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中国地利集团
China Dili Group

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

INSIDE INFORMATION

(1) EXPECTED DELAY IN PUBLICATION OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022 AND EXPECTED DELAY IN DESPATCH OF ANNUAL REPORT; 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) and Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

EXPECTED DELAY IN PUBLICATION OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022 AND EXPECTED DELAY IN DESPATCH OF ANNUAL REPORT

The Company received a letter on 10 March 2023 from its auditors, KPMG (the “**Auditors**”), which lists out the following material unresolved matters for which more information and/or explanation is required for the Auditors to complete the audit procedures of the Group’s consolidated financial statements for the year ended 31 December 2022:

- (i) the outcome of the Investigation (as defined in the Company’s announcement dated 28 October 2022) conducted by the independent investigator appointed by the independent investigation committee of the Company, subsequent additional audit procedures that may need to be conducted in view of the Investigation outcome and the potential implications on the financial statements of the Group for the year ended 31 December 2022;
- (ii) the assessment by the Company’s management on the recoverability of amounts due from related parties of the Company;
- (iii) the assessment by the Company’s management on (a) the impact on the “other assets” in relation to the Group’s 19% investment in Dili Fresh and relevantly, the Put Option granted by the Vendor to Yield Smart to sell back the Target Shares to the Vendor pursuant to the Acquisition Agreement; and (b) the potential contingent liabilities arising from guarantee(s) provided by the Group in favour of third party bank(s) in respect of bank loan(s) obtained by

Dili Fresh or the Target Group (all as defined in the Company's circular dated 30 September 2019 and details of which can be found in the Company's circulars dated 30 September 2019 and 16 April 2020, respectively), as a result of Mr. Dai being involved as a defendant in the Claims;

- (iv) the revaluation by the Company's management of the carrying amount of the investment properties and its impairment assessment of the goodwill and property, plant and equipment of the Group; and
- (v) the assessment of the going concern of the Group as a result of the aforementioned matters.

The Company further received a letter dated 27 March 2023 from the Auditors stating that, as additional time is required (a) for the Company to attend to the material unresolved matters stated above; and (b) for the Auditors to consider response(s) provided by the Company and make necessary assessment(s), it is unlikely that the audit procedures of the Group's consolidated financial statements for the year ended 31 December 2022 can be completed on or before 31 March 2023. The board of directors of the Company (the "**Board**") therefore believes the Company will be unable to (a) publish the annual results for the year ended 31 December 2022 on or before 31 March 2023 as required under Rule 13.49(1) of the Listing Rules; and (b) despatch the 2022 annual report to shareholders of the Company on or before 30 April 2023 as required under Rule 13.46(2) of the Listing Rules. Further, given the Investigation is still ongoing (in particular that regarding the Other Possible Guarantees (as defined in the Company's announcement dated 28 October 2022)) with its outcome yet to be known, it is expected that unaudited management accounts of the Group will not be published in lieu of the annual results for the year ended 31 December 2022 as it would not accurately reflect the Group's financial position and performance for the same period. The Company is currently 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.

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, 28 March 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.