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中国地利集团
China Dili Group

(formerly known as Renhe Commercial Holdings Company Limited 人和商業控股有限公司)*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1387)

ANNOUNCEMENT

POSITIVE PROFIT ALERT

This announcement is made by China Dili Group (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company and the potential investors that, based on a preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 December 2019 (the “**Accounts**”) and other information currently available to the Board, the Group expects to record a profit attributable to equity shareholders of the Company of not less than RMB550.0 million for the year ended 31 December 2019 compared to the loss attributable to equity shareholders of the Company of approximately RMB360.9 million recorded for the year ended 31 December 2018. The expected turnaround of the Group’s results is mainly attributable to:

- (i) the increase in revenue by approximately RMB292.4 million as compared to that of the year ended 31 December 2018, representing a year-on-year growth of approximately 26% due to the improvement of performance in agriculture wholesale markets as a whole and the acquisition of the Hangzhou business which was completed on 24 July 2018;
- (ii) the decrease in entertainment, legal and professional fee and trip expenses totaling RMB62.6 million as a result of taking effective cost control measures;
- (iii) the elimination of a loss on disposal of two aircrafts in December 2018 amounting to RMB188.3 million which had an one-off negative impact on the results of the Group for the year ended 31 December 2018;

* For identification purpose only

- (iv) the significant reduction in expenses incurred for the maintenance and usage of two aircrafts after their disposal as referred to in (iii). The related expenses arising from such aircrafts amounted to approximately RMB144.2 million for the year ended 31 December 2018; and
- (v) the estimated positive impact of approximately RMB323.2 million in adopting the International Financial Reporting Standards 16 (“**IFRS 16**”), *Leases*, to the results of the Group for the year ended 31 December 2019. This was calculated by comparing the results reported under IFRS 16 in the consolidated financial statements to the hypothetical amounts that would have been recognised under International Accounting Standards 17, *Leases*, should this superseded standard continue to apply in 2019 instead of IFRS 16 for the year ended 31 December 2019.

The Board would like to inform the shareholders of the Company that, in the past few weeks, the Company had been working towards finalising the Accounts and in discussions with its professional advisers on the accounting treatment of certain items in the Accounts. In this connection, the Company has sought to publish this announcement at its earliest possible opportunity.

The information contained in this announcement is only based on the Company’s assessment of the Accounts and the information currently available, and is not based on any figures or information audited or reviewed by the Company’s auditor. The figures are in the course of being reviewed and may therefore be subject to adjustments. The annual results announcement of the Group for the year ended 31 December 2019 is scheduled to be published on 26 March 2020.

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

By order of the Board
China Dili Group
Wang Yan
Chairman

Hong Kong, 23 March 2020

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