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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 PROVISION OF FINANCIAL ASSISTANCE TO JOINT VENTURE

PROVISION OF FINANCIAL ASSISTANCE

The Board of Jiashili Group Limited (the “**Company**”, together with its subsidiaries the “**Group**”) announces that on 11 December 2020 (after trading hours), 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), as the Lender, entered into the Loan Agreement with Guangdong Fengjia Food Co., Limited* (廣東豐嘉食品有限公司) (“**Fengjia**”), as the Borrower. Pursuant to the Loan Agreement, Guangdong Jiashili has agreed to grant the Loan to Fengjia for a term of 12 months.

LISTING RULES IMPLICATIONS

As Fengjia is the borrower of the Existing Loans and the Loan, the grant of the Loan and the Existing Loans requires aggregation under Rule 14.22 of the Listing Rules. As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Loan and the Existing Loans granted to Fengjia under Rule 14.07 of the Listing Rules exceed 5% but all of them are less than 25%, the grant of the Loan and the Existing Loans constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

PROVISION OF THE LOAN

The Board announce that on 11 December 2020, the Loan Agreement was entered into between Guangdong Jiashili as the Lender and Fengjia as the Borrower. Pursuant to the Loan Agreement, Guangdong Jiashili has agreed to grant the Loan to Fengjia for a term of 12 months.

THE LOAN AGREEMENT

Principal terms of the Loan Agreement are set out as below:

Date of the agreement:	11 December 2020
Lender:	Guangdong Jiashili
Borrower:	Fengjia
Principal:	RMB15,300,000
Interest rate:	5% per annum
Term:	12 months commencing from the drawdown date
Purpose of the Loan:	the proceeds of the Loan shall be used by Fengjia for its working capital requirements
Repayment:	Fengjia shall repay the interests on a monthly basis with the principal amount to be repaid at loan maturity
Security:	unsecure

PROVISION OF THE EXISTING LOANS

Prior to the entering into of the Loan Agreement, Guangdong Jiashili has entered into the Existing Loan Agreements for the grant of the Existing Loans to Fengjia. A summary of the Existing Loan Agreements is set out as follows:

EXISTING LOAN AGREEMENT A

Date of the agreement:	25 August 2020
Lender:	Guangdong Jiashili
Borrower:	Fengjia
Principal:	RMB5,100,000
Interest rate:	5% per annum
Term:	12 months commencing from the drawdown date
Purpose of the Loan:	the proceeds of the Loan shall be used by Fengjia for its working capital requirements
Repayment:	Fengjia shall repay the interests on a monthly basis with the principal amount to be repaid at loan maturity
Security:	unsecure

EXISTING LOAN AGREEMENT B

Date of the agreement:	22 September 2020
Lender:	Guangdong Jiashili
Borrower:	Fengjia
Principal:	RMB10,200,000
Interest rate:	5% per annum
Term:	12 months commencing from the drawdown date
Purpose of the Loan:	the proceeds of the Loan shall be used by Fengjia for its working capital requirements
Repayment:	Fengjia shall repay the interests on a monthly basis with the principal amount to be repaid at loan maturity
Security:	unsecure

FUNDING OF THE LOAN

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

INFORMATION OF AND RELATIONSHIP WITH THE BORROWER

Fengjia is a limited liability company established under the laws of the PRC. It is principally engaged in the manufacture and sale of flour. Pursuant to the joint venture agreement of Fengjia, the registered capital of Fengjia is owned as to 51% by Guangdong Jiashili and 49% by Beidahuang, respectively. As the resolution of financial and operating policy required unanimous consent of directors appointed by Guangdong Jiashili and Beidahuang in the board of directors' meeting, the Group had joint control in Fengjia and accounted for its interest in Fengjia as a joint venture. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Beidahuang and its ultimate beneficial owners are third parties independent of the Company and its connected persons as at the date of this announcement.

REASONS FOR AND BENEFITS OF THE PROVISION OF THE LOAN AND EXISTING LOANS

The Group is principally engaged in the manufacture and sale of biscuits in the PRC and Hong Kong. Guangdong Jiashili is a limited liability company established under the laws of the PRC and is the Group's operating subsidiary.

Fengjia is in the course of expanding its business operation and developing its customer base in the PRC. To enhance the development and growth of its business, additional financial resources will be required to strengthen its competitiveness and enable it to be in a better position to tap the market opportunity arising from the growing food industry in the PRC. The Directors are of the view that the provision of the Loan, which would be utilised for financing the working capital requirements of Fengjia, will facilitate Fengjia's future growth and development which in turn will be beneficial to the Group.

The terms of the Loan Agreement (including the interest rate) were arrived at by the parties thereto after arm's length negotiations, with reference to prevailing commercial practice, and the amount of the Loan. The Directors (including the independent non-executive Directors) consider that the terms of the Loan Agreement are fair and reasonable, on normal commercial terms and are in the interest of the Company and its Shareholders as a whole.

EXISTING LOANS

The Existing Loans have been advanced by the Lender to Fengjia under the Existing Loan Agreements. As at the date of this announcement, Fengjia is indebted to the Lender a principal amount of RMB15,300,000 with accrued interest thereon amounted to approximately RMB765,000 under the Existing Loan Agreements. As all the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Existing Loans were below 5% at the relevant time, the Existing Loans granted under the Existing Loan Agreements did not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules and was therefore not subject to any disclosure requirements under the Listing Rules.

INFORMATION ON THE CREDIT RISK RELATING TO THE LOAN AND THE EXISTING LOANS

The advances in respect of the Existing Loans and the Loan were made on the basis of the Company's assessments made on (i) the Group had joint control on the resolution of financial and operating policy in Fengjia and 3 directors out of 5 in the board of Fengjia were appointed by the Group; (ii) the financial support to Fengjia will expand its operation and business development which in turn will be beneficial to the Group; (iii) the relatively short term nature of the advances; and (iv) one of the Directors of the Company was assigned to monitor the usage of the loan proceeds and subsequent repayment. After taking into account the factors as disclosed above in assessing the risks of the relevant advances, the Company considers that the risks involved in respect of the Existing Loans and the Loan to Fengjia are relatively low.

IMPLICATIONS UNDER THE LISTING RULES

As all the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Loan were below 5% at the relevant time, the Loan granted under the Loan Agreement alone did not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules and was therefore not subject to any disclosure requirements under the Listing Rules.

As all the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Existing Loans were below 5% at the relevant time, the Existing Loans granted under the Existing Loan Agreements did not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules and was therefore not subject to any disclosure requirements under the Listing Rules.

However, as Fengjia is the borrower under the Existing Loan Agreements and the Loan Agreement, the grant of the Loan and the Existing Loans are required to be aggregated under Rule 14.22 of the Listing Rules. Given one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Loan and the Existing Loans granted to the Borrower is more than 5% but all of them are less than 25%, the grant of the Loan and the Existing Loans in aggregate constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

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

“Beidahuang”	Beidahuang Fengyuan Group Co., Ltd * (北大荒豐緣集團有限公司), a limited liability company established in the PRC and a state-owned enterprise in which owns 49% equity interests in Fengjia
“Board”	the board of Directors of the Company
“Borrower or Fengjia”	Guangdong Fengjia Food Co., Limited* (廣東豐嘉食品有限公司), a limited liability company established in the PRC, in which the Group owns 51% equity interests
“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
“Director(s)”	the director(s) of the Company
“Existing Loan A”	a term loan in the amount of RMB5,100,000 provided by the Lender to the Borrower pursuant to the Existing Loan Agreement A
“Existing Loan B”	a term loan in the amount of RMB10,200,000 provided by the Lender to the Borrower pursuant to the Existing Loan Agreement B
“Existing Loans”	Existing Loan A and Existing Loan B
“Existing Loan Agreement A”	the loan agreement dated 25 August 2020 entered into between Guangdong Jiashili and Fengjia in respect of Existing Loan A, the particulars of which are stated in the section headed “Existing Loan Agreement A”
“Existing Loan Agreement B”	the loan agreement dated 22 September 2020 entered into between Guangdong Jiashili and Fengjia in respect of Existing Loan B, the particulars of which are stated in the section headed “Existing Loan Agreement B”
“Existing Loan Agreements”	Existing Loan Agreement A and Existing Loan Agreement B
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Lender or Guangdong Jiashili”	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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“Loan”	a term loan in the principal amount of RMB15,300,000 granted by the Lender to the Borrower pursuant to the Loan Agreement
“Loan Agreement”	the loan agreement dated 11 December 2020 entered into between Guangdong Jiashili and Fengjia in respect of the Loan
“PRC”	the People’s Republic of China which, for the purpose of this announcement, exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“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
“%”	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 purpose only.*

By Order of the Board
Jiashili Group Limited
Huang Xianming
Chairman

Hong Kong, 11 December 2020

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.