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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 IN RELATION TO ACQUISITION OF 49% EQUITY INTEREST IN GUANGDONG FENGJIA FOOD CO., LIMITED\***

### **THE ACQUISITION**

On 10 August 2023 (after trading hours), the Purchaser (an indirect wholly-owned subsidiary of the Company) and the Vendor entered into the Equity Transfer Agreement, pursuant to which the Purchaser has agreed to acquire and the Vendor has agreed to sell 49% equity interest in the Target Company at the Consideration of RMB9,800,000 (equivalent to HK\$10,682,000) in cash.

Upon completion of the Acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the Group's consolidated financial statements.

### **IMPLICATIONS UNDER THE LISTING RULES**

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

## **INTRODUCTION**

The Board is pleased to announce that on 26 July 2023, the Purchaser (an indirect wholly-owned subsidiary of the Company) successfully bid for the 49% equity interest in the Target Company offered for sale by the Vendor in the public tender process (the “**Public Tender**”) held by the Chongqing United Assets and Equity Exchange\* (重慶聯合產權交易所) (the “**Chongqing Exchange**”). Accordingly, on 10 August 2023 (after trading hours), the Purchaser and the Vendor entered into the Equity Transfer Agreement, pursuant to which the Purchaser has agreed to acquire and the Vendor has agreed to sell 49% equity interest in the Target Company at the Consideration of RMB9,800,000 (equivalent to HK\$10,682,000) in cash.

## **THE EQUITY TRANSFER AGREEMENT**

The principal terms of the Equity Transfer Agreement are summarised below:

### **Date**

10 August 2023

### **Parties**

- (i) Vendor: Beidahuang Fengyuan Group Co., Ltd\* (北大荒豐緣集團有限公司)
- (ii) Purchaser: Guangdong Jiashili Food Group Co., Limited\* (廣東嘉士利食品集團有限公司)

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are third parties independent of the Company and its connected persons as at the date of this announcement.

### **Assets to be acquired**

Pursuant to the Equity Transfer Agreement, the Purchaser has agreed to acquire and the Vendor has agreed to sell 49% equity interest in the Target Company.

### **Consideration**

The Consideration is RMB9,800,000 (equivalent to HK\$10,682,000), which shall be paid by the Purchaser to the designated account of the Chongqing Exchange within five business days from the date of the Equity Transfer Agreement, and shall be subsequently transferred by the Chongqing Exchange to the designated account of the Vendor.

The Consideration will be funded by internal resources of the Group.

## **Basis of the determination of the Consideration**

The Consideration was equivalent to the reserve price of the 49% equity interest in the Target Company in the Public Tender, which was based on the amount of paid-up capital of RMB9,800,000 contributed by the Vendor to the Target Company. As the Purchaser is the only bidder, the Consideration was arrived at as a result of successful bidding of the 49% equity interest in the Target Company.

## **Completion**

Completion of the industrial and commercial registration of the transfer of the 49% equity interest in the Target Company under the Equity Transfer Agreement shall take place within 30 days from the date of issuing the equity transfer certificate by the Chongqing Exchange.

Upon completion of the Acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the Group's consolidated financial statements.

## **INFORMATION ON THE TARGET GROUP**

### **Corporate information**

#### ***Target Company***

The Target Company, with registered capital of RMB20,000,000, is a limited liability company established under the laws of the PRC. Pursuant to an existing joint venture agreement of the Target Company, the registered capital the Target Company is owned as to 51% by the Purchaser and 49% by the Vendor, respectively. As the resolution of financial and operating policy requires unanimous consent of directors appointed by the Purchaser and Vendor in the board of directors' meeting, the Group has joint control in the Target Company and has accounted for its interest in the Target Company as a joint venture. The Target Company is principally engaged in the manufacture and sale of flour.

#### ***Kailan***

Kailan, with registered capital of RMB65,000,000, is a limited liability company established under the laws of the PRC. Its registered capital is wholly owned by the Target Company. Kailan is principally engaged in the manufacture and sale of flour and related products.

## Financial information

Set out below is the audited consolidated financial information of the Target Group for the two financial years ended 31 December 2022 and the unaudited consolidated financial information of the Target Group for the six months ended 30 June 2023:

	<b>For the year ended 31 December 2021 RMB'000 (audited)</b>	<b>For the year ended 31 December 2022 RMB'000 (audited)</b>	<b>For the six months ended 30 June 2023 RMB'000 (unaudited)</b>
Revenue	161,885	296,459	147,651
Profit/(Loss) before tax	(11,333)	3,123	2,618
Profit/(Loss) after tax	(11,333)	3,123	2,618

The unaudited net asset value and total asset value of the Target Group as at 30 June 2023 were approximately RMB41,517,000 and RMB406,652,000, respectively.

## INFORMATION ON THE VENDOR

The Vendor is a limited liability company established under the laws of the PRC. It is a subsidiary of Beidahuang Group Co., Ltd.\* (北大荒農墾集團有限公司), a state-owned enterprise of the PRC. The Vendor is principally engaged in investment holding.

## INFORMATION ON THE PURCHASER AND THE GROUP

The Purchaser is a limited liability company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company. It is principally engaged in investment holding and manufacture and sale of biscuits in the PRC and Hong Kong.

The Company is an investment holding company. The Group is principally engaged in the manufacture and sale of biscuits in the PRC and Hong Kong.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

Since the acquisition of Kailan by the Target Company in 2021, the Group has been securing stable supply of quality flour from Kailan at reasonable price and assisting Kailan in resuming normal business operations. The financial performance of Kailan has experienced a significant improvement, as reflected in the unaudited consolidated financial statements of the Target Group, which recorded further profits of approximately RMB2.6 million for the six months ended 30 June 2023. Further, the Target Company has been expanding its business operation and developing its customer base in the PRC. It is expected that the Acquisition would provide the Group with the opportunity to enhance the competitiveness of the Target Group, positioning it favorably to seize market opportunities and strengthen its market presence on the expanding food industry in the PRC, thereby generating favourable returns to the Group.

Based on the above, the Directors consider that the terms of the Equity Transfer Agreement, including the Consideration, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

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

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Acquisition”	the acquisition of 49% equity interest in the Target Company by the Purchaser
“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)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

“Consideration”	the consideration for the Acquisition
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Equity Transfer Agreement”	the equity transfer agreement dated 10 August 2023 and entered into between the Purchaser and the Vendor in relation to the Acquisition
“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
“Kailan”	Guangdong Kailan Flour Co., Limited* (廣東開蘭麵粉有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of the Target Company
“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, exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“Purchaser”	Guangdong Jiashili Food Group Co., Limited* (廣東嘉士利食品集團有限公司) (formerly known as Kaiping Jiashili Food Co., Limited* (開平市嘉士利食品有限公司)), a limited liability company established in the PRC and 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 Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Company”	Guangdong Fengjia Food Co., Limited* (廣東豐嘉食品有限公司), a limited liability company established in the PRC
“Target Group”	collectively, the Target Company and Kailan
“Vendor”	Beidahuang Fengyuan Group Co., Ltd* (北大荒豐緣集團有限公司), a limited liability company established in the PRC
“%”	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\$1.09.*

By Order of the Board  
**Jiashili Group Limited**  
**Huang Xianming**  
*Chairman*

Hong Kong, 10 August 2023

*As at the date of this announcement, the Board comprises Mr. Huang Xianming, Mr. Tan Chaojun, Mr. Chen Songhuan, Mr. Li Fuliang, Mr. Lu Jianxiong and Mr. Huang Zekun as executive directors; Mr. Kam Robert, Mr. Ma Xiaoqiang and Mr. Wan Nar Yin, David as independent non-executive directors.*