

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 Governing the Listing of Securities (the “**Listing Rules**”) 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 Initial Resumption Guidance received from the Stock Exchange; (iv) dated 12 December 2022 in relation to the appointment of an independent investigator; (v) dated 27 January 2023 in relation to the quarterly update on resumption progress; (vi) dated 28 March 2023 in relation to the expected delay in publication of annual results for the year ended 31 December 2022 and expected delay in despatch of annual report; and (vii) dated 14 April 2023 in relation to the Additional Resumption Guidance received from the Stock Exchange and the quarterly update on resumption progress (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 (the “**PRC**”). 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. Further, in consideration of the recent macro-economic environment in the PRC and with a view of optimising its cost structure and enhancing its operating efficiency, the Group has recently implemented a series of cost-saving measures, including but not limited to reducing personnel cost and streamlining less-profitable or non-profitable business lines.

UPDATE ON RESUMPTION PROGRESS

As disclosed in the announcements of the Company dated 30 November 2022 and 14 April 2023, 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;
- (iv) publish all outstanding financial results required under the Listing Rules and address any audit modifications; and
- (v) 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.

With regard to the ongoing Independent Investigation, as at the date of this announcement, the Independent Investigator has issued a close-to-final draft of the report of findings on the Independent Investigation. It is currently expected that the said report would be finalised on or around 15 August 2023. 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.

With regard to the independent internal control review, the independent investigation committee of the Company has identified and shortlisted an independent internal control consultant to carry out an independent review of the Group's internal control systems and will provide its recommendation to the Board. The Company is expected to finalise such appointment shortly and will work with such consultant to take necessary steps to fulfil the requirements under the Resumption Guidance.

As set out in the announcement of the Company dated 28 March 2023, the Company is still working closely with the Auditors for the provision of necessary documentation and information as requested such that the Auditors can complete its audit process as soon as practicable. The expected date of the publication of the annual results for the year ended 31 December 2022 will need to be agreed upon with the Auditors and the Company will further announce once the said date is finalised.

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 independent internal control review, 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, the independent internal control review 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 July 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. Yao Yanzhong 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.