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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 TRANSACTION**

**ACQUISITION OF 82%  
EQUITY INTEREST IN THE TARGET COMPANY**

The Board refers to the Announcement. On 26 March 2021 (after trading hours), the Purchaser (a wholly-owned subsidiary of the Company) and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has agreed to acquire the Sale Shares from the Vendor for the Consideration of HK\$60.0 million (subject to the Adjustments).

As certain of the applicable percentage ratios in respect of the Acquisition under Chapter 14 of the Listing Rules exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction (as such term is defined under the Listing Rules) of the Company and is subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

**INTRODUCTION**

The Board refers to the Announcement, in which the Group disclosed a change of the use of the net proceeds from the Share Offer (as defined in the Prospectus). On 26 March 2021 (after trading hours), the Sale and Purchase Agreement has been entered into for the purpose of acquiring the Sale Shares by the Purchaser.

## PRINCIPAL TERMS OF THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set forth below:

- Date : 26 March 2021
- Parties : (a) The Vendor; and  
(b) The Purchaser.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor is an Independent Third Party as of the date of this announcement.

Subject matter : The Sale Shares

Consideration : HK\$60.0 million (subject to the Adjustments), which is payable in cash by the Purchaser in the following manner:

- (a) as to HK\$10.0 million (the “**Initial Deposit**”), being the initial deposit and the part payment towards the Consideration, has been paid by the Purchaser to the Vendor upon the signing of the Sale and Purchase Agreement;
- (b) as to HK\$25.0 million (the “**Further Deposit**”), being the further deposit and the part payment towards the Consideration, shall be paid by the Purchaser to the Vendor upon Completion; and
- (c) as to HK\$25.0 million (the “**Deferred Consideration**”), being the remaining balance of the Consideration, shall be paid by the Purchaser to the Vendor without interest within six months after the Completion Date.

The amount of the Consideration has been determined after arm's length negotiations between the Vendor and the Purchaser taking into account (i) the production capacity and condition of production lines of the processing factory; (ii) the strategic benefits for the Group to commence production of semi-refined carrageenan in Indonesia as soon as possible through the Acquisition; (iii) the value of the Sale Shares of HK\$61.4 million as of 31 December 2020 based on the valuation conducted by an independent professional valuer with reference to the adjusted net asset value method under the cost approach in valuing the Target Company and the guideline public company method under the market approach in valuing the Indonesian Subsidiary; and (iv) the strategic implication of the Indonesian Subsidiary to the Group's business.

Conditions of the  
Acquisition

: Completion is subject to the following Conditions:

- (a) the Vendor being the sole and beneficial owner of the Sale Shares free from all encumbrances and having the capacity and power to sell the Sale Shares free from all encumbrances;
- (b) there having been no breach by the Vendor of the fundamental warranties he provided under the Sale and Purchase Agreement;
- (c) the Vendor having waived all Director's Loan and Shareholder's Loan(s) in accordance with the terms of the Sale and Purchase Agreement;
- (d) on the date of signing of the Sale and Purchase Agreement (or such other date as the Vendor and the Purchaser may agree in writing), the Purchaser having received from the Vendor written resolutions of the director(s) of the Indonesian Subsidiary approving, inter alia, the adoption of work guidelines and new management structure provided by the Purchaser, and the change of bank mandates of all its existing bank account(s);
- (e) the Indonesian Subsidiary Transfer having been completed; and

(f) the Purchaser having fully complied with its obligations to pay the Further Deposit at Completion.

Other than Condition (f) mentioned above, the Purchaser may waive any of the Conditions on such terms as it may decide.

If any of the Conditions has not been satisfied and/or waived in whole by the Purchaser (other than Condition (f) mentioned above) at or before 1:00 p.m. on or before the Completion Date, unless the Vendor and the Purchaser agree otherwise in writing, the Vendor and the Purchaser shall postpone the Completion Date to the Long Stop Date.

If any of the Conditions is not fulfilled and/or waived in whole by the Purchaser (other than Condition (f) mentioned above) at or before 1:00 p.m. on or before the Long Stop Date, the Sale and Purchase Agreement shall be terminated, and neither parties shall have any claim or cause of action against the other, save for (i) any antecedent breach; and (ii) the return of the Initial Deposit and the Further Deposit by the Vendor to the Purchaser without interest within five (5) business days after determination of the Sale and Purchase Agreement.

Completion : Subject to the Conditions being satisfied (or waived in accordance with the terms of the Sale and Purchase Agreement), Completion is expected to take place at 1:00 pm on the Completion Date.

In the event that Completion does not take place as a result of the default of any of the Vendor or the Purchaser to complete the Sale and Purchase Agreement, the non-defaulting party may defer Completion to a business day not more than fourteen (14) business days thereafter, or terminate the Sale and Purchase Agreement by notice to the other party, in which case the Vendor shall return the Initial Deposit and Further Deposit in full without interest to the Purchaser within five (5) business days after determination of the Sale and Purchase Agreement.

Stamp Duty : All stamp duty, registration fees and levies payable (if any) in connection with the sale and purchase of the Sale Shares shall be borne by the Vendor and the Purchaser in equal shares.

## **INFORMATION OF THE TARGET GROUP AND THE INDONESIAN PROPERTY**

The Target Company is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding. As of the date of this announcement, the entire issued shares of the Indonesian Subsidiary is owned as to 99.83% by the Target Company and 0.17% by, Mr. CAI Ming Can, an associate of the Vendor. Upon completion of the Indonesian Subsidiary Transfer, the entire issued shares of the Indonesian Subsidiary will be owned as to 99.83% by the Target Company and 0.17% by the Purchaser.

The Indonesian Subsidiary is a foreign investment limited liability company incorporated in Indonesia and is principally engaged in the processing of semi-refined carrageenan. The Indonesian Subsidiary is the sole registered and beneficial owner of the Indonesian Property, which consists four plots of land with an aggregated gross floor area of 32,984 sq.m. located at Jl. Raya Surabaya Situbondo Km. 183 RT. 001/RW. 001, Dusun Pesisir Timur, Klatakan Sub-district, Kendit District, Situbondo, Jawa Timur Province, Indonesia. The Indonesian Property is currently used as a processing factory with an annual design production capacity of 4,300 tonnes of semi-refined carrageenan.

The selected financial information of the Target Company (without consolidation of financial information of the Indonesian Subsidiary) based on its audited financial statements for the two years ended 30 September 2020 and its unaudited financial statements for the three-month period from 1 October 2020 to 31 December 2020 are as follows:

	<b>Year ended 30 September 2019</b>	<b>Year ended 30 September 2020</b>	<b>Three-month period ended 31 December 2020</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Loss before tax	20.0	29.0	3.5
Loss after tax	20.0	29.0	3.5

The selected financial information of the Indonesian Subsidiary based on its audited financial statements for the two years ended 31 December 2020 are as follows:

	<b>Year ended 31 December 2019 HK\$'000 (audited)</b>	<b>Year ended 31 December 2020 HK\$'000 (audited)</b>
Loss before tax	3,381.2	5,404.3
Loss after tax	3,383.0	5,407.6

The unaudited total net asset value of the Target Group as of 31 December 2020 was HK\$29.3 million.

Upon Completion, members of the Target Group will become non-wholly owned subsidiaries of the Company and the operating results of the Target Group will be consolidated in the Group's financial statements.

#### **INFORMATION OF THE VENDOR**

As of the date of this announcement, the Vendor is the sole shareholder of the Target Company and the sole director of the Indonesian Subsidiary. Upon Completion, the Vendor will continue to own 18.0% of the entire issued shares of the Target Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendor, his associate Mr. CAI Ming Can, the Target Company and the Indonesian Subsidiary is an Independent Third Party as of the date of this announcement.

#### **INFORMATION OF THE GROUP AND THE PURCHASER**

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 manufacturing and sales of (i) carrageenan, (ii) agar-agar, (iii) blended products and (iv) 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.

The Purchaser is a company incorporated under the laws of Hong Kong with limited liability and is principally engaged in investment holding. The Purchaser is a wholly-owned subsidiary of the Company.

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

As set forth in the Announcement, the land acquired by the Group in Indonesia for the construction of a semi-finished carrageenan production plant would be resumed for public use. Nevertheless, the Directors consider that Indonesia continues to have its competitive edge for seaweed sourcing and processing and as such, have made continuous efforts in identifying existing seaweed processing facilities in Indonesia that could have similar production capacity of semi-refined carrageenan. The Indonesian Subsidiary has commenced commercial scale production since May 2019 and owns a processing factory with an annual designed production capacity of 4,300 tonnes of semi-refined carrageenan, which is higher than the production plant originally to be constructed on the land acquired by the Group in Indonesia. The Board considers that the Indonesian Subsidiary has an operation that is consistent with the Group's business strategies and that the Acquisition represents a good investment opportunity for the Group.

The Directors consider that the terms of the Sale and Purchase Agreement (including the amount of the Consideration), which are determined after arm's length negotiations between the Vendor and the Purchaser, are fair and reasonable, on normal commercial terms and in the interests of the Group and the Shareholders as a whole.

The Consideration will be funded by (a) HK\$21.1 million out of the net proceeds from the Share Offer (as defined in the Prospectus) and (b) HK\$38.9 million from the internal or external financial resources of the Group. In the event that the Group requires external debt financing for the Acquisition, the Directors do not consider that it would have any significant impact on the financial position of the Group as the amount involved is relatively insignificant to the total assets of the Group. Further updated information on the actual use of the net proceeds from the Share Offer (as defined in the Prospectus) will be disclosed in the annual results announcement of the Company for the year ended 31 December 2020.

## **IMPLICATIONS UNDER THE LISTING RULES**

As certain of the applicable percentage ratios in respect of the Acquisition under Chapter 14 of the Listing Rules exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

## DEFINITIONS USED IN THE ANNOUNCEMENT

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

- “Acquisition” the acquisition of the Sale Shares from the Vendor by the Purchaser pursuant to the terms and conditions of the Sale and Purchase Agreement;
- “Adjustments” the downward adjustments to the Consideration on a dollar-to-dollar basis if the Net Asset Value (with reference to the Completion Accounts) is less than the Net Asset Value (with reference to the Audited Accounts) by more than HK\$100,000 in aggregate;
- “Announcement” the announcement of the Company issued on 29 January 2021 in relation to the change of use of the net proceeds from the Share Offer (as defined in the Prospectus);
- “associate(s)” has the meaning ascribed thereto under the Listing Rules;
- “Audited Accounts” collectively, (i) the audited financial statements of the Target Company, comprising a statement of financial position of the Target Company as of 30 September 2020 and a consolidated income statement for the year ended 30 September 2020 and (ii) the audited financial statements of the Indonesian Subsidiary, comprising a statement of financial position as of 31 December 2020 and an income statement for the year ended 31 December 2020;
- “Board” the board of directors of the Company;
- “Company” 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 on 3 July 2015 with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1084);
- “Completion” completion of the Acquisition pursuant to the terms and conditions of the Sale and Purchase Agreement;

“Completion Accounts”	collectively, the unaudited management accounts of the Target Company and the unaudited management accounts of the Indonesian Subsidiary as of the close of business on the Completion Date;
“Completion Date”	the date on which Completion shall take place, being (i) on or before 15 April 2021 or (ii) such other date as the Purchaser and the Vendor may agree in writing;
“Condition(s)”	condition(s) precedent to the Acquisition set forth in the Sale and Purchase Agreement;
“Consideration”	the amount of consideration for the Acquisition, being HK\$60.0 million (subject to the Adjustments);
“Director(s)”	the directors of the Company;
“Director’s Loan”	the loan in the amount of IDR19,601,899,300 provided to the Indonesian Subsidiary by the Vendor, pursuant to a loan agreement dated 27 January 2021 between the Vendor and Indonesian Subsidiary;
“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;
“Independent Third Party(ies)”	third party(ies) independent of the Company and its/their connected persons;
“IDR”	Indonesian rupiah, the lawful currency of Indonesia;
“Indonesian Property”	the property located at Jl. Raya Surabaya Situbondo Km. 183 RT. 001/ RW. 001, Dusun Pesisir Timur, Klatakan Sub-district, Kendit District, Situbondo, Jawa Timur Province, Indonesia comprising four plots of land with an aggregated gross floor area of 32,984 sq.m. which is currently used by the Indonesian Subsidiary as a processing factory;

“Indonesian Subsidiary”	PT Hongxin Algae International, a foreign investment limited liability company established in Indonesia and a 99.83%-owned subsidiary of the Target Company as of the date of this announcement;
“Indonesian Subsidiary Transfer”	the transfer of 79 shares, representing 0.17% of all issued ordinary shares of the Indonesian Subsidiary, from Mr. CAI Ming Can, an associate of the Vendor, to the Purchaser;
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Long Stop Date”	30 September 2021 (or such other date as the Purchaser and the Vendor may agree in writing before which Completion may take place);
“Net Asset Value”	the amount of the total assets less the amount of the total liabilities of the Target Group as of the Completion Date as shown in the Audited Accounts and the Completion Accounts (as the case may be);
“PRC”	the People’s Republic of China and for the purpose of this announcement shall exclude Hong Kong, The Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“Prospectus”	the prospectus of the Company dated 30 September 2019;
“Purchaser”	Green Fresh (H.K) International Co., Limited, a company incorporated under the laws of Hong Kong with limited liability and a wholly-owned subsidiary of the Company;
“Sale and Purchase Agreement”	the sale and purchase agreement dated 26 March 2021 entered into among the Vendor and the Purchaser in respect of the Acquisition;
“Sale Shares”	8,200 shares in aggregate to be sold by the Vendor to the Purchaser, representing 82.0% of all issued ordinary shares of the Target Company;
“Shareholders”	holders of the Shares;

“Shareholder’s Loan(s)”	all loan(s) and any interest accrued thereon owing by the Company to the Vendor as of the Completion Date;
“Shares”	the ordinary shares of the Company;
“sq.m.”	square metre;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	Hung Tai Shun International Trading Limited, a company incorporated in Hong Kong with limited liability and wholly-owned by the Vendor prior to Completion;
“Target Group”	the Target Company and the Indonesian Subsidiary;
“Vendor”	Mr. CAI Ming Huang, an Independent Third Party and the sole shareholder of the Target Company prior to Completion, and will be interested in 18.0% of the entire issued shares of the Target Company upon Completion; and
“%”	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, 26 March 2021

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