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Qinqin Foodstuffs Group (Cayman) Company Limited

親親食品集團(開曼)股份有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1583)

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

The Board is pleased to announce that on 22 December 2020, the Company and no fewer than six Subscribers entered into the Subscription Agreements, pursuant to which the Subscribers have agreed to subscribe for, and the Company has agreed to issue to the Subscribers, an aggregate of 80,000,000 new Shares at the Subscription Price on the terms and subject to the conditions set out in the Subscription Agreements.

Save for 127,000 Shares held by a Subscriber as at the date of this announcement, the Subscribers are independent professional corporate and/or individual investors. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, and save as disclosed, the Subscribers (and the ultimate beneficial owner of the Subscribers, where applicable) are third parties independent of the Company and its connected persons.

The number of the Subscription Shares represents: (a) approximately 11.85% of the total number of Shares in issue as at the date of this announcement; and (b) approximately 10.59% of the enlarged total number of Shares in issue upon the completion of the Subscription (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the completion of the Subscription other than the issue by the Company of the Subscription Shares).

The Subscription Price is HK\$2.2, which:

- (i) equals the closing price of HK\$2.2 per Share as quoted on the Stock Exchange on the Last Trading Date; and
- (ii) represents a discount of approximately 4.51% to the average closing price of approximately HK\$2.304 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days prior to and including the Last Trading Date.

The Subscription is not subject to Shareholders' approval as the Subscription Shares will be issued under the General Mandate. Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

The Subscription Agreements may be terminated pursuant to the termination provisions contained therein. In addition, completion of the Subscription is subject to fulfillment of the condition under the Subscription Agreements. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE SUBSCRIPTION

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THE SUBSCRIPTION AGREEMENTS

Date

22 December 2020

Parties

The Company and the Subscribers

The Subscribers

There are no fewer than six Subscribers and they are independent professional corporate and/or individual investors. As at the date of this announcement, the Subscribers are interested in 127,000 Shares in aggregate. None of the Subscribers (and the ultimate beneficial owner of the Subscribers, where applicable) will become a substantial Shareholder as a result of the Subscription.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, and save as disclosed, the Subscribers (and the ultimate beneficial owner of the Subscribers, where applicable) are third parties independent of the Company and its connected persons.

Details of the Subscription are set out below.

THE SUBSCRIPTION

Subscription Shares

The Subscribers have agreed to subscribe as principal for, and the Company has agreed to issue to the Subscribers, an aggregate of 80,000,000 new Shares at the Subscription Price free from all charge, mortgage, security, lien, option, equity, power of sale or hypothecation or other third party rights, retention of title, right of pre-emption, right of first refusal or security interest of any kind, in consideration for the payment of the Subscription Monies by the Subscribers to the Company, subject to the terms and conditions of the Subscription Agreements.

The number of the Subscription Shares represents: (a) approximately 11.85% of the total number of Shares in issue as at the date of this announcement; and (b) approximately 10.59% of the enlarged total number of Shares in issue upon completion of the Subscription (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the date of completion of the Subscription other than the issue by the Company of the Subscription Shares).

Ranking of the Subscription Shares

The Subscription Shares shall, when fully paid, rank *pari passu* in all respects with all the other Shares in issue or to be issued by the Company on or prior to the date of allotment of the Subscription Shares.

General Mandate to issue the Subscription Shares

The Subscription Shares will be issued under the General Mandate granted to the Directors by a resolution of the Shareholders passed at the 2020 AGM to allot, issue and otherwise deal with securities of the Company not exceeding 20% of the issued share capital of the Company as at the date of the 2020 AGM. Under the General Mandate, the Company is authorised to issue up to 135,019,311 new Shares. As at the date of this announcement, no securities of the Company have been issued under the General Mandate.

Subscription Price

The Subscription Price is HK\$2.2, which:

- (i) equals the closing price of HK\$2.2 per Share as quoted on the Stock Exchange on the Last Trading Date; and

- (ii) represents a discount of approximately 4.51% to the average closing price of approximately HK\$2.304 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days prior to and including the Last Trading Date.

The Subscription Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis among the Company and the Subscribers. The Directors consider that the Subscription Price and the terms and conditions of the Subscription Agreements are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The aggregate nominal value of the Subscription Shares is HK\$800,000.

Condition of the Subscription

Completion of the Subscription is conditional upon the listing of, and permission to deal in, all the new Shares to be issued by the Company under the Subscription Agreements being granted by the Stock Exchange (and such listing and permission not subsequently revoked prior to completion of the Subscription).

Application will be made by the Company to the Listing Committee for the listing of, and the permission to deal in, the Subscription Shares. The Subscription Agreements has not provided for the right of the parties to waive the above conditions.

Completion of the Subscription

Completion of the Subscription will take place within five (5) Business Days after fulfilment of the condition described above (or such other time, date or place as the Company and the Subscribers may agree in writing).

If the condition is not fulfilled on or before 31 January 2021 (or such later date as may be agreed between the Company and the Subscribers), the Subscription Agreements shall be terminated and the Company and the Subscribers will automatically be released from all obligations under the Subscription Agreements, save and except any liability for antecedent breaches by the Company and/or the Subscribers).

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The Group is principally engaged in the manufacturing, distribution and sale of jelly products, crackers and chips, confectionery and other food and snacks products under the “Qinqin” brand and seasoning products under the “Shangerry” brand.

The gross proceeds from the Subscription are expected to be approximately HK\$176.0 million. The net proceeds from the Subscription (after deducting all fees, costs and expenses properly incurred by the Subscribers to be borne by the Company, and other expenses incurred by the Company, in connection with the Subscription) are expected to be approximately HK\$175.8 million. The net Subscription Price, after deducting such fees, costs and expenses, is therefore approximately HK\$2.198 per Subscription Share.

The Company intends to use the net proceeds from the Subscription for future development of the Group, in particular:

- (i) as to HK\$35.8 million for purchasing machinery and equipment;
- (ii) as to HK\$20 million for promotion and marketing campaigns; and
- (iii) as to HK\$120 million for funding the land acquisition and development costs of new production facilities.

The Board has resolved to approve the Subscription. The Directors (including the independent non-executive Directors) are of the view that the Subscription will strengthen the financial position of the Group and raise additional funds while broadening the Shareholders and capital base of the Company. The Directors are of the view that the terms of the Subscription Agreements are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITY DURING THE PAST TWELVE MONTHS

The Company has not conducted any fund raising exercises in the past twelve months immediately before the date of this announcement.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming that there will be no change to the total number of Shares in issue and the number of Shares held by each of the Directors, substantial Shareholder and Subscribers from the date of this announcement to the date of completion of the Subscription other than the issue by the Company of the Subscription Shares, the shareholdings in the Company (a) as at the date of this announcement; and (b) immediately after the completion of the Subscription are and will be as follows:

	As at the date of this announcement		Immediately after the completion of the Subscription	
	<i>Number of Shares</i>	<i>Approximate % (Note 2)</i>	<i>Number of Shares</i>	<i>Approximate % (Note 2)</i>
Directors				
Hui Ching Lau (<i>Note 1a</i>)	248,315,905	36.78	248,315,905	32.89
Sze Man Bok (<i>Note 1b</i>)	45,760,919	6.78	45,760,919	6.06
Wu Huolu (<i>Note 1c</i>)	35,842,895	5.31	35,842,895	4.75
Subscribers	127,000	0.02	80,127,000	10.61
Other public shareholders	345,049,838	51.11	345,049,838	45.70
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Total:	675,096,557	100	755,096,557	100
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Notes:

1. According to the disclosure of interests published on the website of the Stock Exchange:
 - a. These 248,315,905 Shares are held and owned by Sure Wonder Limited, which is wholly owned by Mr. Hui Ching Lau and accordingly, Mr. Hui Ching Lau is deemed to be interested in the said 248,315,905 Shares;
 - b. These 45,760,919 Shares comprise (i) 45,645,799 Shares held and owned by Tin Lee Investments Limited (“**Tin Lee**”) and (ii) 115,120 Shares directly held and owned by Mr. Sze Man Bok. Tin Lee is a wholly owned subsidiary of Tin Wing Holdings Limited, which is owned by Seletar Limited and Serangoon Limited as nominee on trust for Credit Suisse Trust Limited, the trustee of the Sze’s Family Trust. Mr. Sze Man Bok is settlor and beneficiary of the Sze’s Family Trust and accordingly, is deemed to be interested in the said 45,645,799 Shares; and

- c. These 35,842,895 Shares comprise (i) 35,214,895 Shares held and owned by Easy Success International Investment Limited (“**Easy Success**”), which is wholly owned by Mr. Wu Huolu; and (ii) 628,000 Shares directly held and owned by Mr. Wu Huolu. Mr. Wu Huolu is deemed to be interested in the said 35,214,895 Shares held by Easy Success accordingly.
2. The percentages in the above table may not add up to 100% due to rounding off of numbers.

GENERAL

The Subscription is not subject to Shareholders’ approval as the Subscription Shares will be issued under the General Mandate. Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

The Subscription Agreements may be terminated pursuant to the termination provisions contained therein. In addition, completion of the Subscription is subject to fulfillment of the condition under the Subscription Agreements. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

Unless the context requires otherwise, the following expressions shall have the following meanings in this announcement:

“2020 AGM”	the annual general meeting of the Company held on 12 June 2020 at which, among other things, a resolution for the grant of the General Mandate to the Directors was duly passed by the Shareholders
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or Sunday or public holidays or days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks in Hong Kong are generally open for banking business

“Company”	Qinqin Foodstuffs Group (Cayman) Company Limited (Stock Code: 1583), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by a resolution of the Shareholders passed at the 2020 AGM to allot, issue and otherwise deal with securities of the Company not exceeding 20% of the issued share capital of the Company as at the date of the 2020 AGM
“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
“Last Trading Date”	21 December 2020, being the last trading day prior to the signing of the Subscription Agreements
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“SFC”	the Securities and Futures Commission of Hong Kong
“Shares”	shares of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	the subscribers of the Subscription Shares

“Subscription”	the subscription of the Subscription Shares by the Subscribers at the Subscription Price pursuant to the terms and conditions of the Subscription Agreements
“Subscription Agreements”	the subscription agreements entered into by the Company and each of the Subscribers respectively, each dated 22 December 2020 in respect of the Subscription
“Subscription Monies”	such sum as is the aggregate of the Subscription Price multiplied by the number of Subscription Shares less the relevant expenses pursuant to the terms of the Subscription Agreements
“Subscription Price”	the price per Subscription Share payable by the Subscribers, being HK\$2.2 per Subscription Share
“Subscription Shares”	80,000,000 new Shares in aggregate to be issued to the Subscribers by the Company under the Subscription
“%”	per cent

By order of the Board
Qinqin Foodstuffs Group (Cayman) Company Limited
HUI Ching Lau
Chairman and Executive Director

Hong Kong, 22 December 2020

As at the date of this announcement, the Board comprises 12 Directors, of which three are executive Directors, namely Mr. Hui Ching Lau (Chairman) , Mr. Wong Wai Leung (Chief Financial Officer and Company Secretary) and Mr. Wu Wenxu; five are non-executive Directors, namely Mr. Hui Lin Chit, Mr. Sze Man Bok, Mr. Wu Huolu, Mr. Wu Sichuan and Mr. Wu Yinhang; and four are independent non-executive Directors, namely Mr. Cai Meng, Mr. Chan Yiu Fai Youdey, Mr. Ng Swee Leng and Mr. Paul Marin Theil.