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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 DISPOSAL OF 34.98% EQUITY INTERESTS IN LIMITED PARTNERSHIP FUND

On 30 December 2019 (after trading hours), the board (the “**Board**”) of directors (the “**Directors**”) of Jiashili Group Limited (the “**Company**”, together with its subsidiaries the “**Group**”) announce that Guangdong Jiashili Food Group Company Limited* (廣東嘉士利食品集團有限公司) (“**Guangdong Jiashili**”), an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with Kaiping Jialung Food Trading Company Limited* (開平市迦隆食品貿易有限公司) (“**Kaiping Jialung**”), pursuant to which Guangdong Jiashili accepted the offer from Kaiping Jialung to transfer the 34.98% of the equity interests in the Limited Partnership Fund (the “**Equity Transfer**”) at the consideration of RMB36,000,000. After completion of the Equity Transfer, the Group will cease to have any interest in the Limited Partnership Fund.

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

INTRODUCTION

The Board announce that on 30 December 2019 Guangdong Jiashili, an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with Kaiping Jialung, pursuant to which Guangdong Jiashili accepted the offer from Kaiping Jialung to transfer the 34.98% of the equity interests in the Limited Partnership Fund.

The principal terms of the Equity Transfer Agreement are set out as below.

EQUITY TRANSFER AGREEMENT

Date	:	30 December 2019
Parties	:	Guangdong Jiashili Food Group Company Limited* (廣東嘉士利食品集團有限公司), the Vendor, Limited Partner of the Limited Partnership Fund Kaiping Jialung Food Trading Company Limited* (開平市迦隆食品貿易有限公司), the Purchaser, Limited Partner of the Limited Partnership Fund
Subject matter of asset disposed	:	being 34.98% equity interests in Limited Partnership Fund held by the Vendor
Consideration	:	RMB36,000,000 payable in full within five (5) days after signing of the Equity Transfer Agreement
Completion	:	subject to the consideration will be paid (or procured to be paid) by the Purchaser to the Vendor and share registration of Purchaser has been completed in relevant authority

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and their ultimate beneficial owner are third parties independent of the Company and its connected persons (as defined under the Listing Rules) and are not Shareholders of the Company. After completion the Group will cease to have any interest in the Limited Partnership Fund.

Consideration and its basis

The 34.98% of the equity interests held by Guangdong Jiashili shall be sold to Kaiping Jialung at the consideration of RMB36,000,000. The consideration represents the latest audited net asset value as at 30 June 2019 attributable to the Limited Partnership Fund held by Guangdong Jiashili. The consideration will be payable in full within five (5) days after signing the Equity Transfer Agreement. The Directors consider that the consideration has been entered into after arm's length negotiations between the Purchaser and based on normal commercial terms, and the terms and conditions therein are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

REASONS FOR AND BENEFITS OF ENTERING THE EQUITY TRANSFER AGREEMENT

The Group first invested in the Limited Partnership Fund in June 2017 and its related total investment cost amounted to approximately RMB35,000,000. Taking into account (i) the fact that the investment in the Limited Partnership Fund has not generated any dividend income for the Group; (ii) that the cash inflow that will be brought by the Equity Transfer; and (iii) the declining performance of the Limited Partnership Fund, the Directors consider that the Equity Transfer represents a good opportunity for the Group to accept the offer. The Board intends to use the proceeds from the Equity Transfer for general working capital purpose and to fund the upcoming investments of the Group in the future.

INFORMATION ABOUT THE LIMITED PARTNERSHIP FUND

The Limited Partnership Fund (江門建粵利嘉產業投資合夥企業 (有限合夥)) was first established in June 2017 in the PRC principally engaged in investment in food related business. The parties and percentage shareholdings before and after the Equity Transfer was set out as follows.

Before the Equity Transfer

Partners	Capital contribution (RMB)	% of equity interest in the Limited Partnership Fund
Guangdong Jiashili Food Group Company Limited* (廣東嘉士利食品集團有限公司), Limited Partner	35,000,000	34.98%
Kaiping Jialung Food Trading Company Limited* (開平市迦隆食品貿易有限公司), Limited Partner	65,000,000	64.97%
Zhuhai Zhongchi Fund Management Company Limited* (珠海中致基金管理有限公司), General Partner	50,000	0.05%
Total	<u>100,050,000</u>	<u>100%</u>

After completion of the Equity Transfer

Partners	Capital contribution (RMB)	% of equity interest in the Limited Partnership Fund
Kaiping Jialung Food Trading Company Limited* (開平市迦隆食品貿易有限公司), Limited Partner	100,000,000	99.95%
Zhuhai Zhongchi Fund Management Company Limited* (珠海中致基金管理有限公司), General Partner	50,000	0.05%
Total	<u>100,050,000</u>	<u>100%</u>

To the best of the Directors' knowledge, information and belief having made will reasonable enquiries, the Partners (including both the Limited and General Partner) of the Limited Partnership Fund and their ultimate beneficial owner are third parties independent of the Company and its connected persons (as defined under the Listing Rules) and are not Shareholders of the Company.

INFORMATION ABOUT THE GROUP

The Company was incorporated in the Cayman Islands with limited liability. It is an investment holding company. The Group is principally engaged in manufacturing and sales of biscuits in the PRC and Hong Kong.

Guangdong Jiashili Food Group Company Limited* (廣東嘉士利食品集團有限公司) is a company incorporated in the PRC with limited liability. It is a large cracker manufacturer with long history and has leading position in the enormous cracker market in the PRC.

INFORMATION ABOUT THE PURCHASER

Kaiping Jialung Food Trading Company Limited* (開平市迦隆食品貿易有限公司) is a company incorporated in the PRC with limited liability. The Company is engaged in investment in food related business.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable ratios under Rule 14.07 of the Listing Rules in respect of the Equity Transfer are more than 5% and all of such ratios are below 25%, the Equity Transfer constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors of the Company;
“Company”	Jiashili Group Limited, a company incorporated in the Cayman Islands, its shares are listed on the Main Board of the Stock Exchange;
“Director(s)”	the director(s) of the Company;
“Equity Transfer”	the transfer of 34.98% of equity interests in the Limited Partnership Fund held by the Vendor to the Purchaser;
“General Partner”	Zhuhai Zhongchi Fund Management Company Limited* (珠海中致基金管理有限公司) is a company incorporated in the PRC with limited liability;
“Group”	the Company and its subsidiaries;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Limited Partner(s)”	limited partner(s) of the Limited Partnership Fund pursuant to the Limited Partnership Agreement signed in June 2017;
“Limited Partnership Agreement”	the joint venture agreement in June 2017 entered into between Limited Partners and General Partner in relation to the formation of the Limited Partnership Fund;
“Limited Partnership Fund”	a company established in the PRC consists of General Partner and Limited Partner(s);

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China, excluding Taiwan, Hong Kong and the Macao Special Administrative Region of the PRC for the purpose of this announcement;
“Purchaser”	Kaiping Jialung Food Trading Company Limited* (開平市迦隆食品貿易有限公司) is a company incorporated in the PRC with limited liability;
“RMB”	Renminbi, the Lawful currency of the PRC;
“Shareholders”	the shareholders of the Company;
“Stock Exchange”	the Stock Exchange of Hong Kong Limited;
“Vendor”	Guangdong Jiashili Food Group Company Limited * (廣東嘉士利食品集團有限公司) is a company incorporated in the PRC with limited liability;
“%”	per cent.

By order of the Board
Jiashili Group Limited
Huang Xianming
Chairman and Executive Director

Hong Kong, 30 December 2019

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

* *For identification purpose only*