

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company and neither this announcement nor anything herein forms the basis for any contract or commitment whatsoever.



中国地利集团
China Dili Group

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1387)

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

THE SUBSCRIPTION

On 25 December 2020, the Company and the Subscriber entered into 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 HK\$1.67 per Subscription Share.

The Subscriber is a wholly-owned subsidiary of JD.com. JD.com 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 (stock code: 9618).

The number of 478,067,066 Subscription Shares represents:

- (a) approximately 5.68% of the issued share capital of the Company as at the date of this announcement; and
- (b) approximately 5.37% of the issued share capital of the Company as enlarged by the allotment and issuance of the Subscription Shares upon Completion (assuming there will be no other change in the issued share capital of the Company between the date of this announcement and the Completion Date).

The gross proceeds and the estimated net proceeds (after deduction of the relevant expenses and fees) from the Subscription will be HK\$798,372,000 and approximately HK\$796,572,000, respectively. The Company intends 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.

GENERAL MANDATE

The Subscription Shares will be allotted and issued under the General Mandate, which authorised the Directors to allot and issue up to 1,143,118,611 Shares. As at the date of this announcement, no Share has been allotted and issued under the General Mandate. Accordingly, the General Mandate is sufficient for the allotment and issuance of the Subscription Shares and therefore the Subscription is not subject to the approval of the Shareholders.

APPLICATION FOR LISTING

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange.

As Completion of the Subscription Agreement is subject to fulfilment and/or waiver (as appropriate) of the Conditions, the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

On 25 December 2020, the Company and the Subscriber entered into 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 HK\$1.67 per Subscription Share.

THE SUBSCRIPTION AGREEMENT

The principal terms of the Subscription Agreement are set out as follows:

Date

25 December 2020

Parties

- (1) the Company, as issuer; and
- (2) Nelson Innovation Limited, as subscriber.

The Subscription Shares

Pursuant to the terms and conditions of the Subscription Agreement, the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, 478,067,066 Subscription Shares at the Subscription Price of HK\$1.67 per Subscription Share.

The number of 478,067,066 Subscription Shares represents:

- (a) approximately 5.68% of the issued share capital of the Company as at the date of this announcement; and

- (b) approximately 5.37% of the issued share capital of the Company as enlarged by the allotment and issuance of the Subscription Shares upon Completion (assuming there will be no other change in the issued share capital of the Company between the date of this announcement and the Completion Date).

The aggregate nominal value of the Subscription Shares is HK\$47,806,706.6.

Ranking of the Subscription Shares

The Subscription Shares will, when issued and fully paid, rank *pari passu* in all respects among themselves and with the Shares in issue at the date of allotment and issuance of the Subscription Shares, including in respect of all dividends and distributions declared, made or paid on or after such date of allotment and issuance.

The Subscription Price

The Subscription Price of HK\$1.67 per Subscription Share represents:

- (a) a discount of approximately 16.50% to the closing price of HK\$2.000 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 13.29% to the average closing price of HK\$1.926 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and
- (c) a discount of approximately 12.98% to the average closing price of HK\$1.919 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day.

The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber with reference to the recent trading prices of the Shares, the current market conditions and the e-commerce market leading position and global reputation of JD.com.

The aggregate Subscription Price of HK\$798,372,000 will be payable by the Subscriber to the Company by bank transfer upon Completion.

The net proceeds from the Subscription, after deducting all related fees and expenses, are expected to be approximately HK\$796,572,000. The net price per Subscription Share, after deducting all such related fees and expenses, is therefore expected to be approximately HK\$1.67 per Subscription Share.

Conditions

Completion of the Subscription under the Subscription Agreement is conditional upon the satisfaction or waiver of the following Conditions:

- (i) the listing of and permission to deal in the Subscription Shares being granted by the Listing Committee of the Stock Exchange (and such permission and listing not subsequently being revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares to the Subscriber or its nominee);
- (ii) the warranties given by the Company in the Subscription Agreement remaining and continuing to be true and correct in all respects and not misleading as of the Completion Date (unless such warranties by their terms speak of an earlier date, in which case they should be true and correct as of such earlier date);
- (iii) the warranties given by the Subscriber in the Subscription Agreement remaining and continuing to be true and correct in all respects and not misleading as of the Completion Date (unless such warranties by their terms speak of an earlier date, in which case they should be true and correct as of such earlier date);
- (iv) the Shares remaining listed on the Main Board of the Stock Exchange at all times from the date of the Subscription Agreement, save for any suspension in trading not exceeding three consecutive trading days (except for any suspension for the purpose of clearing any announcement regarding the Subscription and the Subscription Agreement), or such longer period as the Subscriber may accept in writing;
- (v) the Company having performed and complied with certain obligations, covenants or undertakings under the Subscription Agreement that are required to be performed or complied with by it on or before Completion; and
- (vi) no material adverse effect on the Group having occurred since the date of the Subscription Agreement and up to the Completion Date.

Except for the Conditions set forth in paragraph (a) (which is not waivable by the parties) and paragraph (c) (which may be waived by the Company, in whole or in part, at any time by written notice to the Subscriber), any Condition may be waived by the Subscriber, in whole or in part, at any time by written notice to the Company.

If the Conditions are not fulfilled and/or waived (as appropriate) on or prior to the expiry of three (3) months after the date of the Subscription Agreement (the “**Long Stop Date**”), (i) either the Company or the Subscriber may terminate the Subscription Agreement by written notice to the other party; or (ii) at any time up to five (5) Business Days prior to the Long Stop Date, the Company and the Subscriber can mutually agree to extend the Long Stop Date to such later date not more than ninety (90) days after the Long Stop Date.

Completion

Completion shall take place on the tenth (10th) Business Day after the Conditions have been fulfilled or waived, or such other time as the Company and the Subscriber may agree.

GENERAL MANDATE

The Subscription Shares will be allotted and issued under the General Mandate, which authorised the Directors to allot and issue up to 1,143,118,611 Shares. As at the date of this announcement, no Share has been allotted and issued under the General Mandate. Accordingly, the General Mandate is sufficient for the allotment and issuance of the Subscription Shares and therefore the Subscription is not subject to the approval of the Shareholders.

APPLICATION FOR LISTING

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The table below sets out a summary of the shareholding structure of the Company (i) as at the date of this announcement and (ii) immediately after Completion (assuming there will be no other change in the issued share capital of the Company between the date of this announcement and the Completion Date):

	As at the date of this announcement		Immediately after Completion	
	<i>Number of Shares</i>	<i>Approximate percentage of issued share capital</i>	<i>Number of Shares</i>	<i>Approximate percentage of issued share capital</i>
Super Brilliant Investments Limited ⁽¹⁾	2,011,810,466	23.90%	2,011,810,466	22.61%
Gloss Season Limited ⁽¹⁾	15,912,000	0.19%	15,912,000	0.18%
Wealthy Aim Holdings Limited ⁽¹⁾	83,299,066	0.99%	83,299,066	0.94%
Mr. Dai Yongge	20,007,000	0.24%	20,007,000	0.22%
New Amuse Limited ⁽²⁾	3,514,336,975	41.75%	3,514,336,975	39.50%
Mr. Yin Jianhong ⁽³⁾	4,835,000	0.06%	4,835,000	0.05%
Spouse of Ms. Qin Xiang ⁽⁴⁾	800,000	0.01%	800,000	0.01%
The Subscriber	—	—	478,067,066	5.37%
Other public Shareholders	<u>2,767,222,207</u>	<u>32.87%</u>	<u>2,767,222,207</u>	<u>31.11%</u>
Total issued Shares	<u><u>8,418,222,714</u></u>	<u><u>100.00%</u></u>	<u><u>8,896,289,780</u></u>	<u><u>100.00%</u></u>

Notes:

- (1) Each of Super Brilliant Investments Limited, Gloss Season Limited and Wealthy Aim Holdings Limited is wholly-owned by Mr. Dai Yongge.
- (2) New Amuse Limited is wholly-owned by Ms. Zhang Xingmei, the spouse of Mr. Dai Yongge.
- (3) Mr. Yin Jianhong is a non-executive Director.

(4) Ms. Qin Xiang is an executive Director.

(5) Any discrepancies in the above table between totals and sums of figures are due to rounding.

EQUITY FUND RAISING ACTIVITIES BY THE COMPANY IN THE PAST 12 MONTHS

Save as disclosed below, the Company has not conducted any equity fund raising activities in the past 12 months immediately preceding the date of this announcement:

Date of announcement	Equity fund raising activity	Intended use of proceeds	Actual use of proceeds
27 April 2020	Issuance of HK\$4,405,286,344 convertible bond under specific mandate for the issuance of the Shares convertible from the convertible bond	The convertible bond was intended to be issued for the full settlement of the consideration of RMB4.0 billion payable by the Company for the acquisition of the entire issued share capital of United Progress Group Limited.	The acquisition of the entire issued share capital of United Progress Group Limited was completed on 21 August 2020. The convertible bond was issued and fully converted into 2,702,629,658 Shares on the same day.

INFORMATION ON THE GROUP

The Group is principally engaged in business operations of ten agriculture wholesale markets in seven cities in the PRC namely Hangzhou, Shenyang, Harbin, Guiyang, Shouguang, Qiqihar and Mudanjiang, which provide trading platforms for traders, wholesalers and distributors to buy and sell primarily vegetables and also fruits, seafood, meat, grain and oil and other food produce.

INFORMATION ON THE SUBSCRIBER

The Subscriber is a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of JD.com.

JD.com is an exempted company incorporated under the laws of the Cayman Islands. Its American depositary shares are listed on Nasdaq under the symbol “JD” and its shares are listed on the Main Board of the Stock Exchange (stock code: 9618). JD.com is a leading technology driven e-commerce company transforming to become a leading supply chain-based technology and service provider. According to Fortune Global 500, JD.com is the largest retail company in the PRC by total revenue in 2019, offering a wide range of product categories through its online retail business, including electronic products, home appliances and a large variety of other general merchandise categories.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Subscriber and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AND USE OF PROCEEDS

The Board is of the view that 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, the Board believes that the Subscription will also create synergies between the businesses of the Group and JD.com and facilitate future development and business growth of the Group.

The Directors consider that the terms of the Subscription Agreement (including the Subscription Price), which are determined after arm's length negotiations between the Company and the Subscriber, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The gross proceeds and the estimated net proceeds (after deduction of the relevant expenses and fees) from the Subscription will be HK\$798,372,000 and approximately HK\$796,572,000, respectively. The Company intends 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.

GENERAL

As Completion of the Subscription Agreement is subject to fulfilment and/or waiver (as appropriate) of the Conditions, the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Board”	the board of Directors
“Business Days”	any day (excluding Saturday and Sunday, public or statutory holiday and days on which a typical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks are generally open for business in Hong Kong
“Company”	China Dili Group (stock code: 1387), a company incorporated in the Cayman Islands whose members' liability is limited, the Shares of which are listed on the Stock Exchange

“Completion”	completion of the Subscription pursuant to the Subscription Agreement
“Completion Date”	the date on which Completion takes place
“Conditions”	the conditions precedent to Completion under the Subscription Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted by the Shareholders to the Directors at the annual general meeting of the Company held on 19 May 2020, under which the Directors were authorised to allot, issue and deal with up to a maximum of 1,143,118,611 Shares (being 20% of the issued share capital of the Company at the date of the passing of the relevant resolution)
“Group”	the Company and its subsidiaries (from time to time)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JD.com”	JD.com, Inc., an exempted company incorporated under the laws of the Cayman Islands and 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 (stock code: 9618)
“Last Trading Day”	24 December 2020, being the last trading day prior to the signing of the Subscription Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the holder(s) of the Shares
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Nelson Innovation Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of JD.com
“Subscription”	the subscription by the Subscriber of the Subscription Shares to be allotted and issued by the Company at the Subscription Price pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 25 December 2020 entered into between the Company and the Subscriber in relation to the Subscription
“Subscription Price”	HK\$1.67 per Subscription Share
“Subscription Shares”	478,067,066 new Shares to be issued and allotted by the Company to the Subscriber pursuant to the Subscription Agreement
“%”	per cent.

By order of the Board
China Dili Group
Wang Yan
Chairman

Hong Kong, 25 December 2020

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 as non-executive Director and Mr. Fan Ren-Da, Anthony, Mr. Wang Yifu, Mr. Leung Chung Ki and Mr. Tang Hon Man as independent non-executive Directors.