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**中国地利集团**  
**China Dili Group**

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

**(1) QUARTERLY UPDATE ON RESUMPTION PROGRESS;  
AND  
(2) CONTINUED SUSPENSION OF TRADING**

This announcement is made by China Dili Group (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to the inside information provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), Rules 13.09 and 13.24A of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

References are made to the announcements of the Company (i) dated 28 October 2022 in relation to the suspension of trading in all securities of the Company on the Stock Exchange; (ii) dated 28 October 2022 in relation to inside information of the Company; (iii) dated 30 November 2022 in relation to the Initial Resumption Guidance received from the Stock Exchange; (iv) dated 12 December 2022 in relation to the appointment of an independent investigator; (v) dated 27 January 2023 in relation to the quarterly update on resumption progress; (vi) dated 28 March 2023 in relation to the expected delay in publication of annual results for the year ended 31 December 2022 and expected delay in despatch of the 2022 annual report; (vii) dated 14 April 2023 in relation to the Additional Resumption Guidance received from the Stock Exchange and the quarterly update on resumption progress; (viii) dated 27 July 2023 in relation to the quarterly update on resumption progress; (ix) dated 18 August 2023 in relation to the key findings of the Independent Investigation and the appointment of independent internal control consultant; (x) dated 30 August 2023 in relation to the further delay in publication of annual results for the year ended 31 December 2022 and in despatch of the 2022 annual report, expected delay in publication of interim results for the six months ended 30 June 2023 and in despatch of the 2023 interim report, and postponement of the 2023 annual general meeting; (xi) dated 27 October 2023 in relation to the quarterly update on resumption progress; (xii) dated 29 December 2023 in relation to the recent freezing of the Group’s onshore bank deposits; (xiii) dated 9 January 2024 in relation to update on litigation claims; and (xiv) dated 9 January 2024 in relation to litigation claims against subsidiaries of the Company (collectively, the “**Announcements**”). Unless otherwise stated, capitalised terms used in this announcement shall have the same meanings as defined in the Announcements.

The purpose of this announcement is to inform the Company’s shareholders and potential investors of the progress of actions recently taken by the Company in connection with fulfilling the Resumption Guidance and the latest development of the Group’s business operations.

## UPDATE ON BUSINESS OPERATIONS

The Group is principally engaged in the operation of ten agriculture wholesale markets in seven cities in the People's Republic of China. Since the suspension of trading in the securities of the Company and up to the date of this announcement, despite the recent freezing of the Group's onshore bank deposits, the Group is carrying on its business operations as usual in all material respects and will continue to closely monitor its financial position and business operations. Further, in consideration of the recent macro-economic environment in the People's Republic of China and with a view of optimising its cost structure and enhancing its operating efficiency, the Group has recently implemented a series of cost-saving measures, including but not limited to reducing personnel cost and streamlining less-profitable or non-profitable business lines.

Reference is made to the announcement of the Company dated 29 December 2023 (the "**December 2023 Announcement**") in relation to the recent freezing of the Group's onshore bank deposits. As disclosed in the December 2023 Announcement, the total onshore bank deposits which were frozen as at the date of the December 2023 Announcement amounted to approximately RMB612.0 million, with the Recently Frozen Deposits amounting to approximately RMB444.8 million. The remaining approximately RMB167.2 million frozen onshore bank deposits as at the date of the December 2023 Announcement comprise of (a) approximately RMB61.0 million frozen as a result of (1) the civil rulings in respect of the Guarantees (as mentioned in the announcement of the Company dated 28 October 2022, the "**2022 Civil Rulings**"), and (2) customers of the Group subsequently depositing into such bank accounts; (b) approximately RMB101.4 million frozen pursuant to civil rulings from a PRC court in 2023 (the "**2023 Civil Rulings**"), among which approximately RMB31.4 million were released thereafter; and (c) approximately RMB36.2 million frozen for reasons unknown to the Group.

As at the date of this announcement, save for those relating to the (a) 2022 Civil Rulings and the underlying claims; and (b) the 2023 Civil Rulings, the Group has not received any notice and/or documents in respect of the aforementioned frozen onshore bank deposits nor has it received any other indication and/or notification from any party (including courts in the PRC) indicating the reason(s) for such freezing action. The Group is still ascertaining the facts and circumstances leading to and the reasons for the freezing of the relevant onshore deposits.

While the frozen onshore bank deposits mentioned above are not expected to have any imminent material adverse impact on the business operations of the Group, the Company cannot rule out the following potential future impacts as a result of the frozen onshore bank deposits mentioned above, though not yet materialised as at the date of this announcement:

- (i) a possible decrease in the level of revenue generated through wholesale markets and cashflow for business operations;
- (ii) increased difficulty in obtaining new and/or renewing existing financing from banks and/or financial institutions;
- (iii) increased difficulty in implementing business expansion plans of the Group, which require heavy capital outlay;
- (iv) the need for re-planning of capital expenditures of the Group; and
- (v) damage to the Group's reputation and goodwill, leading to the decreased confidence of customers and suppliers in the Group and hence reduced business opportunities.

## UPDATE ON RESUMPTION PROGRESS

As disclosed in the announcements of the Company dated 30 November 2022 and 14 April 2023, the Stock Exchange has set out the following Resumption Guidance for the Company:

- (i) conduct an appropriate independent forensic investigation into the circumstances giving rise to the Guarantees and the Claims and the extent of other guarantee obligations undertaken by the Group, announce the findings and take appropriate remedial actions;
- (ii) demonstrate that there is no reasonable regulatory concern about the management integrity and/or the integrity of any persons with substantial influence over the Company's management and operations, which may pose a risk to investors and damage market confidence;
- (iii) conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to meet its obligations under the Listing Rules;
- (iv) publish all outstanding financial results required under the Listing Rules and address any audit modifications; and
- (v) announce all material information for the Company's shareholders and investors to appraise its position.

The Board would like to provide the following updates on the status of the satisfaction of the resumption conditions pursuant to the Resumption Guidance.

With regard to the Independent Investigation, the Independent Investigator issued a report of the Independent Investigation to the independent investigation committee of the Company, the findings of which have been disclosed in the announcement of the Company dated 18 August 2023. Based on such findings, the Board considers that there is no evidence showing any concerns over the integrity and of the current management of the Company and/or any persons with substantial influence over the Company's management and operations, which may pose a risk to investors and damage market confidence. Nonetheless, in view of the claims mentioned in the announcement of the Company dated 9 January 2024 in relation to litigation claims against subsidiaries of the Company (the "**2024 Claims**"), the Company expects to conduct further independent forensic investigation into the circumstances giving rise to the guarantee contracts alleged to have been entered into by two subsidiaries of the Company and involved in the 2024 Claims and the extent of further guarantee obligations undertaken by the Group, and will announce the findings and take appropriate remedial actions, if any.

With regard to the independent internal control review, on 18 August 2023, the Board has appointed Grant Thornton Advisory Services Limited as the internal control consultant of the Company for the purpose of conducting the Internal Control Review and making appropriate recommendations. As at the date of this announcement, the internal control consultant has provided a close-to-final draft report of the Internal Control Review, which is being reviewed by the Company. The Company expects that the final report of the Internal Control Review will be finalised in or around February 2024.

With regard to the outstanding financial results required under the Listing Rules, as set out in the announcements of the Company dated 28 March 2023 and 30 August 2023, completion of the audit procedures by the Auditors of the 2022 Annual Results is subject to the resolution of certain matters for which more information and/or explanation is required. The Company is still working closely with the Auditors for the provision of necessary documentation and information as requested such that the Auditors can complete its audit process of the 2022 Annual Results as soon as practicable. Due to the delay in the publication of the 2022 Annual Results, the Company was unable to publish its 2023 Interim Results. The expected dates of the publication of the 2022 Annual Results and the 2023 Interim Results will need to be agreed upon with the Auditors and the Company will further announce once the said dates are finalised. The Company will use its best endeavours to complete and publish the 2022 Annual Results and the 2023 Interim Results to inform its shareholders and the public of the information in appraising the financial position of the Group.

Since suspension of trading in all securities of the Company on 28 October 2022, the Company has kept its shareholders and potential investors informed of all material information in relation to the Independent Investigation, the independent internal control review, the Resumption Guidance and other relevant updates and progresses by way of announcements. The Company will continue to publish further announcement(s) on the material development and progress in relation to the independent internal control review and the fulfilment of the Resumption Guidance as and when appropriate.

#### **CONTINUED SUSPENSION OF TRADING**

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

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

By Order of the Board  
**China Dili Group**  
**Wang Yan**  
*Chairman*

Hong Kong, 26 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.*