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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; (xiv) dated 9 January 2024 in relation to litigation claims against subsidiaries of the Company; (xv) dated 26 January 2024 in relation to the quarterly update on resumption progress; (xvi) dated 28 March 2024 in relation to the Further Resumption Guidance received from the Stock Exchange; (xvii) dated 28 March 2024 in relation to the further delay in publication of annual results for the year ended 31 December 2022 and interim results for the six months ended 30 June 2023 and in despatch of the 2022 annual report and the 2023 interim report, and expected delay in publication of annual results for the year ended 31 December 2023 and in despatch of the 2023 annual report; and (xviii) dated 12 April 2024 in relation to the key findings of the Internal Control Review (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.

UPDATE ON RESUMPTION PROGRESS

As disclosed in the announcements of the Company dated 30 November 2022, 14 April 2023 and 28 March 2024, 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;
- (v) re-comply with Rule 13.92 of the Listing Rules to meet the gender diversity requirement of the Board; and
- (vi) 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 "IC"), 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. Further to the announcement of the Company dated 26 January 2024, the Company engaged the Independent Investigator 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 (the “**Further Investigation**”). As at the date of this announcement, the Further Investigation is in progress and the report containing preliminary findings therefrom is expected to be available to the IC in or around late May 2024. The Company is working closely with the Independent Investigator, closely monitoring the progress of the Further Investigation, and will provide all necessary information and assistance to the Independent Investigator to expedite the Further Investigation.

With regard to the Internal Control Review, the Internal Control Consultant issued the Internal Control Report to the Board on 12 April 2024, which contains (among others) the findings of the Internal Control Review, recommendations of the Internal Control Consultant and the review results of the implementation status of the remedial actions in response to the recommendations made. The summary of the key findings of the Internal Control Review have been disclosed in the announcement of the Company dated 12 April 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, 30 August 2023 and 28 March 2024, 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. Furthermore, in view of the 2024 Claims and the ongoing Further Investigation, the audit procedures of the 2022 Annual Results have yet to be completed. 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 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 and 2023 Annual Results. The expected dates of the publication of the 2022 Annual Results, the 2023 Interim Results and the 2023 Annual 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, the 2023 Interim Results and the 2023 Annual Results to inform its shareholders and the public of the information in appraising the financial position of the Group.

With regard to re-complying with Rule 13.92 of the Listing Rules to meet the gender diversity requirement of the Board, as at the date of this announcement, the Company has identified a suitable candidate and is currently in the process of finalising the appointment details. Further announcement will be made by the Company as and when appropriate.

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 Further Investigation, the 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 Further Investigation and the fulfilment of the Resumption Guidance as and when appropriate.

On 26 April 2024, the Company submitted an application to the Stock Exchange for an extension of the remedial period for the Company to fulfil the conditions set out in the Resumption Guidance. As at the date of this announcement, the Company has not received the Stock Exchange’s reply on such application.

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
Dai Bin
Executive Director and Chief Executive Officer

Hong Kong, 26 April 2024

As at the date of this announcement, the Board comprises Mr. Dai Bin as executive director; 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.