) conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to meet its obligations under the Listing Rules; and
- (iv) announce all material information for the Company's shareholders and investors to appraise its position.

The Board would like to provide the following updates on the status of the satisfaction of the resumption conditions pursuant to the Resumption Guidance.

As disclosed in the announcement of the Company dated 12 December 2022, the independent investigation committee of the Company (the "IC") has appointed Grant Thornton Advisory Services Limited, an independent forensic investigator, to conduct an independent forensic investigation into the circumstances giving rise to the giving of the Guarantees by the Relevant Subsidiaries and the Claims, ascertain the extent of other possible guarantee obligations undertaken by the Group (the "**Independent Investigation**") and produce a report of findings on the Independent Investigation to be presented to the IC.

As at the date of this announcement, the Independent Investigation is in progress and the report containing preliminary findings therefrom is expected to be available to the IC on or before 31 March 2023. The Company is working closely with the independent investigator, closely monitoring the progress of the Independent Investigation, and will continue to provide all necessary information and assistance to the independent investigator to expedite the Independent Investigation.

Subject to the findings of the Independent Investigation, the Company will consider appropriate actions and measures to address concern, if any, about management integrity, and/or the integrity of any persons with substantial influence over the Company's management and operations.

The Company is in the process of selecting an appropriate internal control consultant to carry out an independent review of the Group's internal control systems and will work with such consultant to take necessary steps to fulfil the requirements under the Resumption Guidance.

Since suspension of trading in all securities of the Company on 28 October 2022, the Company has kept its shareholders and potential investors informed of all material information in relation to the Independent Investigation, the Resumption Guidance and other relevant updates and progresses by way of announcements. The Company will continue to publish further announcement(s) on the material development and progress in relation to the Independent Investigation and the fulfilment of the Resumption Guidance as and when appropriate.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in all securities of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 28 October 2022, and will remain suspended until further notice.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares and other securities of the Company.

By Order of the Board
China Dili Group
Wang Yan
Chairman

Hong Kong, 27 January 2023

As at the date of this announcement, the Board comprises Mr. Wang Yan, Mr. Dai Bin and Ms. Qin Xiang as executive directors; Mr. Yin Jianhong and Mr. Liu Lizhen as non-executive directors; and Dr. Fan Ren-Da, Anthony, Mr. Wang Yifu, Mr. Leung Chung Ki and Mr. Tang Hon Man as independent non-executive directors.