



中国地利集团 China Dili Group

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

INTERIM REPORT 2021



Contents

Corporate Information	2
Chairman's Statement	3
Management Discussion and Analysis	4
Other Information	14
Unaudited Interim Financial Report	
Consolidated Statement of Profit or Loss	19
Consolidated Statement of Profit or Loss and Other Comprehensive Income	20
Consolidated Statement of Financial Position	21
Consolidated Statement of Changes in Equity	23
Condensed Consolidated Cash Flow Statement	25
Notes to the Unaudited Interim Financial Report	27
Independent Review Report	44

Corporate Information

Directors

Executive Directors

Wang Yan (Chairman)
Dai Bin (Chief Executive Officer)
Qin Xiang (Chief Operating Officer)

Non-Executive Directors

Yin Jianhong
Fung Yat, Carol

Independent Non-Executive Directors

Fan Ren-Da, Anthony
Wang Yifu
Leung Chung Ki
Tang Hon Man

Audit Committee

Fan Ren-Da, Anthony (Chairman)
Wang Yifu
Yin Jianhong

Remuneration Committee

Tang Hon Man (Chairman)
Wang Yan
Wang Yifu

Nomination Committee

Tang Hon Man (Chairman)
Wang Yan
Wang Yifu

Authorised Representatives

Wang Yan
Hung Fan Kwan FCPA, FCCA

Company Secretary

Hung Fan Kwan FCPA, FCCA

Auditors

KPMG
*Public Interest Entity Auditor registered in accordance
with the Financial Reporting Council Ordinance*

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

China Offices

18/F, Block C, Heqiao Mansion
No. 8 Guanghua Jia Road
Chaoyang District
Beijing, China

Room 1705, China Resources Building
Yuehai Sub-district Office
Nanshan District
Shenzhen City, China

Hong Kong Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Stock Code

The Stock Exchange of Hong Kong Limited: 1387

Investor Relations

Company Website: www.diligrp.com
Email: ir@dili.com.hk

Chairman's Statement

During the first half of 2021, in view of the favorable government policies for comprehensively promoting the revitalisation of rural areas, accelerating the modernisation of agriculture and rural area and promoting common prosperity among farmers and in rural areas, China Dili Group accurately capitalised the development trend of fresh food distribution industry, actively promoted the implementation of the "New Fresh Food Distribution Business Development Strategies" and expedited the formation of an innovative business model of providing comprehensive services for the wholesale and distribution of fresh food. With the concerted efforts and joint commitment of all our colleagues, the Group achieved an operating revenue of RMB730 million and a net profit of RMB165 million for the first half of 2021, representing an increase of 5.5% and 15.9% respectively as compared with the corresponding period of last year.

In the first half of the year, the Group's agriculture wholesale market business, which represents its core business, maintained steady growth, and the transformation and upgrading of its agriculture wholesale markets have been accelerated. The agriculture wholesale market under the Group's management have all fulfilled the duty of ensuring supply while combating the pandemic, actively optimised their operation and management strategies, devoted to achieving the management standards of "refinement, normalisation, informationisation and standardisation" in operations, accelerated the capacity building of ancillary services of warehouse collection and distribution, expedited the implementation of various significant digital upgrade initiatives such as smart agriculture wholesale system and online management of stalls, committed to propel the upgrading of its agriculture wholesale markets from a transaction-based business model to a diversified and comprehensive service model that integrates services such as trading, procurement, warehousing, processing and distribution, and created new core competitiveness in our agriculture wholesale markets.

During the period, the Group advanced the strategic layout of innovative business, comprehensively promoted the establishment of innovative business system and explored a brand new development model that realises online and offline integration and efficient linkage of the whole industry chain, and formed a new ecological system for the development of the fresh food distribution industry that is smart technologies driven and embodies the concepts of ecological sharing, mutually beneficial and win-win. The Group promoted the regional integration of domestic demand and supply chain of agricultural produce in the growing areas, established food safety and traceability systems and fresh food distribution channels and systems, created a new ecology for the source supply of fresh food; advanced the development towards consumer terminals in the location of sales, supplied commodities for sub-terminal channels, and offered an all-encompassing set of agricultural produce supply chain services and solutions covering warehousing, sorting, packaging, logistics and distribution. The Group also accelerated the construction of its product and brand system, and continued to build its product portfolio and brand assortment of fresh food.

The cooperation between the Group and its strategic partners progressed steadfastly in the first half. The Group has established joint ventures with JD.com, Inc. to jointly explore the establishment of a new and future-proof model tailored for the fresh food distribution industry. The Group has entered into strategic cooperation agreements with regional industry leaders such as Gansu Nongken Group and Guizhou Vegetable Group to jointly construct a dual-circulation system of agricultural produce connecting markets within and outside the regions. The Group also expanded the sourcing and supply business cooperation of imported fresh food together with its customers in the agriculture wholesale markets, and achieved joint procurement and joint sales with customers.

Looking forward, China Dili Group will strive to capitalise the historical opportunities brought by the promotion of all-round rural vitalisation and common prosperity in China, fulfill social responsibilities while unswervingly pushing forward the transformation and upgrading strategy of the Group, uphold the values and ideologies of "intensive, open and sharing", work together with ecological partners and spare no effort in reducing the fresh food distribution cost and improving the efficiency and effectiveness of the domestic fresh food distribution industry, and make unremitting efforts to realise its corporate vision as the most trusted food distribution service provider and supplier in China.

Wang Yan
Chairman

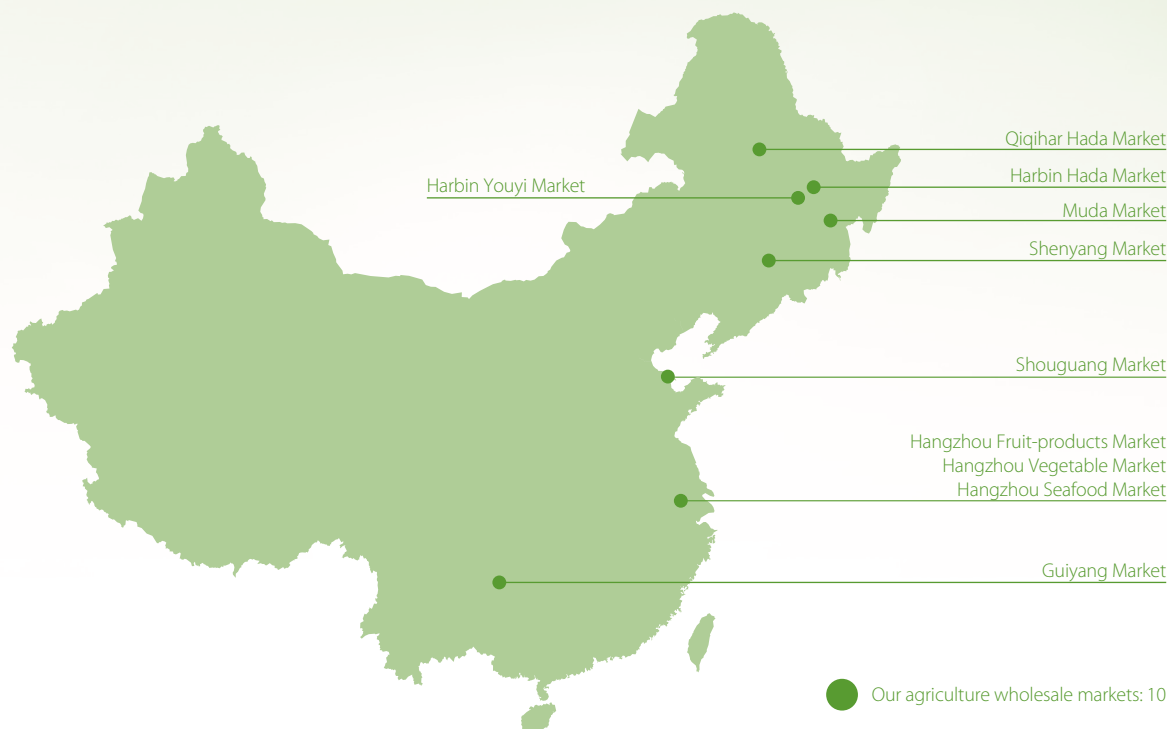
26 August 2021

China Dili Group / Interim Report 2021

Management Discussion and Analysis

OUR BUSINESS

The principal business of the Group was the operation of 10 agriculture wholesale markets in 7 cities in the People's Republic of China (the "PRC") during the period under review.



Hangzhou Dili Logistic Park Cluster (杭州地利物流園集群) (the "Hangzhou Dili Cluster")

An innovative logistic park with electronic settlement & big data

The Hangzhou Dili Cluster consists of 3 markets, namely a fruit-products market, a vegetable market and a seafood market. The Hangzhou Dili Cluster is the largest agriculture wholesale market in Hangzhou.

The 3 markets within Hangzhou Dili Cluster were rebranded as Hangzhou Dili Logistic Park after completion of the Group's acquisition from an independent third party in July 2018.

The Hangzhou Dili Cluster has become a key logistic hub for agricultural produce within the Yangtze River Delta and surrounding regions. The supply of fruit, vegetable and seafood takes up approximately 70% of the local demand. At the same time, it serves a more extended area, including other cities in Zhejiang Province as well as Jiangsu Province, Anhui Province, Jiangxi Province and Hubei Province.

One of the prominent features of the Hangzhou Dili Cluster is the full implementation of electronic settlement as well as the big data system which collects, analyzes and makes use of trading and logistic data collected from the markets. The Hangzhou Dili Cluster is the pioneer in promoting integration and use of internet in the traditional agriculture wholesale market business.

No. of wholesale markets	Total GFA [#]	Revenue Six months ended 30 June 2021
3	Approximately 245,017 sq.m.	RMB189.1 million

[#] "GFA" represents Gross Floor Area

Management Discussion and Analysis

Shenyang Shouguang Dili Agricultural Produce and Side Products Market* (瀋陽壽光地利農副產品市場) (“Shenyang Market”)

The largest transit center for agricultural products in Northeast China & fruits logistics hub

Shenyang Market consists of two large markets, namely Shenyang Fruit Market and Shenyang Fruit and Vegetable Market, and two smaller markets for commodity and condiments, and seafood respectively. Shenyang Market provides full categories of all agricultural produce. Shenyang Fruit Market is an old market where its operation dates back to mid-1990s. The Shenyang Market is located in Dadong District within the city of Shenyang.

Shenyang Market supplies more than 90% of local fruit market, and 50% of the fruits from the market is supplied to the three provinces of Northeast China and Inner Mongolia region.

Shenyang Market plays a decisive role in Northeast China as it's the major transit center for agricultural produce and side products in Northeast China as well as the largest fruits logistics hub in Northeast China.

No. of wholesale markets	Total GFA#	Revenue Six months ended 30 June 2021
1 (divided into several markets for different commodities)	Approximately 264,517 sq.m.	RMB181.1 million

Guiyang Agricultural Produce Logistic Park* (貴陽農產品物流園) (“Guiyang Market”)

The logistic hub in Southwest China

Guiyang Market is the Group's only wholesale market in Southwest China. It includes large-scale vegetable and fruit market, as well as markets for frozen food, grain and oil and condiments.

Through years of our efforts, Guiyang Market has now become the largest agricultural produce distribution center among the nine provinces of Southwest and Northwest region of China and extended its geographical coverage to Guangxi Province, Hunan Province and Hubei Province.

Guiyang Market is an integrated wholesale market, it covers outward distribution of product produced locally, as well as inward sales of agricultural produce from the outside regions. It provides full categories of agricultural produce and distribution channels for the poverty alleviation program promoted by the State.

No. of wholesale markets	Total GFA#	Revenue Six months ended 30 June 2021
1	Approximately 187,081 sq.m.	RMB74.4 million

* For identification purpose only

“GFA” represents Gross Floor Area

Management Discussion and Analysis

Heilongjiang Dili Logistic Park Cluster (黑龍江地利物流園集群) (the “Heilongjiang Dili Cluster”)

Multi-level markets with focus on regional coverage and foreign trade

The Heilongjiang Dili Cluster includes 4 markets in Heilongjiang Province, including (1) Harbin Hada Agricultural Produce and Side Products Market* (哈爾濱哈達農副產品市場) (“Harbin Hada Market”) which forms the core of the cluster, supported by (2) Qiqihar Hada Agricultural Produce Market* (齊齊哈爾哈達農產品市場) (“Qiqihar Hada Market”); (3) Muda International Agricultural Produce Logistic Park* (牡丹江國際農產品物流園) (“Muda Market”) and (4) Harbin Youyi Agricultural Produce Market* (哈爾濱友誼農產品市場) (“Harbin Youyi Market”). These four markets form a multi-level cluster.

The geographical reach of the Heilongjiang Dili Cluster covers more than 50 cities and counties in Heilongjiang Province, Jilin Province and East of Inner Mongolia region.

Muda Market, which is part of the Heilongjiang Dili Cluster, focuses on Sino-Russian trade activities.

No. of wholesale markets	Total GFA#	Revenue Six months ended 30 June 2021
4	Approximately 440,842 sq.m.	RMB171.0 million

China Shouguang Agricultural Produce Logistic Park* (中國壽光農產品物流園) (“Shouguang Market”)

Largest integrated agriculture logistic park in Asia

Shouguang Market is currently the largest integrated agriculture logistic park in Asia in terms of site area which amounts to 1,123,925 sq.m.. The park is divided into 6 functional zones, including fruit trading, vegetable trading, seeds trading and e-commerce business zones etc. Shouguang Market is the logistic hub of vegetable circulation linking the southern and northern part of China. It also serves as a key center nationwide for functions like national price setting for vegetables, trading information and logistic distribution.

The price indices created from the Shouguang Market serves as the approved national official price indices in China.

No. of wholesale markets	Total GFA#	Revenue Six months ended 30 June 2021
1	Approximately 545,457 sq.m.	RMB84.0 million

* For identification purpose only

“GFA” represents Gross Floor Area

Management Discussion and Analysis

BUSINESS REVIEW

Dili Fresh Acquisition

On 31 October 2019, the Company completed the acquisition of 19% equity interests in Million Master Investment Limited (“Million Master”). Million Master and its subsidiaries (collectively the “Dili Fresh”) operates through its PRC subsidiaries, the business of agricultural produce supermarket chain, fresh food chain and supply chain and logistics management in the PRC under the brand name of “Dili Fresh”. The total consideration for the acquisition was RMB950 million. As at 30 June 2021, the fair value of the investment in Dili Fresh and the derivative financial instruments embedded in investment in Dili Fresh was RMB1,027.3 million. The net unrealised gain on the investment was RMB47.9 million during the six months ended 30 June 2021. The investment represents more than 5% of the total assets in the Group’s consolidated statement of financial position. The acquisition is a key milestone for the Group’s expansion into the downstream agricultural retail business. Since the completion of the acquisition of Dili Fresh, the Group has been working closely with Dili Fresh’s management team to create synergies for both parties, especially in the area of fresh produce sourcing.

Supply Chain Business with Dili Fresh

On 11 September 2020, the Company and Dili Fresh entered into a framework agreement (the “Framework Agreement”), pursuant to which the Group agreed to sell and supply to Dili Fresh, and the Dili Fresh agreed to purchase from the Group, various agricultural produce and food products, including but not limited to vegetables, fresh and dried fruits, meat, tea leaves, food snacks, grain and oil and other food produce. The agricultural produce and food products supplied by the Group under the Framework Agreement are for sale by the Dili Fresh across the PRC to local consumers. Under the terms of the Framework Agreement, Dili Fresh agrees to grant a right of first refusal to the Group for the supply of up to 90% of its annual procurement amount of agricultural produce and food products for satisfying the demand of its retail network over the PRC.

It is expected that the Group can further expand the scale of operation of its existing supply chain and logistics management business through supplying to Dili Fresh as well as independent third-party customers. In addition, through the role as a supplier to Dili Fresh, the Group can connect the upstream traders and wholesalers with its downstream customer, Dili Fresh, to generate a reliable source of demand for agricultural produce and food products of the traders and wholesalers and by doing so, enhance loyalty of these upstream customers of the Group. Details of the transactions in respect of the Framework Agreement for the supply of agricultural produce and food product were set out in the circular of the Company dated 30 October 2020.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

Revenue is derived from the commission income, lease income and sales of agricultural products. Commission income primarily based on either value of transactions or weight of products, which we charge to traders. We also earn lease income by leasing space at the warehouses, icehouses and other facilities we have at our markets to assist traders to store and pack their products, and from renting rooms at our on-site residential areas and motels to traders. Revenue from sales of agricultural products is primarily derived from the supply chain business of selling various agricultural produce and food products, mainly fresh fruits.

For the six months ended 30 June 2021, the Group recorded a consolidated revenue of approximately RMB727.4 million (six months ended 30 June 2020: RMB689.3 million), representing an increase of 5.5% when compared with that of last corresponding period. The commission income increased by 1.4% to RMB485.0 million in this period as compared to RMB478.1 million in last corresponding period while the lease income also increased by 1.6% to RMB214.6 million in this period as compared to RMB211.2 million in last corresponding period. The Group has started to record a revenue from supply chain business during the second half of 2020. For the six months ended 30 June 2021, sales of agricultural products was amounted to RMB27.8 million.

The Group experienced challenging business operation conditions with the impact of coronavirus (“COVID-19”) pandemic, lockdowns and social distancing measures since early 2020 which resulted in temporary closures or shortening of operating hours in our agriculture wholesale markets. With the gradual recovery from the adverse impact of COVID-19 in the first half, the transaction volumes increased and commission income slightly increased accordingly. The lease income also rose slightly by 1.6%. In addition, the Group actively adjusted the business measures in light of market changes, broadened business models to effectively respond to the pandemic and achieve sustainable development by starting the business of sales of agricultural products.

	Six months ended 30 June			
	2021 <i>RMB' million</i>	2020 <i>RMB' million</i>	Change <i>RMB' million</i>	Change %
Commission income	485.0	478.1	6.9	1.4
Lease income	214.6	211.2	3.4	1.6
Sales of agricultural products	27.8	–	27.8	100
Total	727.4	689.3	38.1	5.5

Management Discussion and Analysis

FINANCIAL REVIEW (Continued)

Revenue (Continued)

The revenue from commission income and lease income analysis by agriculture wholesale markets are as follows:

	Note	Six months ended 30 June		Change RMB' million	Change %
		2021 RMB' million	2020 RMB' million		
Hangzhou Fruit-products Market	(i)	79.6	72.4	7.2	9.8
Hangzhou Vegetable Market	(ii)	71.1	68.9	2.2	3.3
Hangzhou Seafood Market		38.4	38.6	(0.2)	(0.3)
Shenyang Market		181.1	183.1	(2.0)	(1.1)
Guiyang Market	(ii)	74.4	67.5	6.9	10.2
Harbin Hada Market	(iii)	114.2	120.9	(6.7)	(5.6)
Qiqihar Hada Market		26.5	24.7	1.8	7.3
Muda Market		20.5	20.6	(0.1)	(0.5)
Harbin Youyi Market	(iii)	9.8	11.7	(1.9)	(16.1)
Shouguang Market	(ii)	84.0	80.9	3.1	3.9
Total		699.6	689.3	10.3	1.5

Notes:

- (i) The rise in revenue was due to increase in leased areas and the occupancy rate.
- (ii) The rise in revenue was mainly due to the increase in the transaction volume as the COVID-19 pandemic is stabilising gradually.
- (iii) The drop in revenue was mainly due to the decrease in the transaction volume which had been deeply hit when some of the imported fruits were contaminated by COVID-19 virus in Harbin markets.

Other income

Other income mainly comprised market service fee income of RMB74.9 million (six months ended 30 June 2020: RMB73.5 million). The increase in market service fee income was in line with the increase in revenue from the commission income and lease income.

Operating expenses

Operating expenses mainly comprised operating staff cost, depreciation and utility charges. The increase was mainly due to the increase in operating staff cost as a result of the increase in head count for new business development and there was no government concession on contribution of social insurance funds in the current period.

Administrative expenses

Administrative expenses mainly comprised staff cost and depreciation.

Management Discussion and Analysis

FINANCIAL REVIEW (Continued)

Finance income

Finance income mainly represented the interest income earned from loans to related parties.

Finance costs

Finance cost mainly represented interest on interest-bearing borrowings and lease liabilities. For the six months ended 30 June 2021, the finance cost increased by 43.5% to RMB78.6 million. The increase was mainly due to the increase in interest on interest-bearing borrowings to RMB40.7 million in this period as compared to RMB15.0 million in last corresponding period. The increase was mainly due to the increase in bank loans upon the completion of Hada Acquisition in August 2020.

Liquidity and Financial Resources

As at 30 June 2021, the net current assets of the Group amounted to approximately RMB1,286.7 million (as at 31 December 2020: net current liabilities of RMB967.3 million). The current ratio, expressed as current assets over current liabilities, was approximately 1.96 (as at 31 December 2020: approximately 0.63).

The Group has net cash position and strong financial resources to support its working capital and future expansion.

The maturity profile of the Group's interest-bearing borrowings as at 30 June 2021 are repayable as follows:

	30 June 2021 RMB'000	31 December 2020 RMB'000
Within one year	370,780	1,415,555
After one year but within two years	173,800	51,600
After two years but within five years	993,500	173,500
After five years	80,000	80,000
	1,618,080	1,720,655

There was no material effect of seasonality on the Group's borrowing requirement. As at 30 June 2021, all the interest-bearing borrowings are denominated in Renminbi.

Management Discussion and Analysis

FINANCIAL REVIEW *(Continued)*

Foreign Currency Risk

Renminbi is not freely convertible into foreign currencies. All foreign exchange transactions involving Renminbi must take place through the People's Bank of China (the "PBOC") or other institutions authorised to buy and sell foreign exchange. The exchange rate adopted for the foreign exchange transactions are the rates of exchange quoted by the PBOC that would be subject to a managed float against an unspecified basket of currencies. Foreign currency payments, including the remittance of earnings outside the PRC, are subject to the availability of foreign currency (which depends on the foreign currency denominated earnings of the Group) and must be arranged through the PBOC with government approval.

All cash and bank balances of the Group denominated in Renminbi were placed in banks in Hong Kong and the PRC. Renminbi is not freely convertible and the remittance of earnings to overseas is subject to exchange control promulgated by the PRC government. All the revenue-generating operations of the Group are transacted in Renminbi. The Group also kept certain bank balances in Hong Kong which are denominated in US dollar or HK dollar. The Group is exposed to foreign currency risk on financing transactions denominated in currencies other than the functional currency of our subsidiaries (Renminbi) in the PRC and functional currency of the overseas group entities (Hong Kong dollar). Depreciation or appreciation of the Renminbi and Hong Kong dollar against foreign currencies can affect the Group's results. The Group currently does not maintain a foreign currency hedging policy. However, the Group's management monitors the foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Capital Structure and Treasury Policy

On 25 December 2020, the Company and the subscriber entered into a subscription agreement (the "Subscription Agreement"), pursuant to which the Company has conditionally agreed to allot and issue, and the subscriber has conditionally agreed to subscribe for a total of 478,067,066 subscription shares at the subscription price of HKD1.67 per subscription share (the "Subscription"). The subscriber is a wholly-owned subsidiary of JD.com, Inc.. JD.com, Inc. is a leading technology driven e-commerce company transforming to become a leading supply chain-based technology and service provider, the American depositary shares of which are listed on Nasdaq under the symbol "JD" and the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (stock code: 9618). The Subscription represents an excellent opportunity for the Company to broaden its shareholder base and to finance future development and expansion of the businesses of the Group. In addition, it will also create synergies between the businesses of the Group and JD.com, Inc. and facilitate future development and business growth of the Group.

The gross proceeds and the net proceeds (after deduction of the relevant expenses and fees) from the Subscription were HKD798,372,000 and approximately HKD796,679,000, respectively. The Company intended to use the net proceeds from the Subscription for possible investment(s) in the future when opportunities arise and as general working capital of the Group.

Management Discussion and Analysis

FINANCIAL REVIEW (Continued)

Capital Structure and Treasury Policy (Continued)

As all the conditions precedent to the completion of the Subscription pursuant to the Subscription Agreement have been fulfilled, the completion of the Subscription has taken place on 4 February 2021. 478,067,066 subscription shares have been allotted and issued by the Company under the general mandate to the subscriber at the subscription price of HKD1.67 per subscription share in accordance with the terms and conditions of the Subscription Agreement. The net proceeds of approximately HKD796.7 million had been received by the Company.

The Group adopts conservative policies in managing cash resources and bank borrowings. The Group closely monitors its cash flow position to ensure the Group has sufficient working capital available to meet the operational needs. It also takes into account the bank balances and cash, administrative and capital expenditures to prepare the cash flow forecast to forecast its future financial liquidity.

Use of Proceeds from the Rights Issue

As stated in the circular to the shareholders of the Company dated 25 June 2018, the Group had plans to use the proceeds obtained from the rights issue. The proceeds have been partially utilised and the residual balance from the rights issue are expected to be utilised on or before 31 December 2021. The amount used during the period ended 30 June 2021 and the residual balance to be used as at 30 June 2021 are as follows:

Proposed use of proceeds from the Rights Issue		Residual	Used during the period	Residual
		balance as at 1 January 2021		balance to be used as at 30 June 2021
		HKD' million	HKD' million	HKD' million
(i)	For enlarging the trading hall and rental area of the markets	67	(23)	44
(ii)	For upgrading infrastructure facilities of the markets	61	(10)	51
(iii)	For developing and installing information software and data collection and analysis systems in the markets	60	(6)	54
		188	(39)	149

Management Discussion and Analysis

FINANCIAL REVIEW *(Continued)*

Use of Proceeds from the Subscription

The proceeds from the Subscription have been partially utilised subsequent to the completion of the Subscription as set out under the section “Reasons for and benefits of the subscription and use of proceeds” of the Company’s announcement dated 25 December 2020. As at 30 June 2021, the net proceeds of approximately HKD796.7 million from the Subscription had been received by the Company, in which approximately HKD58.9 million has been utilised for the investment and approximately HKD370.0 million has been utilised for general working capital of the Group. The residual balance of HKD367.8 million is expected to be utilised on or before 31 December 2022.

Charges on Assets

As at 30 June 2021, certain property and equipment and investment properties which had an aggregate carrying value of RMB1,408.6 million (as at 31 December 2020: RMB1,270.1 million) were pledged as securities for bank loans.

Capital Commitment

As at 30 June 2021, the future capital expenditure for which the Group had contracted but not provided for amounted to approximately RMB193.0 million (as at 31 December 2020: RMB113.9 million).

Contingent Liabilities

As at 30 June 2021, the Group provided financial guarantees to banks in respect of banking facilities granted to related parties amounted to RMB290.0 million (as at 31 December 2020: RMB290.0 million), of which RMB185.0 million (as at 31 December 2020: RMB165.0 million) has been utilised by the related parties.

Gearing Ratio

The gearing ratio as at 30 June 2021, which was calculated by dividing the total interest-bearing borrowings and lease liabilities by total assets, was 10.77% (as at 31 December 2020: 11.68%).

Human Resources

As at 30 June 2021, the Group employed 2,587 staff (as at 30 June 2020: 2,419 staff). The Group’s employees are remunerated according to the job nature, individual performance and market trends with built-in merit components. Total remuneration for the six months ended 30 June 2021 was approximately RMB181.8 million as compared with RMB156.9 million for the six months ended 30 June 2020. We have established a training program that aims to support and encourage members of our management team to continue improving their management skills and develop their careers, including arranging for seminars. We provide orientation training as well as on-the-job training on a regular basis on various topics, such as internal regulations, computer and management skills, sales skills and career development. Employees in Hong Kong participate in Mandatory Provident Fund Scheme while employees in the PRC also participate in similar scheme.

Dividend

The board of directors (the “Board”) has resolved that there was no interim dividend declared for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

Other Information

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2021, the interests and short positions of each director and chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register maintained by the Company as required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Long/short positions in shares/underlying shares of the Company:

Name of director	Capacity	Nature of interest	Number of issued shares/ underlying shares	Approximate percentage of interest in the Company
Ms. Qin Xiang	Interest of spouse	Long position	800,000	0.01%
Mr. Yin Jianhong	Beneficial owner	Long position	4,835,000	0.05%

Save as disclosed above, none of the directors or chief executives of the Company had, as at 30 June 2021, any other interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

Other Information

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2021, the interests or short positions of the substantial shareholders (other than the directors or chief executives of the Company) in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of shareholder	Capacity	Number of issued shares/ Nature of interest (Note 1)	Approximate percentage of interest in the Company
Super Brilliant Investments Limited	Beneficial owner	2,011,810,466 (L)	22.61%
	Beneficial owner	6,655,629 (S)	0.07%
Shining Hill Investments Limited	Interest in a controlled corporation (Note 2)	2,011,810,466 (L)	22.61%
	Interest in a controlled corporation (Note 2)	6,655,629 (S)	0.07%
Mr. Dai Yongge	Beneficial owner	20,007,000 (L)	0.22%
	Interest in controlled corporations (Note 2)	2,111,021,532 (L)	23.73%
	Interest of spouse (Note 3)	3,514,336,975 (L)	39.50%
	Interest in a controlled corporation (Note 2)	6,655,629 (S)	0.07%
New Amuse Limited	Beneficial owner	3,514,336,975 (L)	39.50%
Shouguang Dili Agri-products Group Company Limited	Interest in a controlled corporation (Note 4)	3,514,336,975 (L)	39.50%
Dili Group Holdings Company Limited	Interest in a controlled corporation (Note 4)	3,514,336,975 (L)	39.50%
Win Spread Limited	Interest in a controlled corporation (Note 4)	3,514,336,975 (L)	39.50%
Ms. Zhang Xingmei	Interest in a controlled corporation (Note 4)	3,514,336,975 (L)	39.50%
	Interest of spouse (Note 5)	2,131,028,532 (L)	23.95%
	Interest of spouse (Note 5)	6,655,629 (S)	0.07%

Other Information

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares (Continued)

Name of shareholder	Capacity	Number of issued shares/ Nature of interest (Note 1)	Approximate percentage of interest in the Company
Nelson Innovation Limited	Beneficial owner	478,067,066 (L)	5.37%
JD.com Investment Limited	Interest in a controlled corporation (Note 6)	478,067,066 (L)	5.37%
JD.com, Inc.	Interest in a controlled corporation (Note 6)	478,067,066 (L)	5.37%
Max Smart Limited	Interest in a controlled corporation (Note 6)	478,067,066 (L)	5.37%
Mr. Liu Qiangdong Richard	Interest in a controlled corporation (Note 6)	478,067,066 (L)	5.37%
U Credit (HK) Limited	Person having a security interest in shares (Note 7)	590,000,000 (L)	6.63%
China Strategic Holdings Limited	Person having a security interest in shares (Note 7)	590,000,000 (L)	6.63%

Notes:

- (1) The letter "L" denotes the person's long position in such shares and the letter "S" denotes the person's short position in such shares.
- (2) Among 2,111,021,532 shares of the Company deemed to be interested by Mr. Dai Yongge, 15,912,000 shares are held by Gloss Season Limited ("Gloss Season"), which is held as to 100% by Mr. Dai Yongge, he is deemed to be interested in the shares held by Gloss Season; 2,011,810,466 shares are held by Super Brilliant Investments Limited ("Super Brilliant") and Super Brilliant is wholly-owned by Shining Hill Investments Limited ("Shining Hill"). Mr. Dai Yongge is interested in the entire issued share capital of Shining Hill which is in turn interested in the entire issued share capital of Super Brilliant and therefore, Mr. Dai Yongge and Shining Hill are deemed to be interested in the shares held by Super Brilliant; 83,299,066 shares are held by Wealthy Aim Holdings Limited ("Wealthy Aim"). As the entire issued share capital of Wealthy Aim is held by Broad Long Limited, which is held as to 100% by Mr. Dai Yongge, he is deemed to be interested in the shares held by Wealthy Aim.
- (3) Mr. Dai Yongge is deemed to have interests in the shares held by his spouse, Ms. Zhang Xingmei.
- (4) Ms. Zhang Xingmei holds the entire issued share capital of Win Spread Limited ("Win Spread"). Win Spread holds the entire issued share capital of Dili Group Holdings Company Limited ("Dili Group Holdings"). Dili Group Holdings holds the entire issued share capital of Shouguang Dili Agri-products Group Company Limited ("Shouguang Dili"). Shouguang Dili holds the entire issued share capital of New Amuse Limited ("New Amuse"). New Amuse beneficially holds 3,514,336,975 shares of the Company, accordingly, each of Ms. Zhang Xingmei, Win Spread, Dili Group Holdings and Shouguang Dili is deemed to be interested in the shares held by New Amuse.

Other Information

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares *(Continued)*

Notes:

- (5) Ms. Zhang Xingmei is deemed to have interests and short positions in the shares held by her spouse, Mr. Dai Yongge.
- (6) Mr. Liu Qiangdong Richard ("Mr. Liu") holds an aggregate of 76.9% interest in JD.com, Inc. ("JD.com") through Max Smart Limited ("Max Smart") and Fortune Rising Holdings Limited ("Fortune Rising"). Max Smart holds approximately 72.9% in JD.com, it is a company beneficially owned by Mr. Liu through a trust and of which he is the sole director. Fortune Rising holds approximately 3.9% in JD.com, it is a company wholly-owned by Mr. Liu. JD.com holds the entire issued share capital of JD.com Investment Limited ("JD Investment"). JD Investment holds the entire issued share capital of Nelson Innovation Limited ("Nelson Innovation"). Accordingly, each of Mr. Liu, Max Smart, JD.com and JD Investment is deemed to be interested in the shares held by Nelson Innovation.
- (7) U Credit (HK) Limited ("U Credit") and China Strategic Holdings Limited ("China Strategic Holdings") do not hold any shares of the Company save as the security interest disclosed in the table above pursuant to the requirement under the SFO. Based on the Disclosure of the Interest of Corporate Substantial Shareholder Notice filed on 8 February 2021, China Strategic Holdings holds the entire issued share capital of China Strategic Asset Holdings Limited ("China Strategic Asset"). China Strategic Asset holds the entire issued share capital of China Strategic Financial Holdings Limited ("China Strategic Financial"). China Strategic Financial holds the entire issued share capital of U Credit. Accordingly, China Strategic Holdings is deemed to be interested in the security interest held by U Credit.

Save as disclosed above and so far as the directors of the Company are aware of, as at 30 June 2021, there was no other person, other than the directors or chief executives of the Company, who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to section 336 of the SFO, to be entered in the register referred to therein.

Share Award Scheme

A share award scheme was adopted by the Board on 28 August 2018 (the "Share Award Scheme") to (i) recognise the contributions by certain employees and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) attract suitable personnel for further development of the Group. An independent third party has been appointed as a trustee (the "Trustee") under the Share Award Scheme.

The Share Award Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules.

The Share Award Scheme shall be valid and effective for a term of 10 years commencing on the date of its adoption. Pursuant to the Share Award Scheme, the Trustee will purchase existing shares of the Company from the market or subscribe for new shares from the Company out of cash contributed by the Group and such shares will be held on trust for selected employees until such awarded shares are vested with the relevant selected employees. Vested shares will be transferred to the selected employees at no cost. At no point in time shall the Trustee be holding more than 5% of the total number of shares of the Company in issue under the Share Award Scheme. Details of the rules of the Share Award Scheme were set out in the announcement of the Company dated 28 August 2018.

Other Information

Share Award Scheme *(Continued)*

Up to 30 June 2021, the Trustee had purchased a total of 123,796,200 existing shares of the Company from the market with a total cost of approximately RMB285.7 million. During the six months ended 30 June 2021, the Company has not issued any shares or granted any awarded shares under the Share Award Scheme to any selected employees.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2021.

Audit Committee

The Company has established an audit committee in accordance with the requirements of the Listing Rules and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the "CG Code"). The primary duty of the audit committee is to review and supervise the financial reporting process, risk management and internal control systems of the Group. The audit committee comprises two independent non-executive directors and a non-executive director. The audit committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2021.

Corporate Governance Practices

The Company has complied with the code provisions in the CG Code throughout the six months ended 30 June 2021, save and except for code provision E.1.2. Under this code provision, the chairman of the board should attend the annual general meeting ("AGM"). Mr. Wang Yan, the Chairman of the Board was unable to attend the AGM of the Company held on 24 June 2021 due to other business commitments. In absence of the Chairman, Mr. Fan Ren-Da, Anthony, an independent non-executive director of the Company, acted as the Chairman of the AGM. The Board will finalise and inform the date of the AGM as earliest as possible to make sure that the directors would attend the AGM of the Company in the future. Save as disclosed above, there has been no deviation from the code provisions of the CG Code by the Company for the six months ended 30 June 2021.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as its own code for directors' securities transactions. Upon specific enquiry made by the Company, all directors of the Company have confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2021.

Consolidated Statement of Profit or Loss

For the six months ended 30 June 2021 — unaudited

	Note	Six months ended 30 June	
		2021 RMB'000	2020 RMB'000
Revenue	3	727,418	689,299
Other income	4	79,376	80,505
Cost of goods sold		(21,625)	–
Operating expenses		(167,363)	(135,188)
Impairment losses on other receivables		(32,544)	–
Administrative expenses		(317,912)	(304,614)
Profit from operations		267,350	330,002
Net unrealised gains on financial assets measured at fair value through profit or loss		48,672	73,162
Net valuation losses on investment properties		(38,429)	(179,863)
Net finance costs	5(b)	(51,839)	(30,412)
Profit before taxation	5	225,754	192,889
Income tax	6	(61,141)	(50,882)
Profit for the period		164,613	142,007
Attributable to:			
Equity shareholders of the Company		158,548	137,184
Non-controlling interests		6,065	4,823
Profit for the period		164,613	142,007
Basic and diluted earnings per share (RMB cents)	7	1.83	2.45

The notes on pages 27 to 43 form part of this interim financial report.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2021 — unaudited

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Profit for the period	164,613	142,007
Other comprehensive income for the period (after tax and reclassification adjustments):		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of the Company and certain overseas subsidiaries	24,615	4,653
Total comprehensive income for the period	189,228	146,660
Attributable to:		
Equity shareholders of the Company	183,163	141,837
Non-controlling interests	6,065	4,823
Total comprehensive income for the period	189,228	146,660

The notes on pages 27 to 43 form part of this interim financial report.

Consolidated Statement of Financial Position

At 30 June 2021 — unaudited

	Note	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Non-current assets			
Property and equipment	8	7,326,174	7,448,617
Investment properties	9	6,696,600	6,729,300
Intangible assets		11,949	11,867
Goodwill		1,743,701	1,743,701
Interest in an associate	10	49,000	–
Other assets	11	1,028,179	981,152
Other receivables	12	93,660	509,158
Deferred tax assets	16	14,683	13,209
Total non-current assets		16,963,946	17,437,004
Current assets			
Inventories		70,131	52,532
Other receivables	12	1,354,770	700,397
Other assets	11	59,639	14,798
Cash and cash equivalents	13	1,147,389	914,653
Total current assets		2,631,929	1,682,380
Current liabilities			
Interest-bearing borrowings	14	370,780	1,415,555
Other payables	15	835,219	1,046,560
Lease liabilities		46,150	52,957
Taxation		93,123	134,607
Total current liabilities		1,345,272	2,649,679
Net current assets/(liabilities)		1,286,657	(967,299)
Total assets less current liabilities		18,250,603	16,469,705

Consolidated Statement of Financial Position

At 30 June 2021 — unaudited

	Note	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Non-current liabilities			
Interest-bearing borrowings	14	1,247,300	305,100
Lease liabilities		446,899	459,781
Deferred tax liabilities	16	2,551,494	2,561,021
Deferred income		37,380	39,053
Total non-current liabilities		4,283,073	3,364,955
Net assets			
		13,967,530	13,104,750
Capital and reserves			
Share capital	17(a)	759,624	719,779
Reserves		12,901,754	12,093,033
Total equity attributable to equity shareholders of the Company		13,661,378	12,812,812
Non-controlling interests		306,152	291,938
Total equity		13,967,530	13,104,750

The notes on pages 27 to 43 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021 — unaudited

	Attributable to equity shareholders of the Company											
	Share capital RMB'000 Note 17(a)	Share premium RMB'000	Capital redemption reserve RMB'000	Capital surplus RMB'000	Statutory reserve fund RMB'000	Shares held for share award scheme RMB'000 Note 17(b)	Exchange reserves RMB'000	Merger reserves RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2020	478,794	15,578,813	7,508	121,112	876,622	(273,287)	(48,529)	128,704	(8,256,810)	8,612,927	211,351	8,824,278
Changes in equity for the six months ended 30 June 2020:												
Profit for the period	-	-	-	-	-	-	-	-	137,184	137,184	4,823	142,007
Other comprehensive income	-	-	-	-	-	-	4,653	-	-	4,653	-	4,653
Total comprehensive income	-	-	-	-	-	-	4,653	-	137,184	141,837	4,823	146,660
Shares purchased for the share award scheme	-	-	-	-	-	(12,454)	-	-	-	(12,454)	-	(12,454)
Capital contribution	-	-	-	-	-	-	-	-	-	-	77,980	77,980
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(9,000)	(9,000)
Balance at 30 June 2020 and 1 July 2020	478,794	15,578,813	7,508	121,112	876,622	(285,741)	(43,876)	128,704	(8,119,626)	8,742,310	285,154	9,027,464
Changes in equity for the six months ended 31 December 2020												
Profit for the period	-	-	-	-	-	-	-	-	57,023	57,023	4,290	61,313
Other comprehensive income	-	-	-	-	-	-	(25,932)	-	-	(25,932)	-	(25,932)
Total comprehensive income	-	-	-	-	-	-	(25,932)	-	57,023	31,091	4,290	35,381
Transfer to reserve fund	-	-	-	-	62,218	-	-	-	(62,218)	-	-	-
Issuance of convertible bond	-	3,103,678	-	-	-	-	-	-	-	3,103,678	-	3,103,678
Conversion of convertible bond	240,985	694,748	-	-	-	-	-	-	-	935,733	-	935,733
Capital contribution	-	-	-	-	-	-	-	-	-	-	2,494	2,494
Balance at 31 December 2020	719,779	19,377,239	7,508	121,112	938,840	(285,741)	(69,808)	128,704	(8,124,821)	12,812,812	291,938	13,104,750

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021 — unaudited

	Attributable to equity shareholders of the Company											Total equity RMB'000
	Share capital RMB'000 Note 17(a)	Share premium RMB'000	Capital redemption reserve RMB'000	Capital surplus RMB'000	Statutory reserve fund RMB'000	Shares held for share award scheme RMB'000 Note 17(b)	Exchange reserves RMB'000	Merger reserves RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	
Balance at 1 January 2021	719,779	19,377,239	7,508	121,112	938,840	(285,741)	(69,808)	128,704	(8,124,821)	12,812,812	291,938	13,104,750
Changes in equity for the six months ended 30 June 2021:												
Profit for the period	-	-	-	-	-	-	-	-	158,548	158,548	6,065	164,613
Other comprehensive income	-	-	-	-	-	-	24,615	-	-	24,615	-	24,615
Total comprehensive income	-	-	-	-	-	-	24,615	-	158,548	183,163	6,065	189,228
Transfer to reserve fund	-	-	-	-	(440)	-	-	-	440	-	-	-
Issuance of shares	39,845	625,558	-	-	-	-	-	-	-	665,403	-	665,403
Capital contribution	-	-	-	-	-	-	-	-	-	-	8,149	8,149
Balance at 30 June 2021	759,624	20,002,797	7,508	121,112	938,400	(285,741)	(45,193)	128,704	(7,965,833)	13,661,378	306,152	13,967,530

The notes on pages 27 to 43 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2021 — unaudited

	Note	Six months ended 30 June	
		2021 RMB'000	2020 RMB'000
Operating activities			
Cash generated from operations		135,352	249,010
Income tax paid		(106,793)	(95,360)
Net cash generated from operating activities		28,559	153,650
Investing activities			
Payment for interest in an associate		(49,000)	–
Payment for purchase of financial assets measured at fair value through profit or loss		(74,615)	(154,000)
Proceeds from sale of financial assets measured at fair value through profit or loss		–	154,234
Net proceeds from disposal of property and equipment		9,915	118
Payment for purchase of property and equipment		(48,963)	(305,775)
Government grant received		2,615	3,613
Payment for loans to related parties		(190,000)	(365,000)
Proceeds from repayment of loans and advances to third parties		–	432,688
Proceeds from repayment of loans to related parties		31,318	–
Repayment of deposits		–	25,000
Decrease in time deposits		–	20,000
Interest received		27,911	41,088
Net cash used in investing activities		(290,819)	(148,034)

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2021 — unaudited

	Note	Six months ended 30 June	
		2021 RMB'000	2020 RMB'000
Financing activities			
Proceeds from issuance of shares	17(a)(i)	665,403	–
Capital element of lease rentals paid		(22,749)	(17,976)
Interest element of lease rentals paid		(12,009)	(38,922)
Purchase of shares for the share award scheme		–	(12,454)
Repayment of interest-bearing borrowings		(1,309,575)	(179,500)
Proceeds from interest-bearing borrowings		1,207,000	354,586
Dividends paid to non-controlling interests		–	(9,000)
Capital contribution received from non-controlling interests		8,149	77,980
Interest paid		(40,720)	(15,027)
Net cash generated from financing activities		495,499	159,687
Net increase in cash and cash equivalents		233,239	165,303
Cash and cash equivalents at 1 January		914,653	651,619
Effect of foreign exchange rate changes		(503)	556
Cash and cash equivalents at 30 June	13	1,147,389	817,478

The notes on pages 27 to 43 form part of this interim financial report.

Notes to the Unaudited Interim Financial Report

1 Basis of preparation

This interim financial report of China Dili Group (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), including compliance with International Accounting Standard (“IAS”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (“IASB”). It was authorised for issue on 26 August 2021.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 annual financial statements. Details of any changes in accounting policies are set out in Note 2.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2020 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”) promulgated by the IASB.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. KPMG’s independent review report to the board of directors is included on page 44.

2 Changes in accounting policies

The Group has applied the following amendments to IFRSs issued by the IASB to this interim financial report for the current accounting period:

- Amendment to IFRS 16, *Covid-19-related rent concessions beyond 30 June 2021*
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, *Interest rate benchmark reform – phase 2*

None of these amendments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Notes to the Unaudited Interim Financial Report

3 Revenue and segment reporting

The principal activities of the Group are lease and management of agriculture wholesale markets.

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by service lines is as follows:

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
Commission income	485,036	478,123
Sales of agricultural products	27,783	–
Revenue from other sources		
Rental income	214,599	211,176
	727,418	689,299

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is set out below:

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Disaggregated by timing of revenue recognition		
Point in time	512,819	478,123
Over time	214,599	211,176
Revenue from external customers	727,418	689,299

(b) Segment reporting

The Group manages its business in a single segment, namely operation of agriculture wholesale markets. The Group's most senior executive management assesses performance and allocates resources on a group basis. Accordingly, no operating segment information is presented.

All of the Group's operations are located in the People's Republic of China (the "PRC"), therefore no geographical segment reporting is presented.

Notes to the Unaudited Interim Financial Report

4 Other income

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Market service fee income	74,882	73,451
Net loss on disposal of property and equipment	(1,037)	(12)
Government grants	4,236	3,136
Income on providing financial guarantee	1,295	3,710
Others	-	220
	79,376	80,505

5 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

(a) Personnel expenses

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Wages, salaries and other benefits	181,848	156,906
Contributions to defined contribution retirement plans	14,513	4,233
	196,361	161,139

Notes to the Unaudited Interim Financial Report

5 Profit before taxation (Continued)

(b) Net finance costs

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Finance income		
— Interest income on bank deposits	6,210	2,067
— Interest income on loans to related parties	19,353	12,887
— Interest income on loans to third parties	1,160	8,581
— Net foreign exchange gain	—	556
— Gain on disposal of financial assets	—	234
	26,723	24,325
Finance costs		
— Interest on interest-bearing borrowings	(40,720)	(15,027)
— Interest on lease liabilities	(12,009)	(38,922)
— Bank charges and others	(847)	(788)
— Net foreign exchange loss	(24,986)	—
	(78,562)	(54,737)
	(51,839)	(30,412)

(c) Other items

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Depreciation		
— owned property and equipment	103,874	49,968
— right-of-use assets	34,109	99,023
Repairs and maintenance	14,177	12,167
Utility charges	25,958	23,903

Notes to the Unaudited Interim Financial Report

6 Income tax

Income tax in the consolidated statement of profit or loss represents:

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Current tax		
Provision for the period	69,181	103,270
Under-provision in respect of prior years	2,961	2,678
	72,142	105,948
Deferred tax		
Reversal and origination of temporary differences	(11,001)	(55,066)
	61,141	50,882

- (i) According to the Corporate Income Tax Law of the PRC, from 1 January 2008, the statutory income tax rate applicable to the Group's subsidiaries in the PRC is 25%.
- (ii) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the "BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI.
- (iii) No provision for Hong Kong Profits Tax has been made as the Group did not earn any profit subject to Hong Kong Profits Tax during the period.

7 Basic and diluted earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB158,548,000 (six months ended 30 June 2020: profit of RMB137,184,000) and the weighted average of 8,682,691,000 ordinary shares (six months ended 30 June 2020: 5,592,470,000 ordinary shares) in issue during the six months ended 30 June 2021.

During the six months ended 30 June 2021 and 2020, diluted earnings per share is calculated on the same basis as basic earnings per share.

Notes to the Unaudited Interim Financial Report

8 Property and equipment

(a) Right-of-use assets

During the six months ended 30 June 2021, the Group entered into a lease agreement for use of offices, and therefore recognised the additions to right-of-use assets of RMB3,363,000.

(b) Acquisitions and disposals of owned assets

During the six months ended 30 June 2021, the Group acquired other property and equipment with a cost of RMB21,879,000 (six months ended 30 June 2020: RMB310,171,000). Other property and equipment with a net book value of RMB1,790,000 were disposed of during the six months ended 30 June 2021 (six months ended 30 June 2020: RMB108,000), resulting in a loss on disposal of RMB1,037,000 (six months ended 30 June 2020: loss of RMB12,000).

9 Investment properties

Valuation

The valuations of investment properties carried at fair value were updated at 30 June 2021 by the Group's independent valuer using the same valuation techniques as were used by this valuer when carrying out the December 2020 valuations.

As a result of the update, a net loss of RMB38,429,000 (six months ended 30 June 2020: a net loss of RMB179,863,000), and deferred tax thereon of RMB443,000 (six months ended 30 June 2020: RMB43,702,000), has been recognised/reversed in profit or loss for the period in respect of investment properties.

10 Interest in an associate

As at 30 June 2021, the Group's interest in an associate represents its 49% equity interest in Shenzhen City Jingdida Supply Chain Management Co., Ltd., which was established in January 2021 with its principal activities of supply chain management services, warehousing, sales of agricultural and side products and information technology consulting services. This associate is accounted for using the equity method in the consolidated financial statements.

Notes to the Unaudited Interim Financial Report

11 Other assets

	Note	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Financial assets measured at fair value through profit or loss ("FVPL")			
— Investment in Dili Fresh	(i)	270,652	314,397
— Derivative financial instruments embedded in investment in Dili Fresh	(i)	756,676	665,052
— Other financial instruments	(ii)	50,793	–
Sub-total		1,078,121	979,449
Lease incentive	(iii)	9,697	16,501
		1,087,818	995,950
Representing:			
— Non-current		1,028,179	981,152
— Current		59,639	14,798
		1,087,818	995,950

(i) Investment in Dili Fresh and related derivative financial instruments

On 31 October 2019, Yield Smart Limited ("Yield Smart"), a wholly-owned subsidiary of the Company, has acquired 19% of the entire issued share capital of Million Master Investment Limited ("Million Master") (the "Target Shares"), a company incorporated in the BVI (the "Dili Fresh Acquisition"). Million Master and its subsidiaries (collectively the "Dili Fresh") operate through its PRC subsidiaries, the businesses of agricultural produce supermarket chain, fresh food chain and supply chain and logistics management in the PRC under the brand name of "Dili Fresh".

Plenty Business Holdings Limited (the "Vendor") has granted Yield Smart with the call option and the put option under some conditions, under which Yield Smart has the right (but no obligation) to acquire from the Vendor the remaining shares or sell back the Target Shares to the Vendor. Yield Smart may exercise either the call option or the put option but not both.

Notes to the Unaudited Interim Financial Report

11 Other assets (Continued)

(ii) Other financial instruments

Other financial instruments represent investments in wealth management product issued by bank with no guarantee of principal or returns, which have been fully redeemed on 28 July 2021. As at 30 June 2021, the fair value of the financial assets held by the Group was RMB50,793,000.

(iii) Lease incentive

The Group provided lease incentive to some lessees in return for their commitments to operate in the Group's agriculture wholesale markets in certain years.

12 Other receivables

	Note	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Amounts due from related parties	20(b)	892,292	700,937
Receivables from disposal of property and equipment	(i)	44,041	52,764
Amounts due from a third party	(ii)	22,981	23,681
Deposits	(iii)	200,000	200,000
Other debtors	(iv)	179,912	70,600
Financial assets measured at amortised cost		1,339,226	1,047,982
Less: impairment losses on other receivables		48,193	15,830
		1,291,033	1,032,152
Prepayments		157,397	177,403
Total		1,448,430	1,209,555
Representing:			
— Non-current		93,660	509,158
— Current		1,354,770	700,397
		1,448,430	1,209,555

Notes to the Unaudited Interim Financial Report

12 Other receivables (Continued)

(i) Receivables from disposal of property and equipment

Receivables from disposal of property and equipment are due from a third party, which are secured by the relevant equipment with original maturity date of 30 June 2019. According to the supplemental agreements, the maturity date of the receivable is extended to 15 December 2020 and subject to a fixed interest rate of 1% per annum. At 27 January 2021, RMB8,723,000 was settled. According to the settlement agreement signed on 18 March 2021, the maturity date of the remaining receivable is extended to 31 July 2021, amounting to RMB44,041,000.

(ii) Amounts due from a third party

The amounts due from a third party are unsecured and non-interest-bearing loan due from a seafood product market operating company under a cooperation contract with the Group. As at 30 June 2021, RMB2,481,000, RMB6,840,000 and RMB13,660,000 of the receivables will be repaid on demand, before 31 December 2021 and before 31 December 2023 respectively.

(iii) Deposits

Deposits mainly represent deposits for acquisitions of agriculture related business in the PRC amounting to RMB150,000,000 which are unsecured and non-interest bearing.

(iv) Other debtors

Other debtors mainly represent the advance to third parties in relation to the Group's trade business on agricultural products.

13 Cash and cash equivalents

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Cash on hand	5,900	2,744
Cash at bank	1,141,489	911,909
	1,147,389	914,653
Representing:		
— Cash and cash equivalents	1,147,389	914,653

Notes to the Unaudited Interim Financial Report

14 Interest-bearing borrowings

(a) The short-term interest-bearing borrowings are analysed as follows:

	<i>Note</i>	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Bank loans, secured by property and equipment		100,000	100,000
Bank loans, guaranteed by related parties		110,000	186,275
Other loans		20,000	20,000
		230,000	306,275
Add: current portion of long-term interest-bearing borrowings	<i>14(b)</i>	140,780	1,109,280
		370,780	1,415,555

(b) The long-term interest-bearing borrowings are analysed as follows:

	<i>Note</i>	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Bank loans, secured by investment properties and guaranteed by related and/or third parties		997,000	997,000
Bank loans, secured by investment properties		311,080	337,380
Other loans, unsecured		80,000	80,000
		1,388,080	1,414,380
Less: current portion of long-term interest-bearing borrowings	<i>14(a)</i>	(140,780)	(1,109,280)
		1,247,300	305,100

The long-term interest-bearing borrowings are repayable as follows:

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Within 1 year	140,780	1,109,280
After 1 year but within 2 years	173,800	51,600
After 2 years but within 5 years	993,500	173,500
After 5 years	80,000	80,000
	1,388,080	1,414,380

Notes to the Unaudited Interim Financial Report

14 Interest-bearing borrowings (Continued)

- (c) The following assets and their respective carrying values at 30 June 2021 and 31 December 2020 are pledged to secure the Group's bank loans:

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Property and equipment	653,270	665,426
Investment properties	755,366	604,646
	1,408,636	1,270,072

15 Other payables

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
	<i>Note</i>	
Construction payables	179,193	154,772
Salary and welfare expenses payable	38,612	128,861
Professional service fee payables	3,051	6,981
Deposits	326,241	354,962
Others	90,272	168,236
Financial liabilities measured at amortised cost	637,369	813,812
Other taxes payable	17,656	30,774
Receipt-in-advance	180,194	201,974
	835,219	1,046,560

- (i) These mainly represent deposits paid by tenants for the privilege to renew the operating lease contracts upon expiry, and deposits collected from customers to facilitate the payment process of agriculture wholesale markets while using the transaction settlement system.

Notes to the Unaudited Interim Financial Report

16 Deferred tax assets and liabilities

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the period are as follows:

	Government grants	Depreciation charge of right-of-use assets	Revaluation of investment properties	Deferred tax liabilities arising from business combinations	Revaluation of financial assets measured at FVPL	Accelerated depreciation allowance	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2020	601	(555)	(910,784)	(746,505)	–	–	(1,657,243)
Acquisition of business	8,327	–	(1,292,292)	(897,119)	–	–	(2,181,084)
Termination of the favourable term lease agreements	–	7,690	807,347	423,674	–	–	1,238,711
(Charged)/credited to profit or loss	(435)	(2,419)	22,265	37,954	(5,561)	–	51,804
At 31 December 2020 and 1 January 2021	8,493	4,716	(1,373,464)	(1,181,996)	(5,561)	–	(2,547,812)
(Charged)/credited to profit or loss	(374)	1,848	443	14,259	(4,788)	(387)	11,001
At 30 June 2021	8,119	6,564	(1,373,021)	(1,167,737)	(10,349)	(387)	(2,536,811)

Notes to the Unaudited Interim Financial Report

17 Capital, reserves and dividends

(a) Share capital

	Number of shares		Amount	
	At 30 June 2021 '000	At 31 December 2020 '000	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Authorised:				
Ordinary shares of HKD0.10 each	15,000,000	15,000,000		
Issued and fully paid:				
At beginning of period/year				
Ordinary shares of HKD0.10 each	8,418,223	5,715,593	719,779	478,794
Conversion of a convertible bond	–	2,702,630	–	240,985
Issuance of shares (i)	478,067	–	39,845	–
At end of period/year				
Ordinary shares of HKD0.10 each	8,896,290	8,418,223	759,624	719,779

(i) Issuance of shares

On 25 December 2020, the Company entered into a subscription agreement with Nelson Innovation Limited (the "Subscriber"), a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of JD.com, Inc., pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for a total of 478,067,066 subscription shares at the subscription price of HKD1.67 per subscription share (the "Subscription").

The above Subscription has completed as all the conditions have been fulfilled on 4 February 2021. The gross proceeds from the Subscription was HKD798,372,000 (equivalent to approximately RMB665,403,000). 478,067,066 subscription shares, representing approximately 5.37% of the issued share capital of the Company as enlarged by the allotment and issuance of the subscription shares upon completion, have been allotted and issued by the Company under the general mandate.

Notes to the Unaudited Interim Financial Report

17 Capital, reserves and dividends (Continued)

(b) Shares held for share award scheme

On 28 August 2018, the Company adopted a share award scheme (the "Share Award Scheme") with a duration of ten years. The specific objectives of the Share Award Scheme are (i) to recognise the contributions by certain employees and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group. Up to 30 June 2021, the board of directors of the Company has not issued any shares or granted any awarded shares under the Share Award Scheme to any selected employees. During the six months ended 30 June 2021, no share was acquired from the market (six months ended 30 June 2020: 5,702,000 shares).

(c) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the interim period

There was no interim dividend declared attributable to the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the interim period

The directors of the Company did not recommend the payment of a final dividend attributable to the previous financial years during the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

18 Fair value measurement of financial instruments

Financial instruments measured at fair value

(i) Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

The Group has a team headed by the finance manager performing valuations for the financial instruments, including the unlisted equity securities. The team reports directly to the chief financial officer and the audit committee. A valuation report with analysis of changes in fair value measurement is prepared by the team at each interim and annual reporting date, and is reviewed and approved by the chief financial officer. Discussion of the valuation process and results with the chief financial officer and the audit committee is held twice a year, to coincide with the reporting dates.

Notes to the Unaudited Interim Financial Report

18 Fair value measurement of financial instruments (Continued)

Financial instruments measured at fair value (Continued)

(i) Fair value hierarchy (Continued)

	Fair value at 30 June 2021 RMB'000	Fair value measurements as at 30 June 2021 categorised into		Fair value at 31 December 2020 RMB'000	Fair value measurements as at 31 December 2020 categorised into	
		Level 2 RMB'000	Level 3 RMB'000		Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurements						
Financial assets measured at FVPL						
— Investment in Dili Fresh	270,652	—	270,652	314,397	—	314,397
— Derivative financial instruments embedded in investment in Dili Fresh	756,676	—	756,676	665,052	—	665,052
— Other financial instruments	50,793	50,793	—	—	—	—

During the six months ended 30 June 2021, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2020: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(ii) Valuation techniques and inputs used in Level 2 fair value measurements

The fair value is determined with reference to the quoted price provided by brokers/financial institutions.

(iii) Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs	Weighted average
Financial assets measured at FVPL			
— Investment in Dili Fresh	Market approach	Enterprise-value-to-sales multiple	0.78 (2020: 0.73)
		Discount for lack of marketability	30% (2020: 30%)
— Derivative financial instruments embedded in investment in Dili Fresh	Binomial options pricing model	Expected volatility	35.71% (2020: 38.07%)
		Expected probability	90% (2020: 85%)

Notes to the Unaudited Interim Financial Report

18 Fair value measurement of financial instruments (Continued)

Financial instruments measured at fair value (Continued)

(iii) Information about Level 3 fair value measurements (Continued)

The fair value of investment in Dili Fresh measured at FVPL are determined by market approach, within which enterprise-value-to-sales ("EV/Sales") multiple is adopted. EV/Sales multiple is derived from the average of the average and median of EV/Sales multiplies of listed comparable companies. Meanwhile, the fair value is adjusted with discount for lack of marketability and cash/(debt) and non-operating assets/(liabilities).

The fair value of derivative financial instruments embedded in investment in Dili Fresh measured at FVPL are determined by binomial options pricing model. In calculating the fair value, the key inputs for those parameters of the binomial options pricing model are expected volatility, exercise probability, the fair value of investment in Dili Fresh, exercise price of the option, contractual life, risk-free rate, credit yield and expected dividend rate.

The movements during the period in the balance of these Level 3 fair value measurements are as follows:

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Financial assets measured at FVPL:		
Investment in Dili Fresh and derivative financial instruments embedded in investment in Dili Fresh:		
At 1 January	979,449	923,838
Net unrealised gains on financial assets measured at FVPL	47,879	55,611
	1,027,328	979,449

19 Capital commitments

As at 30 June 2021 and 31 December 2020, the Group has the following commitments not provided for in the financial statements:

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Contracted for	192,959	112,061
Authorised but not contracted for	68	1,882
	193,027	113,943

Notes to the Unaudited Interim Financial Report

20 Material related party transactions and balances

(a) Material related party transactions

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Payment of rental expenses to related parties	(7,500)	(26,041)
Loans to related parties (i)	(224,060)	(365,000)
Repayment of loans to related parties (i)	31,318	–
Interest income from loans to related parties (i)	19,353	12,887
Income on providing financial guarantee (ii)	1,295	3,710
Repayment to related parties	–	(11,515)
Guarantees received from related parties (iii)	1,107,000	184,586
Guarantees revoked from related parties	(1,183,275)	–
Guarantees provided to related parties (ii)	(130,000)	(145,000)
Termination of guarantee for related parties	110,000	–

(i) As at 30 June 2021, the Group provided loans to Dili Fresh of RMB870,000,000. The amounts are interest bearing at 6% per annum with maturity dates from November 2021 to August 2022.

(ii) During the period ended 30 June 2021, the Group provided guarantees to certain bank loans of Dili Fresh amounting of RMB130,000,000 with financial guarantee income of RMB1,295,000 during the period. As at 30 June 2021, the total guarantees provided to Dili Fresh amounting of RMB185,000,000.

(iii) As at 30 June 2021, Mr. Dai Yongge and Shouguang Agricultural Produce Logistic Park Co., Ltd., a wholly-owned subsidiary of New Amuse Limited, provided guarantees to certain bank loans of the Group amounting of RMB1,107,000,000.

(b) Related party balances

	Note	At 30 June	At 31 December
		2021 RMB'000	2020 RMB'000
Amounts due from related parties			
— Dili Fresh	12	892,292	700,937

Independent Review Report

Review report to the board of directors of China Dili Group

(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 19 to 43 which comprises the consolidated statement of financial position of China Dili Group as of 30 June 2021 and the related consolidated statement of profit or loss, statement of profit or loss and other comprehensive income and statement of changes in equity and condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim financial reporting*, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2021 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim financial reporting*.

KPMG

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

26 August 2021