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中国地利集团
China Dili Group

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1387)

ANNOUNCEMENT
RELATING TO THE ENTERING INTO OF VIE AGREEMENTS
FOR ONLINE SUPPLY CHAIN AND LOGISTICS BUSINESS

THE VIE AGREEMENTS

The Board is pleased to announce that on 21 June 2021 (after trading hours), WFOE, a wholly-owned subsidiary of the Company, entered into the VIE Agreements with Guibaodi and/or the PRC Equity Owner. Through the VIE Agreements, WFOE will have effective control over the finance and operation of Guibaodi and will enjoy the direct economic interests and benefits generated by Guibaodi. Upon the entering into of the VIE Agreements, the financial results of Guibaodi will be consolidated into the consolidated financial statements of the Group and Guibaodi will become an indirect subsidiary of the Company.

Guibaodi holds 70% equity interest in Property Land Resources, which engages in online supply chain and logistics business and hence, through the VIE Agreements, WFOE will indirectly have effective control in Property Land Resources and Property Land Resources will become an indirect non-wholly owned subsidiary of the Company with its financial results consolidated into the consolidated financial statements of the Group.

LISTING RULES IMPLICATIONS

The PRC Equity Owner was a director of certain subsidiaries of the Company in the last 12 months and hence, is a connected person of the Company at the subsidiary level. The entering into the VIE Agreements and the provision of the Loan constitute connected transactions of the Company which are fully exempt under Rule 14A.76 of the Listing Rules as all of the applicable percentage ratios are less than 1%.

INTRODUCTION

The Board is pleased to announce that on 21 June 2021 (after trading hours), WFOE entered into the VIE Agreements with Guibaodi and/or the PRC Equity Owner. Through the VIE Agreements, WFOE will have effective control over the finance and operation of Guibaodi, and will enjoy the economic interests and benefits generated by Guibaodi. Upon the entering into the VIE Agreements, the financial results of Guibaodi will be consolidated into the consolidated financial statements of the Group and Guibaodi will become an indirect subsidiary of the Company.

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THE VIE AGREEMENTS

A summary of the terms of the VIE Agreements is set out below:

(1) The Exclusive Technical Service Agreement

Key terms of the Exclusive Technical Service Agreement are set out below:

Date: 21 June 2021

Parties: (i) WFOE; and

(ii) Guibaodi

Subject matter: Guibaodi appoints WFOE as its exclusive service provider of technical services.

- Duration: The Exclusive Technical Service Agreement has taken effect from 21 June 2021 and shall remain in effect unless terminated (i) in writing by WFOE; or (ii) upon the expiration of the operation term of either WFOE or Guibaodi if the application for the renewal of its operation term is not approved by the relevant government authorities.
- Scope of services: The technical support, consulting services and other services to be provided by WFOE to Guibaodi on an exclusive basis shall include but are not limited to the following:
- (i) provide the rights to use any software legally owned by WFOE;
 - (ii) provide the rights to use computer and network hardware equipment necessary for WFOE's business;
 - (iii) develop, maintain and upgrade the software involved in Guibaodi's business;
 - (iv) daily management, maintenance and upgrading of the network server and databases;
 - (v) transfer, lease and disposal of equipment and assets;
 - (vi) provide technical support and training for employees of Guibaodi;
 - (vii) improve the technical service quality provided under the Exclusive Technical Service Agreement, assist in collecting and analyzing technical data related to website operation, including error and defect information; and
 - (viii) provide other related technical and consulting services in relation to or required by Guibaodi's business to the extent permitted under PRC Laws.

Fee: To the extent permitted under PRC Laws, Guibaodi shall pay 100% of its net profits for the year to WFOE as the fee for the services provided by WFOE under the Exclusive Technical Services Agreement. WFOE has the right to unilaterally adjust the amount of service fee according to the specific conditions of providing services to Guibaodi, Guibaodi's operating conditions and development needs. *(Note 1)*

Within thirty (30) working days after the end of each fiscal year, Guibaodi shall provide WFOE with the management statements and financial records of the year for the purpose of determining the service fee. Within fifteen (15) working days thereafter, WFOE shall confirm the final amount of service fee payable by Guibaodi, which shall pay such service fee within fifteen (15) working days.

Intellectual property rights: WFOE shall have exclusive and proprietary ownership, rights and interests in any and all intellectual properties arising out of or created under the Exclusive Technical Service Agreement, including but not limited to copyrights, patents, patent applications, software, technical secrets, trade secrets and others.

Other exclusive rights: To the extent permitted under PRC law, Guibaodi grants to WFOE an irrevocable and exclusive option to purchase from Guibaodi, at WFOE's sole discretion, any or all of the assets and/or business of Guibaodi at the lowest purchase price permitted by PRC Laws. The parties shall then enter into a separate assets and/or business transfer agreement, specifying the terms and conditions of the transfer of the assets and/or business.

Note 1: Pursuant to the arrangements between Guibaodi and the minority shareholder of Property Land Resources, Wubeitong, it has been agreed that the parties will receive dividends according to their respective paid-in capital contributions into Property Land Resources. Wubeitong does not hold any special rights, including veto rights on dividend distribution.

(2) The Exclusive Call Option Agreement

Key terms of the Exclusive Call Option Agreement are set out below:

Date: 21 June 2021

Parties: (i) WFOE;
(ii) the PRC Equity Owner; and
(iii) Guibaodi.

Duration: The Exclusive Call Option Agreement has taken effect from 21 June 2021 and shall remain in effect until all equity interests held by the PRC Equity Owner in Guibaodi or all assets of Guibaodi have been transferred or assigned to WFOE and/or any other person designated by WFOE in accordance with the Exclusive Call Option Agreement.

WFOE also has the right to terminate the Exclusive Call Option Agreement if the PRC Equity Owner or Guibaodi conducts any material breach of any term of the Exclusive Call Option Agreement.

Neither the PRC Equity Owner nor Guibaodi shall not have any right to terminate the Exclusive Call Option Agreement in any event, unless otherwise required by the applicable laws.

Subject matter: The PRC Equity Owner irrevocably grants WFOE an irrevocable and exclusive right to purchase, or designate one or more persons (each, a “**Designee**”) to purchase his equity interests held in Guibaodi once or at multiple times at any time at WFOE’s sole and absolute discretion at RMB1.00 or the minimum purchase price permissible (the “**Equity Interest Purchase Price**”) (*Note 1*) under the PRC Laws.

Guibaodi irrevocably grants WFOE an irrevocable and exclusive right to purchase, or designate Designee(s) to purchase its assets once or at multiple times at any time in part or in whole at WFOE's sole and absolute discretion at the book value of such assets or the minimum purchase price permissible (*Note 1*) under PRC Laws (the "**Asset Purchase Price**"). The assets of Guibaodi shall include the 70% equity interest held in Property Land Resources and its subsidiaries. The parties shall then enter into a separate assets and/or business transfer agreement, specifying the terms and conditions of the transfer of the assets and/or business.

Note 1: As advised by the PRC legal advisers of the Company, under current PRC Laws, there is no legal requirement on the minimum value of the Equity Interest Purchase Price or the Asset Purchase Price unless the abovementioned transfer of equity interests or assets is deemed as acquisitions by foreign investor, the Equity Interest/Assets purchase price shall be determined on the basis of the assessed value in accordance with the Provision of the Ministry of Commerce on M&A of a Domestic Enterprise by Foreign Investors (《關於外國投資者併購境內企業的規定》). The Equity Interest Purchase Price as agreed between the parties as RMB1.00 and the Asset Purchase Price is agreed between the parties to be the book value of the asset to be transferred unless the relevant government authorities or the PRC laws require that another amount to be used as the purchase price which is higher than RMB1.00 or the net book value (where applicable), in which case the purchase price shall be the lowest amount under such requirement. Nevertheless, if WFOE to purchase all or part of equity interests held in Guibaodi and if the consideration/transfer income received by the PRC equity owner is regarded as too low and without any reasonable ground, pursuant to the Measures for the Administration of Individual Income Tax on Equity Transfer Income (for Trial Implementation) (《股權轉讓所得個人所得稅管理辦法(試行)》), the tax authority may assess such equity transfer income and charge 20% tax thereof.*

Covenants:

The PRC Equity Owner and Guibaodi severally but not jointly covenant, including but not limited to the following:

- (i) Without the prior written consent of WFOE, they shall not in any manner supplement, modify or amend the articles of association of Guibaodi, increase or decrease its registered capital, or change its structure of registered capital in other manners;
- (ii) They shall maintain Guibaodi's corporate existence in accordance with good financial and business standards and practices, obtain and maintain all necessary government licenses and permits by prudently and effectively operating its business and handling its affairs;
- (iii) Without the prior written consent of WFOE, they shall not at any time sell, transfer, mortgage or dispose of in any manner any material assets of Guibaodi or legal or beneficial interest in the material business or revenues of Guibaodi of more than RMB500,000, or allow the encumbrance thereon of any security interest;
- (iv) Without the prior written consent of WFOE, they shall not incur, inherit, guarantee or suffer the existence of any debt, except for payables incurred in the normal or ordinary course of business other than through loans;
- (v) They shall always operate all of Guibaodi's businesses within the normal business scope to maintain the asset value of Guibaodi and refrain from any action/omission that may affect Guibaodi's operating status and asset value;
- (vi) Without the prior written consent of WFOE, they shall not cause Guibaodi to execute any material contracts (above RMB500,000), except for contracts in the ordinary course of business, and shall not enter into any other contracts in conflict with its existing material contracts;

- (vii) Without the prior written consent of WFOE, they shall not cause Guibaodi to provide any person with any loan or credit;
- (viii) They shall provide WFOE with information on Guibaodi's business operations and financial condition at WFOE's request;
- (ix) If requested by WFOE, they shall procure and maintain insurance in respect of Guibaodi's assets and business from an insurance carrier acceptable to WFOE, at an amount and type of coverage typical for companies that operate similar businesses;
- (x) Without the prior written consent of WFOE, they shall not cause or permit Guibaodi to merge, consolidate with, acquire or invest in any person;
- (xi) They shall immediately notify WFOE of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Guibaodi's equity interests, assets, business or revenue;
- (xii) In order to maintain Guibaodi's ownership of all of its assets, they shall execute all necessary or appropriate documents, take all necessary or appropriate actions, file all necessary or appropriate complaints, and raise necessary or appropriate defenses against all claims;
- (xiii) Without the prior written consent of WFOE, they shall ensure that Guibaodi shall not in any manner distribute dividends to its shareholder, provided that upon WFOE's written request, Guibaodi shall immediately distribute all distributable profits to its shareholders;
- (xiv) At the request of WFOE, they shall appoint any person designated by WFOE as the director and senior management personnel of Guibaodi;

- (xv) Without WFOE's prior written consent, they shall not engage in any business in competition with WFOE or its affiliates; and
- (xvi) Unless otherwise required by PRC Laws, Guibaodi shall not be dissolved or liquidated without prior written consent by WFOE.

In addition, the PRC Equity Owner covenants, including but not limited to the following:

- (i) Without the prior written consent of WFOE, the PRC Equity Owner shall not, and shall cause the director(s) of Guibaodi not to approve to sell, transfer, mortgage or dispose of in any other manner any legal or beneficial interest in the equity interests in Guibaodi, or allow the encumbrance thereon, except for the interest placed in accordance with the Equity Interest Pledge Agreement and Agreement for Power of Attorney entered into by all Parties;
- (ii) Without the prior written consent of WFOE, the PRC Equity Owner shall not and shall cause the director(s) of Guibaodi not to approve the merger or consolidation with any person, or the acquisition of or investment in any person;
- (iii) The PRC Equity Owner shall immediately notify WFOE of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to the equity interests in Guibaodi held by the PRC Equity Owner;
- (iv) The PRC Equity Owner shall, or cause the director(s) of Guibaodi to, vote for the transfer of the equity interest in Guibaodi as set out in the Exclusive Call Option Agreement and to take any and all other actions that may be requested by WFOE;

- (v) To the extent necessary to maintain the PRC Equity Owner's ownership in Guibaodi, the PRC Equity Owner shall execute all necessary or appropriate documents, take all necessary or appropriate actions, file all necessary or appropriate complaints, and raise necessary or appropriate defenses against all claims;
- (vi) The PRC Equity Owner shall appoint any designee of WFOE as the director and senior management personnel of Guibaodi, at the request of WFOE; and
- (vii) The PRC Equity Owner shall promptly donate any profit, interest, dividend or proceeds of liquidation to WFOE or any other person designated by WFOE to the extent permitted under the applicable PRC Laws.

In the event Guibaodi undergoes liquidation or dissolution within the scope permitted by PRC laws and regulations, the PRC Equity Owner shall appoint persons recommended by WFOE to manage the property of Guibaodi. The PRC Equity Owner has confirmed that notwithstanding the foregoing, they will deliver all remaining assets obtained from the liquidation of Guibaodi to WFOE (or such other third party designated by WFOE) in accordance with the applicable PRC Laws.

(3) The Equity Interest Pledge Agreement

Key terms of the Equity Interest Pledge Agreement are set out below:

Date: 21 June 2021

Parties: (i) WFOE;
(ii) the PRC Equity Owner; and
(iii) Guibaodi.

Duration: Effective upon the pledge being duly registered with relevant administrative authority, and shall remain effective until all obligations under the VIE Agreements of the PRC Equity Owner and Guibaodi have been fully performed (the “**Obligations**”) and the secured indebtedness to be made by the PRC Equity Owner and/or Guibaodi under the VIE Agreements have been fully paid (the “**Liabilities**”).

Subject matter: The PRC Equity Owner agrees to pledge all of his equity interest in Guibaodi to WFOE as security for the performance of the Obligations and payment of the Liabilities. WFOE may exercise the pledge in the events of default by the PRC Equity Owner and/or Guibaodi.

In the event that Guibaodi being required by PRC Laws to be liquidated or dissolved, any interest distributed to the PRC Equity Owner upon Guibaodi’s dissolution or liquidation shall, upon the request of WFOE, be (i) deposited into an account designated and supervised by WFOE and used to secure the performance of Obligations and payment of Liabilities prior and in preference to make any other payment; or (ii) to the extent permitted under the applicable PRC Laws, unconditionally donated to WFOE or any other person designated by WFOE.

During the term of the pledge, WFOE is entitled to receive dividends distributed on the pledged equity interests. Dividends received by the PRC Equity Owner on the pledged equity interests after tax deductions shall be (i) deposited into an account designated and supervised by WFOE and used to secure the performance of Obligations and payment of Liabilities prior and in preference to make any other payment; or (ii) to the extent permitted under the applicable PRC Laws, unconditionally donated to WFOE or any other person designated by WFOE.

(4) Loan Agreement

Key terms of the Loan Agreement are set out below:

Date: 21 June 2021

Parties: (i) WFOE; and

(ii) PRC Equity Owner.

Subject matter: WFOE agrees to provide the Loan to the PRC Equity Owner, for the sole purpose of investments into and operations of Guibaodi.

The Loan shall become repayable upon the occurrence of the certain events, including but not limited to: (i) WFOE being able to directly and without restriction, hold all equity interest of Guibaodi, with its business still being legally and effectively carried out, and WFOE purchases all or part of the equity interest or assets in Guibaodi, to the extent permitted by PRC Laws; (ii) upon transfer of all equity interests in Guibaodi held by the PRC Equity Owner or all assets of Guibaodi to any other party as designated by WFOE; (iii) any adverse change to the financial condition of the PRC Equity Owner, to the extent that WFOE considers the ability of the PRC Equity Owner to perform his obligations under the Loan Agreement will be affected or (iv) the incapacitation or involvement in criminal activities or investigation by the public authorities by the PRC Equity Owner.

Upon expiry of the Loan, the PRC Equity Owner (or its successor) shall transfer the equity interests or assets of Guibaodi to WFOE (or any other party as designated by WFOE), and use any proceeds obtained through the transfer of equity interests in or assets of Guibaodi to repay the Loan. If the actual transfer price is higher than the principal amount of the Loan due to the relevant requirements under the PRC Laws and regulations at the time of transfer, the difference shall be repaid as interest or occupation costs for the Loan. If the difference cannot be fully repaid to WFOE, the remaining amount shall be repaid in other ways as specified by WFOE.

(5) The Agreement for Power of Attorney and the Power of Attorney

Key terms are set out below:

Date: 21 June 2021

Parties: (i) WFOE;
(ii) the PRC Equity Owner; and
(iii) Guibaodi.

The PRC Equity Owner agrees to and executed a Power of Attorney to appoint WFOE or its designated person (including the WFOE's directors and their successors (including a liquidator replacing the WFOE's directors) as its attorney.

Duration: Effective upon execution and until all equity interests held by the PRC Equity Owner in Guibaodi have been transferred or assigned to WFOE and/or any other person designated by WFOE in accordance with the Exclusive Call Option Agreement.

Subject matter: The PRC Equity Owner irrevocably appoints WFOE or any person designated by WFOE as his exclusive agent and attorney to act on his behalf with full authority with respect to all matters concerning his rights as a shareholder of Guibaodi, including but not limited to:

- (i) Proposing to convene, call and participate in shareholders' meeting of Guibaodi;
- (ii) Exercising all shareholder's rights and voting rights under relevant PRC laws and the articles of association of Guibaodi, including but not limited to selling, transferring, pledging or disposing part or all of the equity interest of the PRC Equity Owner in Guibaodi or its assets;
- (iii) Nominating, electing, appointing or removing the legal representative, director, supervisor, chief executive officer, chief financial officer and other senior management of Guibaodi;

- (iv) Selecting liquidators on behalf of the PRC Equity Owner and exercising the powers of the liquidators in accordance with the relevant PRC Laws;
- (v) When exercising the equity interest purchase option under the Exclusive Call Option Agreement, executing the relevant equity interest transfer agreements and other relevant documents on behalf of the PRC Equity Owner, and carrying out governmental approval, registration and filing procedures as required by the equity interest transfer;
- (vi) Supervising the operations and results, approving the annual budget or declaring dividends of Guibaodi, and inspecting financial information of Guibaodi at any time;
- (vii) Executing and delivering any written resolutions and minutes of the meeting of Guibaodi on behalf and act in the name of the PRC Equity Owner;
- (viii) Approving the modification of the articles of association of Guibaodi; and
- (ix) Exercising the other rights as a shareholder of Guibaodi conferred by the articles of association of Guibaodi or related laws and regulations.

COOPERATION AGREEMENT

In addition to the VIE Agreements, Guibaodi has also entered into the Cooperation Agreement with Wubeitong, which holds 30% equity interest in Property Land Resources.

Key terms of the Cooperation Agreement are set out below:

Date: 13 May 2021

Parties: (i) Guibaodi;
(ii) Wubeitong; and
(iii) Property Land Resources.

Capital Contribution: Pursuant to the Cooperation Agreement, the parties will contribute/have contributed an initial RMB10,000,000 to the registered capital of Property Land Resources in the following manner:

- (i) RMB7,000,000 (representing approximately 70% of the registered capital of Property Land Resources) by Guibaodi; and
- (ii) RMB3,000,000 (representing approximately 30% of the registered capital of Property Land Resources) by Wubeitong.

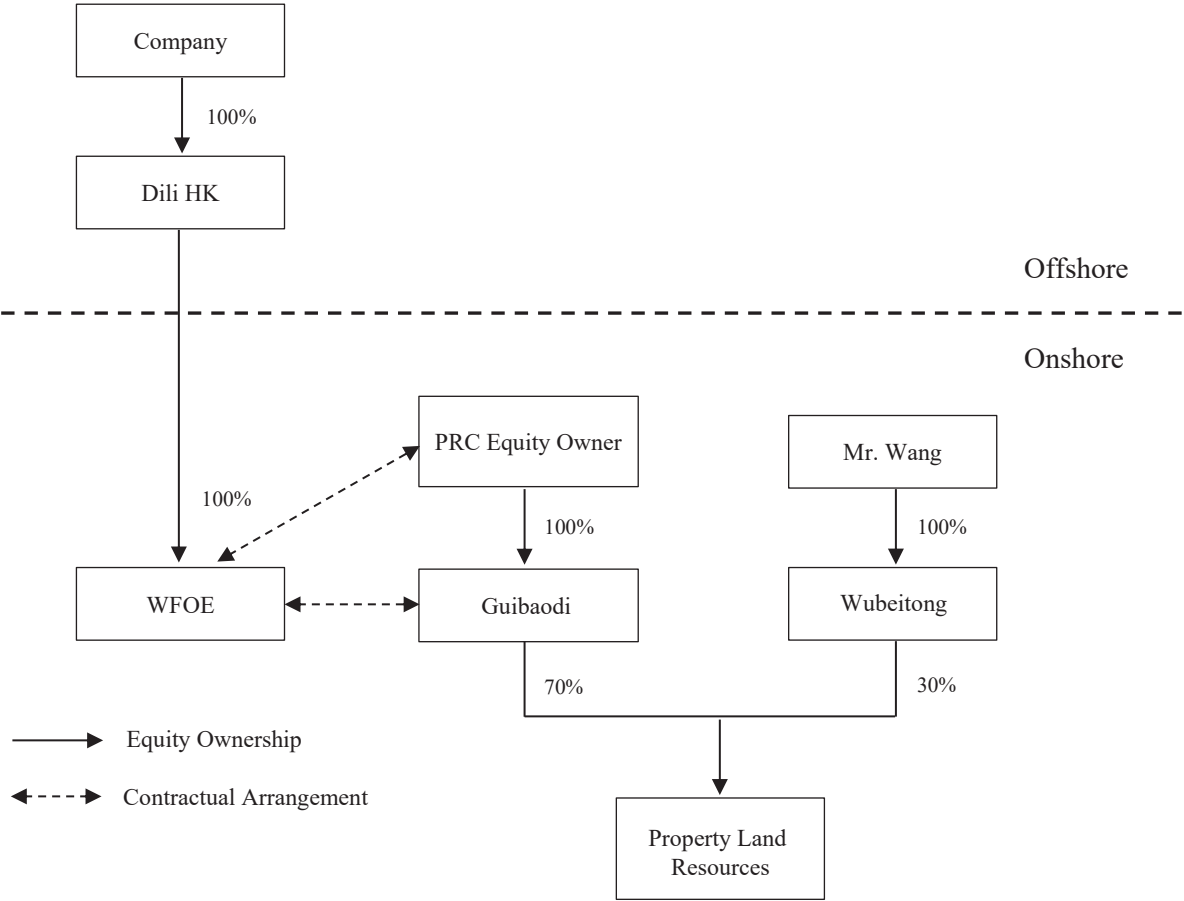
Guibaodi and Wubeitong will also contribute an additional RMB10,000,000 into the registered capital of Property Land Resources by 31 December 2022, based on their respective existing proportionate interests.

The respective contribution to the registered capital of Property Land Resources was determined after arm's length negotiations between the parties. The capital contribution by Guibaodi will be funded from proceeds received under the Loan Agreement, whereas Wubeitong will fund its capital contribution through its own internal resources.

Duration:	Three (3) years from the date of this agreement, provided that such duration may be extended or shortened as further agreed between the parties.
Profit and dividend distribution:	Guibaodi and Wubeitong shall enjoy the profits and dividends distributed by Property Land Resources proportionate to their respective actual paid-in capital contributions.
Other shareholder's rights	<p>Upon receiving approval from a majority of shareholders holding over two-thirds of the equity interest in Property Land Resources, the shareholders may resolve to, among others:</p> <ul style="list-style-type: none"> (i) amend the articles of association; (ii) increase or decrease the registered capital, or (iii) proceed with any merger, division, dissolution, liquidation or change of company form of Property Land Resources. <p>Upon receiving approval from a majority of shareholders, the shareholders may also resolve to, among others:</p> <ul style="list-style-type: none"> (i) decide on the business policies and investment plans; (ii) elect, replace and decide on the remuneration of directors and supervisors; (iii) review and approve the annual financial budget plans; and (iv) review and approve the profit/loss statements of Property Land Resources.
Board and supervisors	<p>The board of Property Land Resources shall comprise three (3) directors, two of which shall be nominated by Guibaodi (including the chairman) and the other to be nominated by Wubeitong.</p> <p>Guibaodi shall also nominate one supervisor to Property Land Resources.</p>

THE VIE STRUCTURE

The following diagram sets out the VIE Structure:



INFORMATION ABOUT THE PARTIES

WFOE

WFOE is a wholly foreign owned enterprise established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company. Its primary business includes market development, market property management services, grocery retail and wholesale, refrigeration and distribution of groceries.

Guibaodi

Guibaodi is a limited liability company registered in the PRC, and is the holding company of Property Land Resources.

Property Land Resources

Property Land Resources is a limited liability company registered in the PRC which principal business is online supply chain and logistics business, the operation of which requires an ICP license.

Wubeitong

Wubeitong is a limited liability company registered in the PRC, its shareholder is an Independent Third Party with extensive experience in development of logistic operation system focusing on information matching. The ultimate beneficial owner of Wubeitong is Mr. Wang, also an Independent Third Party.

BACKGROUND AND REASONS FOR USE OF THE VIE STRUCTURE

Laws and regulations relating to the Subject Business in the PRC

According to the Telecommunications Regulations of the PRC (中華人民共和國電信條例), which was issued by the State Council on 25 September 2000 and was amended on 29 July 2014 and 6 February 2016, respectively, value-added telecommunications services are defined as telecommunications and information services provided through public network infrastructures and are subject to licenses prior to commencement of operations, and according to the Catalogue of Telecommunications Business (2015 Edition) (電信業務分類目錄(2015年版)) attached to the Telecommunications Regulations of the PRC, value-added telecommunications services are divided into two categories. Category I value-added telecommunications services include internet data center services, content delivery network services, domestic internet protocol virtual private network services and internet access services. Category II value-added telecommunications services include online data processing and transaction processing services, domestic multi-party communication services, store-and-forward-type services, call center services, information services and code and regulation conversion services.

Information services refer to the information services provided for users via the public communication network or the internet and by the information collection, development, processing and construction of information platforms. By technical service methods of information organization, transmission, etc., information services are classified into information release platforms and transmission services, information retrieval and inquiry services, information community platform services, instant information interaction services as well as information protection and processing services.

Online data processing and transaction processing services are defined as the online data processing and transaction/affair processing services provided for users through public communication networks or the internet, using various kinds of data and affair/transaction processing application platforms connected to various kinds of public communication networks or the internet. Online data processing and transaction processing services include transaction processing services, electronic data interchange services and network/electronic equipment data processing services.

According to the Administrative Measures on Internet Information Services (互聯網信息服務管理辦法) (Order No.292 of the State Council), which was issued by the State Council on 25 September 2000, came into effect on the same day and revised on 8 January 2011, internet information service refers to the provision of the information through internet to web users, and includes two categories: commercial and non-commercial. Commercial internet information service refers to the service activities of compensated provision to online subscribers through the internet of information or website production. Non-commercial internet service refers to the provision free of charge of public, commonly shared information through the internet to web users. Entities engaged in providing commercial internet information service shall apply for a license for valued-added telecommunication services of internet information services. As for the operation of non-commercial internet information services, only record-filing is required. Internet information service provider shall provide services within the scope of their license or filing. Non-commercial internet information service providers shall not provide services with the charge of payment. In case an internet information service provider changes its services, website address, etc., it shall apply to submit such changes within 30 days in advance at the relevant government department.

Reasons for adopting the VIE Structure

Property Land Resources principally engages in the operations of the Subject Business in Mainland China which, according to the PRC Legal Adviser, falls under value-added telecommunication services and is subject to the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2020)* (《外商投資准入特別管理措施(負面清單) (2020年版)》), under which foreign investors of a value-added telecommunication services (except e-commerce, domestic conferencing, store-and-forward, and call center services) company may not hold an equity interest more than 50% in the company.

According to the Regulations on the Administration of Foreign-invested Telecommunication Enterprises (2016 Amended)* (《外商投資電信企業管理規定(2016年修訂)》), a foreign investor who invests in a value-added telecommunications services company shall have a good track record and operational experience in providing value-added telecommunications business (the “**Qualification Requirement**”). However, there is currently no clear guidance as to the interpretation of such Qualification Requirement and the procedures to obtain the necessary approval for the foreign investor to invest in a value-added telecommunication services company. Therefore, in practice, it is not possible for the Company to acquire the maximum permitted interest in Property Land Resources.

In order to comply with the PRC Laws, the VIE Agreements were entered into among WFOE, the PRC Equity Owner and Guibaodi. Through the VIE Agreements, WFOE will have effective control over the finance and operation of Guibaodi and will enjoy the entire economic interests and benefits generated by Guibaodi despite the lack of registered equity ownership.

After discussion with its auditors, the Company has confirmed that it has the right to consolidate the accounts of Guibaodi and Property Land Resources into the accounts of the Group. Accordingly, both Guibaodi and Property Land Resources will be an indirect subsidiary of the Company.

COMMERCIAL BENEFITS FOR THE TRANSACTIONS

The Group's long-term goal is to establish a brand new fresh food distribution platform featuring the "Production — Distribution — Retail" all-in-one concept. Since 2019, the Group has started implementing strategies to transform by first expanding its business downstream to the retail end (the fresh food chain stores operating under the brand name of "Dili Fresh") and in 2020, further extending its capabilities in to supply chain logistics management. Synergies with Dili Fresh created demand and support for continuous growth in scale of the Group's supply chain services.

The Group has been principally engaged in the agriculture wholesale market business, operating ten wholesale markets across seven cities in the PRC, providing physical trading platforms for traders, wholesalers and distributors to buy and sell primarily vegetables, fruits, seafood, meat and other grocery products. In order to enhance overall efficiency of fresh produce distribution and to keep up with the ever-developing technological trends, the Group intends to digitalize its supply chain and logistics business by launching an online supply chain logistics platform which will be first trialed in the Guiyang Agricultural Produce Logistic Park of the Group, which is the largest agricultural produce distribution hub among the nine provinces of Southwest and Northwest region of China and potentially rolled-out in other agriculture wholesale markets of the Group.

The online platform runs on a software system designed to digitalize logistics management of agricultural fresh produce supply and in doing so, streamline the operational procedures of the agricultural supply chain. Leveraging on the intellectual property know-how in logistics brought by Mr. Wang to the business of Property Land Resources, the establishment of the VIE structure enables the Group to pursue its transformation strategies and allow the Group to keep up with the rapid changes and trends in technological development and digitalization. The launch of the online supply chain and logistic platform has the benefits of enhancing the Group's competitiveness as an agricultural supply chain distributor of fresh food produce in the PRC and maintaining the market share of the Group as a leading agriculture wholesale market operator.

The Directors (including the independent non-executive Directors) are of the view that the terms of the VIE Agreements are fair and reasonable and on normal commercial terms and that the establishment of the VIE structure is in the interests of the Company and its shareholders as a whole.

COMPLIANCE OF VIE AGREEMENTS WITH THE PRC LAWS, RULES AND REGULATIONS

As advised by the PRC legal adviser, the VIE Agreements comply with the PRC Laws, rules and regulations applicable to the businesses of WFOE, Guibaodi and Property Land Resources and would not be deemed as “malicious collusion and damage to any other person's lawful rights and interests” or other circumstances that may cause to be invalid under the PRC Civil Code* (《中華人民共和國民法典》). The VIE Agreements entered into by WFOE, the PRC Equity Owner and Guibaodi are legally enforceable and binding on each party in accordance with their terms and provisions under the PRC Laws except certain terms of the VIE Agreements as set out in the paragraph headed “Risks and limitations relating to the VIE Agreements – Certain terms of the VIE Agreements may not be enforceable under the PRC Laws” below.

DISPUTE RESOLUTIONS, SUCCESSION AND LIQUIDATION UNDER THE VIE AGREEMENTS

Conflict of interest

Pursuant to the VIE Agreements, the PRC Equity Owner and Guibaodi shall not take or omit to take any action which may lead to conflicts of interest with WFOE or its shareholders. If there is any conflict of interest, WFOE shall have the right to decide in its sole discretion on how to deal with such conflict of interest in accordance with the applicable PRC Laws. The PRC Equity Owner has also confirmed under the VIE Agreements that without the prior written consent of WFOE, they shall not directly or indirectly participate in, engage in, involve or own any business that is or may compete with the main business of Guibaodi, nor will they hold any rights or gain any interest from any business that exists or may compete with the main business of Guibaodi.

Dispute resolution clauses

The VIE Agreements are governed by and will be construed in accordance with the PRC Laws. Any dispute arising from the VIE Agreements between the parties should first be resolved through negotiation. In case the dispute cannot be resolved within thirty (30) days, any party may submit the said dispute to the China International Economic and Trade Arbitration Commission (中國國際經濟貿易仲裁委員會) in accordance with its arbitration rules. The arbitrators may award remedies over the equity interest or land assets of Guibaodi, injunctive relief (e.g. mandatory transfer of assets) and/or winding up of Guibaodi. The results of the arbitration shall be final and binding. When the arbitral award is granted, any party can apply for its enforcement in any courts of competent jurisdiction such as courts in Hong Kong, the Cayman Islands, the PRC and locations where the principal assets of the Company or Guibaodi are located. Under the VIE Agreements, courts of competent jurisdictions have power to grant interim remedies in support of the arbitration pending formation of the arbitral tribunal or in appropriate cases. The courts in Hong Kong, the Cayman Islands and the PRC have jurisdiction for such purpose.

Succession

The provisions set out in the VIE Agreements are also binding on the successors of the PRC Equity Owner, as if the successors were a signing party to the VIE Agreements. Although the VIE Agreements do not specify the identity of successors to the PRC Equity Owner, under the succession law of the PRC, the statutory successors include the spouse, children, parents, brothers, sisters, paternal grandparents and the maternal grandparents and any breach by the successors would be deemed to be a breach of the VIE Agreements.

Mechanism to deal with death or divorce of the PRC Equity Owner

Appropriate provisions have been incorporated in the VIE Agreements to protect the Group's interests in the event of death or divorce of the PRC Equity Owner. The VIE Agreements have certain provisions which set out that the respective agreement shall be binding on the assignees or successors of the PRC Equity Owner, details of which are set out in the section above headed "The VIE Agreements".

Bankruptcy

Under the Loan Agreement, it is one of the events of repayment where any adverse change occurs to the finance of the PRC Equity Owner so that WFOE considers that his ability to perform his obligations will be affected. WFOE may enforce the pledge on the equity interests of Guibaodi or elect to purchase all or part of the equity interests of and/or assets of Guibaodi (as the case may be) in accordance with the Equity Pledge Agreement and the Exclusive Call Option Agreement. In any event, appropriate provisions have been incorporated in the VIE Agreements to protect the Group's interests in the event of bankruptcy of the PRC Equity Owner such that his heirs and successors shall not affect or hinder the performance of the VIE Agreements.

Liquidation

Pursuant to the Exclusive Call Option Agreement, when WFOE exercises its right to dissolve and liquidate Guibaodi, the PRC Equity Owner shall promptly donate any profit, interest, dividend or proceeds received to WFOE (or any other person designated by WFOE) to the extent permissible under the applicable PRC Laws.

Unwinding the VIE Structure

The Company will unwind the VIE Structure as soon as the PRC Laws allow the Subject Business to be operated without the VIE Structure, and the Company or its nominee may acquire the equity interests in Guibaodi held by the PRC Equity Owner (or the equity interest in Property Land Resources held by Guibaodi) and/or the assets and inventory of Guibaodi and/or Property Land Resources to the extent as permitted by then applicable PRC Laws. In the event WFOE exercises the right under the Exclusive Call Option Agreement to acquire the equity interests in Guibaodi held by the PRC Equity Owner and/or the assets of Guibaodi to unwind the VIE Structure, the PRC Equity Owner and Guibaodi have undertaken to return to WFOE any consideration received.

RISKS AND LIMITATIONS RELATING TO THE VIE STRUCTURES

The Group may bear economic risk which may arise from difficulties in the operation of Guibaodi

As the primary beneficiary of Guibaodi, the Group will bear economic risks which may arise from difficulties in the operations of their businesses. WFOE will have to provide financial support in the event of financial difficulty of Guibaodi. Under these circumstances, the Group's financial results and financial position may be adversely affected by the worsening financial performance of Guibaodi and the need to provide financial support to Guibaodi.

Loss sharing

None of the VIE Agreements provide that WFOE is obliged to share the losses of Guibaodi or provide financial support to the Guibaodi. Further, WFOE is a limited liability company and shall solely be liable for its own debts and losses with assets and properties owned by it. In any event, since the Group conducts the Subject Business through Guibaodi and Property Land Resources, the financial results of Guibaodi and Property Land Resources would be reflected in the Group's consolidated financial statements and the Group's consolidated financial position such as the consolidated earnings and profits may be adversely affected.

There is no assurance that the VIE Agreements could comply with future changes in the regulatory requirements in the PRC and the PRC government may determine that the VIE Agreements do not comply with applicable regulations

Despite there is currently no indication that the VIE Agreements will be interfered or objected by any PRC regulatory authorities, the PRC legal adviser has advised that there is a possibility that the relevant PRC regulatory authorities may have different opinions on the interpretation of the relevant regulations and would not agree that the VIE Agreements comply with the current PRC Laws or those that may be adopted in future, and the authorities may deny the validity, effectiveness and enforceability of the VIE Agreements.

Development of Foreign Investment Law in the PRC and its Implications on the VIE Agreements

The National People's Congress promulgated the Foreign Investment Law (“**2019 FIL**”) (中華人民共和國外商投資法) on 15 March 2019, which took effect on 1 January 2020.

According to the second paragraph of Article 2 of the 2019 FIL, “Foreign investment referred to in this Law refers to the investment activities of foreign natural persons, enterprises or other organizations (hereinafter referred to as “foreign investors”), whether directly or indirectly, in the PRC, which includes the following situations: (1) Foreign investors setting up foreign-invested enterprises in the PRC whether alone or together with other investors; (2) Foreign investors acquiring shares, equity interest, sharing in property or other similar rights and interests of Chinese domestic enterprises; (3) Foreign investors investing in new projects in the PRC whether alone or together with other investors; (4) other forms of investment prescribed by laws, administrative regulations or the State Council.”* (The original text is “本法所稱外商投資，是指外國的自然人、企業或者其他組織（以下稱外國投資者）直接或者間接在中國境內進行的投資活動，包括下列情形：（一）外國投資者單獨或者與其他投資者共同在中國境內設立外商投資企業；（二）外國投資者取得中國境內企業的股份、股權、財產份額或者其他類似權益；（三）外國投資者單獨或者與其他投資者共同在中國境內投資新建項目；（四）法律、行政法規或者國務院規定的其他方式的投資。”). As regards the terms “directly or indirectly” in the foregoing provision and “other forms of investment” in item (4), there is no further detailed regulation whether in the 2019 FIL or other prevalent laws, regulations, or other regulatory documents.

While the 2019 FIL does not mention concepts such as “actual control” and “controlling PRC companies by contracts or trusts” as a form of foreign investment, it is possible that contractual control arrangement will be recognized as foreign investment under the limb of “investment in any other manners stipulated under laws, administrative regulations or provisions prescribed by the State Council” or the State Council or other authorities may prescribe new laws, administration regulations or provisions to provide for the same. Whether the contractual control arrangements will be found or deemed to be in violation of the foreign investment access requirements and how the contractual control arrangements will be handled in such scenarios are uncertain. Therefore, it may be possible that the VIE Agreements and Guibaodi’s business will be adversely affected in the future due to the development and changes in PRC laws and regulations.

The VIE Agreements may not be as effective as direct ownership in providing control over Guibaodi

The Group relies on the contractual arrangement under the VIE Agreements to operate the business of Guibaodi. Such contractual arrangement may not be as effective in providing WFOE with control over Guibaodi as direct ownership. If WFOE has direct ownership of Guibaodi, it will be able to exercise its rights as a shareholder to effect changes in the board of directors of Guibaodi, which in turn could effect changes, subject to any applicable fiduciary obligations, at the management level. However, under the VIE Agreements, the Group relies on the performance by the PRC Equity Owner of their obligations under the VIE Agreements to exercise control over Guibaodi. Therefore, the VIE Agreements with the PRC Equity Owner may not be as effective in ensuring WFOE’s control over Guibaodi as direct ownership would be.

The PRC Equity Owner may potentially have a conflict of interests with the Group

The Group’s control over Guibaodi is based on the contractual arrangement under the VIE Agreements. Therefore, conflict of interests of the PRC Equity Owner will adversely affect the interests of the Company. Conflict of interests may occur when the interest of the PRC Equity Owner no longer aligns with that of the Group. The PRC Equity Owner may breach or cause Guibaodi to breach the VIE Agreements. If the Group fails to resolve this internally, it may have to resort to dispute resolution, other legal means, or ultimately removing and replacing the PRC Equity Owner, which might affect the investors’ confidence in the VIE Structure.

Nevertheless, pursuant to the Power of Attorney, the PRC Equity Owner will irrevocably appoint any PRC nationals as designated by WFOE as their representative to exercise the voting rights of the shareholders of Guibaodi. Therefore, it is unlikely that there will be potential conflict of interests between the Company and the PRC Equity Owner. However, in the unlikely event that conflict of interests arises and cannot be resolved, the Company will consider removing and replacing the PRC Equity Owner.

Certain terms of the VIE Agreements may not be enforceable under the PRC Laws

The VIE Agreements provide that the arbitration tribunal of the PRC may award remedies over the equity interests or assets of Guibaodi or injunctive relief (e.g. for the conduct of business or to compel the transfer of assets) or order the winding up of Guibaodi. The VIE Agreements also include a clause in relation to dispute resolution among the parties where, when awaiting the formation of the arbitration tribunal or otherwise under appropriate conditions, the parties thereto may seek temporary injunctive relief or other temporary remedies from the courts in Hong Kong, the Cayman Islands, the PRC and the location where the principal assets of the Company or Guibaodi are located.

However, the PRC legal adviser is of the view that pursuant to the PRC Laws, the arbitration tribunal may have no power to grant the aforementioned remedies or injunctive relief or to order the winding up of Guibaodi. In addition, even though the VIE Agreements provide that overseas courts (e.g. courts in Hong Kong and the Cayman Islands) shall have the power to grant certain relief or remedies, such relief or remedies may not be recognised or enforced under the PRC Laws. As a result, in the event that Guibaodi or the PRC Equity Owner breaches the terms of the VIE Agreements, the Company may not be able to obtain sufficient remedies in a timely manner, and its ability to exert effective control over Guibaodi could be materially and adversely affected.

The Company does not have any insurance which covers the risks relating to the VIE Agreements and the transactions contemplated thereunder

The insurance of the Group does not cover the risks relating to the VIE Agreements and the transactions contemplated thereunder and the Company has no intention to purchase any new insurance in this regard. If any risk arises from the VIE Agreements in the future, such as those affecting the enforceability of the VIE Agreements and the relevant agreements for the transactions contemplated thereunder and the operation of VIE Agreements, the results of the Group may be adversely affected. However, the Group will monitor the relevant legal and operational environment from time to time to comply with the applicable laws and regulations. The Company will continue evaluating the feasibility, the cost and the benefit of insuring the transactions contemplated under the VIE Agreements.

Limitations in acquiring ownership in the equity interests of Guibaodi

In case WFOE exercises its option to acquire all or part of the equity interest in Guibaodi under the Exclusive Call Option Agreement, such acquisition may only be conducted to the extent as permitted by the applicable PRC Laws and will be subject to necessary approvals and relevant procedures under applicable PRC Laws. In addition, the aforementioned acquisitions may be subject to the permissible minimum price or other limitations as imposed by applicable PRC Laws. Further, a substantial amount of other costs (if any), and time may be involved in acquiring and transferring the ownership of Guibaodi, which may have a material adverse impact on WFOE and/or Guibaodi's businesses, prospects and profitability.

The PRC government may determine that the VIE Agreements do not comply with the applicable regulations

The PRC legal adviser is of the opinion that the VIE agreements are legal, effective and binding on all parties based on the understanding of existing relevant PRC laws and regulations, but there can be no assurance that the contractual control arrangement will be deemed by the relevant governmental or judicial authorities to be in compliance with the existing or future applicable PRC laws and regulations, or that the relevant governmental or judicial authorities may in the future interpret the existing laws or regulations with the result that the contractual control arrangement will be not deemed to be in compliance of the PRC laws and regulations.

If Guibaodi is deemed as foreign-invested enterprises under any of such future laws, regulations and rules, and any of the businesses that Guibaodi operate would be in any Negative List for foreign investment and therefore be subject to any foreign investment restrictions or prohibitions, further actions will be required to be taken by WFOE under such laws, regulations and rules.

Furthermore, if future laws, administrative regulations or provisions mandate further actions to be taken by companies with respect to existing contractual arrangements, WFOE may face uncertainties as to whether it can complete such actions in a timely manner, or at all. Failure to take timely and appropriate measures to cope with any of these or similar regulatory compliance challenges could materially and adversely affect WFOE and Guibaodi's business operations.

The VIE Agreements may be subject to scrutiny of the PRC tax authorities and additional tax may be imposed

The Group could face adverse tax consequences if the PRC tax authorities determine that the arrangements under the VIE Agreements were not entered into based on arm's length negotiations. If the PRC tax authorities determine that these agreements were not entered into on an arm's length basis, they may adjust income and expenses of WFOE and/or Guibaodi for the PRC tax purposes, which could result in higher tax liabilities on WFOE and/or Guibaodi.

The operating and financial results of WFOE may be adversely affected if the tax liabilities of Guibaodi or those of WFOE increase significantly or if they are required to pay interest on late payments and other penalties.

Interference or encumbrance in the PRC

To the best of the knowledge, information and belief of the Group, having made all reasonable enquiries, as at the date of the announcement, Guibaodi has not encountered any interference or encumbrance from any governing bodies in operating its business.

INTERNAL CONTROL MEASURES TO BE IMPLEMENTED BY THE GROUP

With a view to enhancing effective control over and safeguarding the assets of Guibaodi, the Exclusive Call Option Agreement and the Equity Interest Pledge Agreement provided that the PRC Equity Owner shall not sell, transfer, mortgage or otherwise dispose of any of their interests in Guibaodi or be allowed to create any encumbrances on them without the prior written consent of WFOE. Under the Exclusive Call Option Agreement, WFOE has the right to request for Guibaodi's financial information to ascertain its consolidated profit before tax from time to time.

In addition, the Company has also put in place the following internal control measures:

- (i) the seals, chops, incorporation documents of Guibaodi and its subsidiaries including Property Land Resources are kept at the office of WFOE to the extent permitted by PRC Laws;
- (ii) WFOE is involved in making corporate strategy, business plan and budgets of Guibaodi and its subsidiaries including Property Land Resources;
- (iii) terms of appointment of senior management of Guibaodi and its subsidiaries and its subsidiaries including Property Land Resources are subject to review by WFOE; and
- (iv) WFOE is involved in assessing material financial matters of Guibaodi and its subsidiaries and its subsidiaries including Property Land Resources.

THE BOARD’S VIEW ON THE VIE AGREEMENTS

Based on the above, the Board is of the view that:

- (i) the VIE Agreements are narrowly tailored to achieve Guibaodi’s business purpose and are enforceable under the relevant PRC Laws;
- (ii) the VIE Agreements enable the Group to gain control over Guibaodi’s and to be entitled to the economic interests and benefits of Guibaodi;
- (iii) pursuant to the relevant provisions of the VIE Agreements, WFOE has the right to unwind the VIE Agreements as soon as the relevant PRC Laws allow WFOE to register itself as the shareholder of Guibaodi;
- (iv) save for potential unenforceability of the arbitration clause (in particular, please refer to the paragraph above headed “Risks and limitations relating to the VIE Agreements – Certain terms of the VIE Agreements may not be enforceable under PRC Laws” for details), the VIE Agreements are enforceable under the relevant PRC Laws as advised by the PRC Legal Advisers;
- (v) the VIE Agreements provide a mechanism that enables the Group to exercise effective control over Guibaodi; and
- (vi) the VIE Agreements and the transactions contemplated thereunder are fair and reasonable where the Company and the Shareholders as a whole are concerned.

LISTING RULES IMPLICATIONS

The PRC Equity Owner was a director of certain subsidiaries of the Company in the last 12 months and hence, is a connected person at subsidiary level of the Company. The entering into the VIE Agreements and the provision of the Loan constitute connected transactions of the Company which are fully exempt under Rule 14A.76 of the Listing Rules as all of the applicable percentage ratios are less than 1%. As none of the Directors have a material interest in the transaction, none of the Directors have abstained from voting on the relevant Board resolutions.

GENERAL INFORMATION 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.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Agreement for Power of Attorney”	the agreement for power of attorney dated 21 June 2021, entered into between WFOE, the PRC Equity Holder and Guibaodi pursuant to which the PRC Equity Holder has agreed to provide a power of attorney in favour of WFOE in respect of the shareholder’s rights arising from its equity interest in Guibaodi;
“Board”	the board of Directors;
“Company”	China Dili Group (中国地利集团) (Stock Code: 1387), a company incorporated in the Cayman Islands whose members’ liability is limited, the shares of which are listed on the Main Board of the Stock Exchange;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules;
“Cooperation Agreement”	the cooperation agreement dated 13 May 2021, entered into between Guibaodi, Wubeitong and Property Land Resources;
“Dili HK”	Sure Cheer Limited (保至有限公司), a limited liability company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company;
“Director(s)”	the director(s) of the Company;

“Equity Interest Pledge Agreement”	the equity pledge agreement dated 21 June 2021, entered into between WFOE, the PRC Equity Holder and Guibaodi pursuant to which the PRC Equity Holder has pledged by way of first priority pledge the entire equity interests in Guibaodi in favour of WFOE;
“Exclusive Call Option Agreement”	the call option agreement dated 21 June 2021, entered into among WFOE, the PRC Equity Owner and Guibaodi pursuant to which the PRC Equity Owner and Guibaodi have irrevocably granted the exclusive right in favour of WFOE to purchase or for its nominee to purchase the entire equity interests in Guibaodi;
“Exclusive Technical Service Agreement”	the technical service agreement dated 21 June 2021, entered into between WFOE and Guibaodi pursuant to which WFOE shall provide technical support, consulting services and other services on an exclusive basis to Guibaodi;
“Group”	the Company and its subsidiaries;
“Guibaodi”	Shenzhen Guibaodi Agricultural Technology Co., Ltd.# (深圳市貴寶地農業科技有限公司), a limited liability company established under the laws of the PRC, which is legally owned as to 100% by the PRC Equity Owner;
“HK\$”	Hong Kong dollars, the lawful currency in Hong Kong;
“Independent Third Party(ies)”	(to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries) third parties independent of the Company and its connected persons pursuant to the Listing Rules;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
"Loan"	an interest-free loan in the principal amount of RMB 14,000,000 to be provided by WFOE to the PRC Equity Owner pursuant to the Loan Agreement;
“Loan Agreement”	the loan agreement dated 21 June 2021, entered into between WFOE and PRC Equity Owner pursuant to which WFOE provided a loan to the PRC Equity Owner for the sole purpose of investments into and operations of Guibaodi;
“Mr. Wang”	Mr. Wang Peng (王鵬), an Independent Third Party;

“percentage ratios”	shall have the meaning as ascribed thereto under Chapter 14 of the Listing Rules;
“person”	refers to individuals, corporations, partnerships, partners, enterprises, trusts or non-corporate organizations;
“Power of Attorney”	the power of attorney dated 21 June 2021;
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macao Special Administrative Region of the PRC and Taiwan;
“PRC Equity Owner”	Mr. Che Xiang (車翔), a former director of certain subsidiaries of the Company and hence a connected person of the Company at subsidiary level;
“PRC Laws”	any and all laws, regulations, statutes, rules, orders, decrees, circulars, notices, supreme court’s judicial interpretations and subordinate legislations currently in force and publicly available in the PRC as of the date hereof;
“Property Land Resources”	Guizhou Property Land Resources Supply Chain Management Co., Ltd.# (貴州地物源供應鏈管理有限公司), a limited liability company established under the laws of the PRC, which is held as to 70% by Guibaodi and as to 30% by Wubeitong;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholders”	the shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subject Business”	online supply chain and logistics business;
“VIE Agreements”	a series of agreements, including but not limited to the Exclusive Technical Service Agreement, the Exclusive Call Option Agreement, the Equity Interest Pledge Agreement, the Loan Agreement, the Agreement for Power of Attorney and the Power of Attorney, executed for the purpose of establishing the variable interest entity arrangement between WFOE and Guibaodi, through which the financial results of Guibaodi will be consolidated with the financial results of the Group;

“VIE Structure”	the contractual arrangement pursuant to the VIE Agreements for the Group to indirectly participate in the Subject Business;
“WFOE”	Chengdu Dili Agricultural Produce Co., Ltd.# (成都地利農產品有限公司), a wholly foreign owned enterprise established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company;
“Wubeitong”	Hainan Wubeitong Supply Chain Technology Co., Ltd.# (海南物貝通供應鏈科技有限公司), a limited liability company established under the laws of the PRC, which is owned 100% by an Independent Third Party; and
“%”	per cent.

By order of the Board
China Dili Group
Wang Yan
Chairman

Hong Kong, 21 June 2021

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 as non-executive director; and Mr. Fan Ren-Da, Anthony, Mr. Wang Yifu, Mr. Leung Chung Ki and Mr. Tang Hon Man as independent non-executive directors.

* *For identification purpose only*

Direct transliteration of its Chinese name