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嘉士利集團有限公司
Jiashili Group Limited



(incorporated in the Cayman Islands with limited liability)

(Stock code: 1285)

DISCLOSEABLE TRANSACTION ACQUISITION OF PROPERTY

THE ACQUISITION

The Board is pleased to announce that on 18 January 2023 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, and the Vendor entered into the Agreement, pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to acquire, the Property at the consideration of RMB100,000,000 (equivalent to approximately HK\$115,700,000) in cash.

The Property is a ten-storey building (inclusive of a basement) situated at Kaiping, Guangdong Province, the PRC. The property is being occupied by the Vendor as a hotel.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the relevant applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition is above 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 18 January 2023 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, and the Vendor entered into the Agreement, pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to acquire, the Property at the consideration of RMB100,000,000 (equivalent to approximately HK\$115,700,000) in cash.

THE AGREEMENT

The principal terms of the Agreement are set out below:

Date: 18 January 2023

Vendor: Kaiping Country Garden Real Estate Development Co., Ltd.* (開平市碧桂園房地產開發有限公司)

As at the date of this announcement, based on the information provided by the Vendor and to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) are independent third parties of the Company and its connected persons.

Purchaser: Guangdong Kanglan Food Co., Limited* (廣東康蘭食品有限公司), an indirect wholly-owned subsidiary of the Company

Property: Block 1, Country Garden Feicuiwan First Street, No. 268 Kaiping Avenue, Changsha Subdistrict, Kaiping, Guangdong Province, the PRC (中國廣東省開平市長沙街道開平大道268號碧桂園·翡翠灣一街1幢).

Consideration: RMB100,000,000 (equivalent to approximately HK\$115,700,000) in cash

- Payment terms:
- (i) an amount of RMB2,000,000 as deposit has been paid as at the date of the Agreement;
 - (ii) a further amount of RMB78,000,000 shall be paid by the Purchaser to the Vendor within one (1) business day after the date of the Agreement;
 - (iii) a further amount of RMB10,000,000 shall be paid by the Purchaser to the Vendor within one (1) business day from 30 April 2023, being the date of completion of registration of transfer of ownership of the Property and obtaining the relevant Immovable Property Title Certificate (the “**Ownership Transfer Registration**”); and
 - (iv) the remaining balance of RMB10,000,000 shall be paid by the Purchaser to the Vendor within one (1) business day from 30 May 2023, being the date of Completion.

Completion: Completion shall take place before 30 May 2023. The Vendor shall deliver and transfer the Property to the Purchaser and complete all the handover work in relation to the Property.

Vendor’s undertakings: The Vendor shall discharge the mortgage in respect of the Property before 30 April 2023.

Defaults: If the Purchaser fails to pay the Consideration in accordance with the payment terms in the Agreement and such payment is overdue for more than 90 days:

- (i) the Vendor has the right to terminate the Agreement and demand the Purchaser to pay an amount equivalent to 20% of the Consideration as liquidated damages; or
- (ii) if the Vendor decides not to terminate the Agreement, the Agreement shall continue to be effective and the Vendor has the right to demand the Purchaser to pay an amount equivalent to 0.03% of the amount overdue per day as liquidated damages until the amount overdue has been settled, provided that the maximum amount of such liquidated damages shall not exceed 20% of the Consideration.

If the Vendor fails to deliver the Property to the Purchaser according to the terms and conditions of the Agreement and such failure persists over 90 days:

- (i) the Purchaser has the right to terminate the Agreement and demand the Vendor to return all the amount already paid by the Purchaser for the Consideration (the “**Paid Amount**”) and pay an amount equivalent to 20% of the Consideration as liquidated damages; or
- (ii) if the Purchaser decides not to terminate the Agreement, the Purchaser has the right to demand the Vendor to pay an amount equivalent to 0.03% of the Paid Amount per day as liquidated damages until the Property has been delivered to the Purchaser, provided that the maximum amount of such liquidated damages shall not exceed 20% of the Consideration.

Each of Heshan Gonghe Country Garden Real Estate Development Co., Ltd.* (鶴山市共和碧桂園房地產開發有限公司) (a subsidiary of Country Garden Holdings) and Mr. Yang Zhicheng (楊志成), both are independent third parties of the Company and its connected persons, as guarantor, has provided an undertaking in favour of the Purchaser to guarantee the performance of the obligations of the Vendor under the Agreement.

The Consideration was determined after arm’s length negotiation between the Vendor and the Purchaser on normal commercial terms with reference to the preliminary valuation of the Property undertaken by an independent professional valuer. The market value of the Property as at 31 December 2022 as appraised by the independent professional valuer was not less than RMB286,000,000 (equivalent to approximately HK\$330,902,000).

The Acquisition will be funded by the Group’s internal resources.

INFORMATION ON THE PROPERTY

The Property is a ten-storey building (inclusive of a basement) situated at Block 1, Country Garden Feicuiwan First Street, No.268 Kaiping Avenue, Changsha Subdistrict, Kaiping, Guangdong Province, the PRC (中國廣東省開平市長沙街道開平大道268號碧桂園·翡翠灣一街1幢). Based on the Immovable Property Title Certificate of the Property, the plot area of the land on which the Property is situated is approximately 36,391 sq. m. and the gross floor area of the Property is approximately 47,623 sq. m.. The Property is being occupied by the Vendor as a hotel with 284 guest rooms. Pursuant to the Agreement, the Property is to be sold subject to certain tenancies.

Set out below is the unaudited financial information on the Property based on the information provided by the Vendor:

	For the year ended 31 December 2022 <i>RMB</i> <i>approximately</i>	For the year ended 31 December 2021 <i>RMB</i> <i>approximately</i>
Revenue attributable to the Property	33,685,000	27,831,000
Profits attributable to the Property (before and after tax)	10,515,000	6,727,000

INFORMATION ON THE PURCHASER AND THE GROUP

The Purchaser is a limited liability company established under the laws of the PRC on 15 April 2022, which is an indirect wholly-owned subsidiary of the Company. The Purchaser has not commenced business prior to the Acquisition.

The Company is incorporated in the Cayman Islands with limited liability, which is engaged in investment holding. The principal activities of the Group are manufacturing and sales of biscuits in the PRC and overseas.

INFORMATION ON THE VENDOR

The Vendor is a limited liability company established under the laws of the PRC. Based on the information provided by the Vendor, the Vendor is engaged in property development and a subsidiary of Country Garden Holdings. Country Garden Holdings is one of the PRC's largest residential property developers, the shares of which are listed on the Stock Exchange (stock code: 2007).

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group's business strategy is to diversify its product category aiming at providing different food and snack categories with different portfolios to customers in the PRC market. The Group has been strategically expanding its business into the health and wellness industry. In the second quarter of 2022, the Group has established a non-wholly owned subsidiary which engages in the manufacturing and sale of low/stable sugar rice or low glycemic index (low-GI) rice (“wentang mi, 穩糖米”). The low-GI rice, as a kind of low-GI food, is principally designed to serve the dietic needs of the consumers who require tighter control over their blood sugar or body weight. It is therefore suitable for the diabetics. In

order to expand its business in the health and wellness industry, the Group plans to establish an integrated healthcare, macrobiotics, agronomy, research, leisure and tourism-oriented centre (the “**Integrated Centre**”) in Kaiping, primarily serving the diabetics with suitable and nutritious meals and low-GI rice.

To establish the Integrated Centre, the Group has considered the options of (i) constructing new properties and (ii) acquiring existing properties in the market, followed by conducting necessary alteration works. As compared to the former option, the latter option is more cost and time-effective. Prior to entering into the Agreement, the Group has considered and assessed the following factors: (a) the Property is situated at Kaiping, which is an ideal location which the Group intends to establish the Intergrated Centre; (b) the Property is offered for sale at an attractive price, representing a discount of approximately 65% to the appraised market value of the Property, which is favourable to the Group as the Property has higher potential for appreciation in the future; and (c) the area and infrastructure of the Property can meet the needs of the Group’s strategic development plan regarding the Integrated Centre in the next several years. After Completion, the Group will gradually and orderly transform the Property into an Integrated Centre with its resources. During such transitional period, the existing tenancies of the Property will continue to be effective or renewed, thereby providing stable cashflow for the Group to execute its above business plan.

In light of the above, the Directors are of the view that the terms of the Agreement are on normal commercial terms, are fair and reasonable and the Acquisition is in the interests of the Company and its Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

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DEFINITIONS

“Acquisition”	the acquisition of the Property by the Purchaser from the Vendor pursuant to the terms of the Agreement
“Agreement”	the sale and purchase agreement dated 18 January 2023 and entered into between the Purchaser and the Vendor in relation to the Acquisition
“Board”	the board of Directors

“Company”	Jiashili Group Limited (嘉士利集團有限公司), a company incorporated under the laws of the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1285)
“Completion”	completion of sale and purchase of the Property in accordance with the terms of the Agreement
“connected person(s)”	having the meaning ascribed to it under the Listing Rules
“Consideration”	the total consideration in the sum of RMB100,000,000 (equivalent to approximately HK\$115,700,000) payable by the Purchaser to the Vendor for the Acquisition under the Agreement
“Country Garden Holdings”	Country Garden Holdings Company Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2007)
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Property”	the property situated at Block 1, Country Garden Feicuiwan First Street, No.268 Kaiping Avenue, Changsha Subdistrict, Kaiping, Guangdong Province, the PRC (中國廣東省開平市長沙街道開平大道268號碧桂園•翡翠灣一街1幢), being the subject matter of the Acquisition
“Purchaser”	Guangdong Kanglan Food Co., Limited* (廣東康蘭食品有限公司), being a limited liability company established in the PRC, an indirect wholly-owned subsidiary of the Company

“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“sq.m.”	square meter
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Kaiping Country Garden Real Estate Development Co., Ltd.* (開平市碧桂園房地產開發有限公司, being a limited liability company established under the laws of the PRC, a subsidiary of Country Garden Holdings Company Limited (stock code: 2007)
“%”	per cent.

In this announcement, if there is any inconsistency between the Chinese names of the entities or enterprises established in the PRC and their English translations, the Chinese names shall prevail. The English translation of names or any descriptions in Chinese which are marked with “” is for identification purposes only.*

For the purpose of this announcement, the translation of RMB into HK\$ is based on the approximate exchange rate of RMB1.00 = HK\$1.157.

By Order of the Board
Jiashili Group Limited
Huang Xianming
Chairman

Hong Kong, 18 January 2023

As at the date of this announcement, the Board comprises Mr. Huang Xianming, Mr. Tan Chaojun, and Mr. Chen Songhuan as executive directors; Mr. Kam Robert, Ms. Ho Man Kay, and Mr. Ma Xiaoqiang as independent non-executive directors.