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中国地利集团
China Dili Group

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

INSIDE INFORMATION

(1) LITIGATION CLAIMS AGAINST SUBSIDIARIES OF THE COMPANY; AND (2) CONTINUED SUSPENSION OF TRADING

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

LITIGATION CLAIMS AGAINST SUBSIDIARIES OF THE COMPANY

The Group recently noted that two litigation claims (the “**Claims**”, and each a “**Claim**”) had been brought in the People’s Republic of China (the “**PRC**”) by a bank in the PRC (the “**Claimant Bank**”) each against among others, two subsidiaries of the Company namely Guiyang Dili Agricultural Produce Logistic Park Co., Ltd. (貴陽地利農產品物流園有限公司) (“**Guiyang Dili**”) and Harbin Hada Agricultural and Side Products Joint Stock Co., Ltd. (哈爾濱哈達農副產品股份有限公司) (“**Harbin Hada**”), each of which was alleged to have provided guarantees as a guarantor of two bank loans, the borrowers of such bank loans being third party companies. A controlling shareholder of the Company, Mr. Dai Yongge (“**Mr. Dai**”) and companies in the PRC were also defendants in the Claims. Based on information set out in the claim documents, the total amounts claimed by the Claimant Bank against the relevant defendants were approximately RMB804.7 million (with respect to the first Claim) and approximately RMB2,735.3 million (with respect to the second Claim), respectively.

Based on information in the Claims, the guarantee contracts alleged to have been entered into by Guiyang Dili and Harbin Hada were dated December 2019 and at the prevailing time, neither Guiyang Dili nor Harbin Hada was a subsidiary of the Company, but companies indirectly controlled by a close associate (as defined under the Listing Rules) of Mr. Dai. The Group acquired the entire interest in Guiyang Dili and Harbin Hada through an acquisition that was announced in April 2020 and completed in August 2020. Based on the due diligence reports obtained by the Group for the purpose of such acquisition and the enterprise credit report from the Credit Reference Center, The People’s Bank of China (中國人民銀行徵信中心), the existence of the said guarantees by Guiyang Dili and Harbin Hada were not revealed as at the time of the said acquisition.

PRC legal counsel had been engaged to advise on the Claims and vigorously defend against the Claims on behalf of Guiyang Dili and Harbin Hada, particularly on the lack of proper authority in executing the guarantee contracts.

CONTINUED SUSPENSION OF TRADING

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

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

By Order of the Board
China Dili Group
Wang Yan
Chairman

Hong Kong, 9 January 2024

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