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**GREEN FUTURE FOOD HYDROCOLLOID MARINE  
SCIENCE COMPANY LIMITED**

**綠新親水膠體海洋科技有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1084)**

**DISCLOSEABLE AND CONNECTED TRANSACTIONS  
AT SUBSIDIARY LEVEL**

**ACQUISITION OF 39% EQUITY INTEREST IN LVQI (SHANGHAI)  
DISPOSAL OF 51% EQUITY INTEREST IN BRILLIANT (SHANGHAI)**

On 25 March 2022, members of the Group entered into the Equity Transfer Agreements for the Equity Acquisition and the Equity Disposal. The purpose of entering into the Equity Transfer Agreements is to streamline the business activities undertaken by the Group in Shanghai.

**Equity Acquisition**

Greenfresh (Fujian) has entered into the Equity Acquisition Agreement pursuant to which Greenfresh (Fujian) will acquire from Shanghai Quanyue and Mr. Feng 35.0% and 4.0% of the equity interest in Lvqi (Shanghai), respectively, for an aggregate cash consideration of RMB1.58 million (equivalent to HK\$1.94 million). The Equity Acquisition is expected to complete not later than 30 June 2022, following which Lvqi (Shanghai) will become a wholly-owned subsidiary of the Company.

**Equity Disposal**

Green Brilliant has entered into the Equity Disposal Agreement pursuant to which it will sell to Junxi Industrial 51.0% of the equity interest in Brilliant (Shanghai) for a cash consideration of HK\$12.7 million. The Equity Disposal is expected to complete not later than 30 June 2022, following which members of the Group will not hold any equity interest in Brilliant (Shanghai), and it will cease to be a member of the Group.

## **Implications under the Listing Rules**

As the counterparties to the Equity Transfer Agreements are directly and indirectly controlled by the same individual, they will be aggregated for the purpose of computing the relevant percentage ratios (as defined under the Listing Rules) under Rules 14A.81 and 14.22 of the Listing Rules. On an aggregated basis, the highest applicable percentage ratio (as defined under the Listing Rules) in relation to the Equity Transfer Agreements exceeds 5% but is less than 25%, the Equity Disposal and the Equity Acquisition constitute discloseable transactions for the Company and are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

Further, the Equity Acquisition and the Equity Disposal also constitute connected transactions for the Company as the definitive agreements for both of which, namely the Equity Acquisition Agreement and the Equity Disposal Agreement, are entered into with connected persons of the Company at the subsidiary level. As the Board has approved the Equity Acquisition and the Equity Disposal, and the Directors (including the independent non-executive Directors) have confirmed that the terms of each of the Equity Transfer Agreements (including the amount of the consideration) are negotiated on an arm's length basis on normal commercial terms and are fair and reasonable which are in the interests of the Company and its shareholders as a whole, by virtue of Rule 14A.101 of the Listing Rules, the Equity Acquisition and the Equity Disposal are subject to the reporting and announcement requirements, and are exempt from the circular, independent financial advice and independent shareholders' approval requirements. None of the Directors has any interest in the Equity Acquisition and the Equity Disposal and is required to abstain from voting on the matters at the relevant meeting of the Board.

On 25 March 2022, members of the Group entered into the Equity Transfer Agreements for the Equity Acquisition and the Equity Disposal. The purpose of entering into the Equity Transfer Agreements is to streamline the business activities undertaken by the Group in Shanghai.

## **THE EQUITY ACQUISITION**

### **Principal terms of the Equity Acquisition Agreement**

The following sets forth the principal terms and conditions of the Equity Acquisition Agreement:

**Date** : 25 March 2022

- Parties** : (1) Greenfresh (Fujian), as purchaser;
- (2) Shanghai Quanyue, as vendor of 35.0% of the equity interest; and
- (3) Mr. Feng, as vendor of 4.0% of the equity interest.
- Subject matter** : 39.0% of the equity interest in Lvqi (Shanghai).
- Purchase price** : The total purchase price shall be RMB1.58 million (equivalent to HK\$1.94 million), of which:
- (1) RMB1.42 million payable to Shanghai Quanyue for the acquisition of 35.0% of the equity interest in Lvqi (Shanghai); and
- (2) RMB163,000 payable to Mr. Feng for the acquisition of 4.0% of the equity interest in Lvqi (Shanghai).
- The total purchase price has been determined following arm's length negotiations between the parties and on normal commercial terms with reference to net assets of Lvqi (Shanghai) and the valuation of comparable companies in similar business.
- Payment terms** : The total purchase price shall be paid by Greenfresh (Fujian) within 60 business days from the date of the Equity Acquisition Agreement.
- Completion** : Completion of the Equity Acquisition is scheduled to take place upon completion of all necessary filing and registration procedures with the relevant PRC authorities in connection with the Equity Acquisition, which is expected to be completed not later than 30 June 2022.

## Financial information on Lvqi (Shanghai)

Based on the financial information available to the Board, the net asset value of Lvqi (Shanghai) as of 31 December 2021 amounted to RMB6.17 million (equivalent to HK\$7.59 million) and the net profit of Lvqi (Shanghai) before and after taxation for the two years ended 31 December 2021 are as follows:

	Year ended 31 December	
	2020 (audited) <i>(in RMB millions)</i>	2021 (audited) <i>(in RMB millions)</i>
Net profit before taxation	0.49 (equivalent to HK\$0.6 million)	2.16 (equivalent to HK\$2.66 million)
Net profit after taxation	0.45 (equivalent to HK\$0.55 million)	1.98 (equivalent to HK\$2.43 million)

Lvqi (Shanghai) was initially established by Greenfresh (Fujian), Shanghai Quanyue and Mr. Feng with registered capital amounted to RMB10.0 million. Prior to the Equity Acquisition, the performance and the financial position of Lvqi (Shanghai) have been consolidated into the financial statements of the Group. Following completion of the Equity Acquisition, Lvqi (Shanghai) will become a wholly-owned subsidiary of the Company with its performance and financial position to continue to be consolidated into the financial statements of the Group.

## THE EQUITY DISPOSAL

### Principal terms of the Equity Disposal Agreement

The following sets forth the principal terms and conditions of the Equity Disposal Agreement:

<b>Date</b>	:	25 March 2022
<b>Parties</b>	:	(1) Green Brilliant, as vendor; and (2) Junxi Industrial, as purchaser.
<b>Subject matter</b>	:	51.0% of the equity interest in Brilliant (Shanghai).

- Selling price** : The selling price shall be HK\$12.7 million. The selling price has been determined following arm's length negotiations between the parties and on normal commercial terms with reference to the net assets of Brilliant (Shanghai) and the valuation of comparable companies in similar business.
- Payment terms** : The selling price shall be paid by Junxi Industrial in one lump sum within 90 days from the date on which Brilliant (Shanghai) submits the application for a change of business registration to the relevant PRC authority. The application must take place no later than 30 April 2022.
- Completion** : Completion of the Equity Disposal is scheduled to take place upon completion of all necessary filing and registration procedures with the relevant PRC authorities in connection with the Equity Disposal, which is expected to be completed not later than 30 June 2022.

### **Financial information on Brilliant (Shanghai)**

Based on the financial information available to the Board, the net asset value of Brilliant (Shanghai) as of 31 December 2021 amounted to RMB20.02 million (equivalent to HK\$24.62 million) and the net profit of Brilliant (Shanghai) before and after taxation for the period from 2 March 2020 to 31 December 2020 and the year ended 31 December 2021 are as follows:

	<b>From 2 March 2020 to 31 December 2020 (audited) (in RMB millions)</b>	<b>Year ended 31 December 2021 (audited) (in RMB millions)</b>
Net (loss) before taxation	(2.45) (equivalent to HK\$(3.01) million)	(0.031) (equivalent to HK\$(0.038) million)
Net (loss) after taxation	(2.45) (equivalent to HK\$(3.01) million)	(0.031) (equivalent to HK\$(0.038) million)

Brilliant (Shanghai) was initially established by Green Brilliant and Junxi Industrial as to 51.0% and 49.0%, respectively, with the registered capital of RMB15.0 million contributed by them on a pro rata basis. Prior to the Equity Disposal, the performance and the financial position of Brilliant (Shanghai) have been consolidated into the financial statements of the Group with deduction of the minority interests. Following completion of the Equity Disposal, Brilliant (Shanghai) will cease to be a subsidiary of the Company with no equity interest held by the Company.

## **FINANCIAL IMPACT OF THE EQUITY TRANSFER TRANSACTIONS**

Following completion of the Equity Acquisition, Lvqi (Shanghai) will become a wholly-owned subsidiary of the Company. The performance and the financial position of Lvqi (Shanghai) will continue to be consolidated into the financial statements of the Group. As the amount of the purchase price is insignificant to the Group, so as the performance and the financial position of Lvqi (Shanghai) over the last two years ended 31 December 2021, the Directors do not expect that the Equity Acquisition will have any material impact on the financial position of the Group. The purchase price will be settled out of the internal financial resources of the Group.

The Directors do not expect that the Equity Disposal will have any material impact on the financial position of the Group. The proceeds received from the Equity Disposal will be used as general working capital of the Group.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUITY TRANSFER AGREEMENTS**

Lvqi (Shanghai) was established in February 2018 for the purpose of conducting trading business of the products of the Group (which include, but without limitation to, deep-processed agar-agar and blended products) in Shanghai. Brilliant (Shanghai) was established in March 2020 for similar trading business activities in addition to its capability to undertake follow-on product research and development projects in Shanghai. Following the review of the business activities undertaken by different members of the Group in the PRC, the Directors consider that it would be more appropriate for the Group to use one corporate entity to conduct its trading business in Shanghai and that all product research and development projects would be coordinated and undertaken by the existing facilities/business presence of the Group in Fujian Province, the PRC. Against this background, the negotiations on the Equity Acquisition and the Equity Disposal were initiated, and the Equity Transfer Agreements have been entered into for the purpose of streamlining the Group's business operations in Shanghai.

## **GENERAL INFORMATION**

### **Information on the Group and subsidiaries of the Company involved**

#### *The Group*

The Group is principally engaged in the production of seaweed-based and plant-based hydrocolloid products. The Company operates its business through four segments: the production and sales of (a) carrageenan, (b) agar-agar, (c) blended products and (d) konjac products. The Group's hydrocolloid products have the properties of gelling and thickening in food producing and processing for improving the shelf-life and quality attributes of food, and are used in food applications and industries including jellies and dessert, meat products, dairy products, and beverages.

#### *Green Brilliant*

Green Brilliant is a wholly-owned subsidiary of the Company and an investment holding company.

#### *Greenfresh (Fujian)*

Greenfresh (Fujian) is a wholly-owned subsidiary of the Company and its business activities are production and sales of carrageenan, agar-agar and their blended products.

### **Information on other parties involved**

#### *Shanghai Quanyue*

Shanghai Quanyue is owned as to 90% by Mr. Zhang and 10% by another individual, who is an Independent Third Party. The Directors understand that the principal business activities of Shanghai Quanyue are investment holding and business and financial consulting.

#### *Mr. Feng*

Mr. Feng is a PRC individual, who is an Independent Third Party and independent from Mr. Zhang.

#### *Junxi Industrial*

Junxi Industrial is owned as to 60% by Mr. Zhang and 40% by Shanghai Quanyue. The Directors understand that Junxi Industrial is an investment holding company.

## **IMPLICATIONS UNDER THE LISTING RULES**

To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, 90% of the equity interest in Shanghai Quanyue and 60% of the equity interest in Junxi Industrial is held by Mr. Zhang. As the counterparties to the Equity Transfer Agreements are directly and indirectly controlled by the same individual, they will be aggregated for the purpose of computing the relevant percentage ratios (as defined under the Listing Rules) under Rules 14A.81 and 14.22 of the Listing Rules. On an aggregated basis, the highest applicable percentage ratio (as defined under the Listing Rules) in relation to the Equity Transfer Agreements exceeds 5% but is less than 25%, the Equity Disposal and the Equity Acquisition constitute discloseable transactions for the Company and are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

As of the date of this announcement, Shanghai Quanyue is a substantial shareholder of Lvqi (Shanghai) and accordingly is a connected person of the Company at the subsidiary level under the Listing Rules. As of the date of this announcement, Junxi Industrial is a substantial shareholder of Brilliant (Shanghai) and a connected person of the Company at the subsidiary level under the Listing Rules. Accordingly, each of the Equity Acquisition and the Equity Disposal constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As (i) the Equity Transfer Agreements are entered into with connected persons of the Company at the subsidiary level; (ii) the Board has approved the Equity Acquisition and the Equity Disposal; and (iii) the Directors (including the independent non-executive Directors) have confirmed that the terms of each of the Equity Transfer Agreements (including the amount of the consideration) are negotiated on an arm's length basis on normal commercial terms and are fair and reasonable which are in the interests of the Company and its shareholders as a whole, by virtue of Rule 14A.101 of the Listing Rules, the Equity Acquisition and the Equity Disposal are subject to the reporting and announcement requirements, and are exempt from the circular, independent financial advice and independent shareholders' approval requirements. None of the Directors has any interest in the Equity Acquisition and the Equity Disposal and is required to abstain from voting on the same at the relevant meeting of the Board.

## **DEFINITIONS USED IN THIS ANNOUNCEMENT**

Unless the context requires otherwise, the capitalised terms used in this announcement shall have the following meanings:

“associate(s)” has the meaning ascribed to it under the Listing Rules;



“Board”	means the board of Directors;
“Brilliant (Shanghai)”	means Brilliant Bioscience (Shanghai) Co., Ltd.* (晟溪生物科技(上海)有限公司), a company established in the PRC with limited liability on 2 March 2020 and currently a 51%-owned subsidiary of the Company prior to completion of the Equity Disposal;
“Company”	means Green Future Food Hydrocolloid Marine Science Company Limited (綠新親水膠體海洋科技有限公司), a company incorporated in the Cayman Islands with limited liability, and the shares of which are listed on the Stock Exchange (stock code: 1084);
“connected person(s)”	has the meaning given to it under the Listing Rules;
“Director(s)”	means the director(s) of the Company;
“Equity Acquisition”	means the acquisition of an aggregate of 39.0% equity interest in Lvqi (Shanghai) by Greenfresh (Fujian) from Shanghai Quanyue (as to 35.0%) and Mr. Feng (as to 4.0%) pursuant to the Equity Acquisition Agreement;
“Equity Acquisition Agreement”	means the sale and purchase agreement dated 25 March 2022 entered into between Greenfresh (Fujian) (as purchaser), Shanghai Quanyue (as vendor) and Mr. Feng (as vendor) for the Equity Acquisition;
“Equity Disposal”	means the disposal of 51.0% equity interest in Brilliant (Shanghai) by Green Brilliant to Junxi Industrial pursuant to the Equity Disposal Agreement;
“Equity Disposal Agreement”	means the sale and purchase agreement dated 25 March 2022 entered into between Green Brilliant (as vendor) and Juxi Industrial (as purchaser) for the Equity Disposal;
“Equity Transfer Agreements”	refers to the Equity Acquisition Agreement and the Equity Disposal Agreement;

“Green Brilliant”	means Green Brilliant Limited (綠晟有限公司), a company incorporated in Hong Kong on 28 November 2019 and a wholly-owned subsidiary of the Company;
“Greenfresh (Fujian)”	means Green Fresh (Fujian) Foodstuff Co., Ltd.* (綠新(福建)食品有限公司), a company established in the PRC with limited liability on 8 November 2007 and a wholly-owned subsidiary of the Company;
“Group”	means the Company and its subsidiaries;
“Hong Kong dollars” or “HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	means The Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Party(ies)”	means third party(ies) independent of and not connected with the Company, its connected persons and their respective associates;
“Junxi Industrial”	means Junxi Industrial (Shanghai) Co., Ltd.* (郡溪實業(上海)有限公司), a company established in the PRC with limited liability and is owned as to 60.0% by Mr. Zhang and 40.0% by Shanghai Quanyue;
“Listing Rules”	means The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Lvqi (Shanghai)”	means Lvqi Trading (Shanghai) Company Ltd.* (綠麒商貿(上海)有限公司), a company established in the PRC with limited liability on 9 February 2018 and a 61%-owned subsidiary of the Company prior to completion of the Equity Acquisition;
“Mr. Feng”	means Mr. FENG Shifei (馮世飛), an Independent Third Party and one of the vendors in the Equity Acquisition Agreement;

“Mr. Zhang”	means Mr. ZHANG Jianguo (張建國), a connected person at the subsidiary level of the Company and the ultimate beneficial owner of 90.0% equity interest of Shanghai Quanyue and 60.0% equity interest of Junxi Industrial;
“PRC”	means The People’s Republic of China which for the purpose of this announcement does not include Hong Kong, The Macau Special Administrative Region of The People’s Republic of China and Taiwan;
“Renminbi” or “RMB”	means Renminbi, the lawful currency of the PRC;
“Shanghai Quanyue”	means Shanghai Quanyue Investment Management Co., Ltd.* (上海泉岳投資管理有限公司), a company established in the PRC with limited liability, and is owned as to 90.0% by Mr. Zhang;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“subsidiary” or “subsidiaries”	has the meaning given to it under the Listing Rules;
“substantial shareholder(s)”	has the meaning given to it under the Listing Rules; and
“%”	means per cent.

By order of the Board  
**Green Future Food Hydrocolloid Marine Science Company Limited**  
**CHAN Kam Chung**  
*Chairman and Chief Executive Officer*

Hong Kong, 25 March 2022

\* *For identification purpose only*

*For the purpose of this announcement and illustration only, conversions of RMB into HK\$ are based on the approximate exchange rate of RMB1.00 to HK\$1.23. No representation is made that any amount in RMB or HK\$ could have been or could be converted at the above rate or at any other rates.*

*As of the date of this announcement, the Board comprises Mr. CHAN Kam Chung (Chairman and Chief Executive Officer), Mr. GUO Dongxu, Mr. CHAN Shui Yip and Mr. SHE Xiaoying as executive Directors, Mr. GUO Songsen as non-executive Director and Mr. HO Kwai Ching, Mark, Mr. NG Man Kung and Mr. HU Guohua as independent non-executive Directors.*