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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 20 January 2018, the Company and no less 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 95,000,000 new Shares at the Subscription Price on the terms and subject to the conditions set out in the Subscription Agreements.

The Subscribers are independent professional, institutional and/or individual investors. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Subscribers (and their respective ultimate beneficial owners, if applicable) are third parties independent of the Company and its connected persons.

The number of the Subscription Shares represents: (a) approximately 19.97% of the total number of Shares in issue as at the date of this announcement; and (b) approximately 16.65% 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\$2.11 per Share and represents:

- (i) a discount of approximately 4.52% to the closing price of HK\$2.21 per Share as quoted on the Stock Exchange on the Last Trading Date; and
- (ii) a discount of approximately 2.59% to the average closing price of approximately HK\$2.166 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 each of 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

The Board is pleased to announce that, on 20 January 2018, the Company and no less 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 95,000,000 new Shares at the Subscription Price on the terms and subject to the conditions set out in the Subscription Agreements.

THE SUBSCRIPTION AGREEMENTS

Date

20 January 2018

Parties

The Company and the Subscribers

The Subscribers

There are no less than six Subscribers and they are independent professional, institutional and/or individual investors. As at the date of this announcement, save for 1,543,913 Shares held by three of the Subscribers, none of the Subscribers (and their respective ultimate beneficial owners, if applicable) have any interest in the Shares except pursuant to the Subscription Agreements. None of the Subscribers (and their respective ultimate beneficial owners, if 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, the Subscribers (and their respective ultimate beneficial owners, if 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 95,000,000 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 19.97% of the total number of Shares in issue as at the date of this announcement; and (b) approximately 16.65% 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 2017 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 2017 AGM. Under the General Mandate, the Company is authorised to issue up to 95,139,311 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\$2.11 per Share and represents:

- (i) a discount of approximately 4.52% to the closing price of HK\$2.21 per Share as quoted on the Stock Exchange on the Last Trading Date; and
- (ii) a discount of approximately 2.59% to the average closing price of approximately HK\$2.166 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 Board considers 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\$950,000.

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 30 April 2018 (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 of jelly products, crackers and chips, seasoning products, and bakery, confectionery and other products.

The gross proceeds from the Subscription are expected to be approximately HK\$200.45 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\$200.25 million. The net Subscription Price, after deducting such fees, costs and expenses, is therefore approximately HK\$2.11 per Subscription Share.

The Company intends to use the net proceeds from the Subscription for development, introduction and promotion of new products, expansion and upgrade of production facilities, enhancing our presence in the sales channels and promoting our brands and for potential future acquisition and business cooperation.

The Board (by way of a majority votes with dissenting votes by Mr. Wu Huolu and Mr. Wu Yinhang) has resolved to approve the Subscription. Directors (including the independent non-executive Directors but excluding the aforementioned dissenting 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 assenting 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	
	Number of Shares	Approximate % (Note 2)	Number of Shares	Approximate % (Note 2)
Directors				
Hui Ching Lau (Note 1a)	31,225,078	6.56	31,225,078	5.47
Hui Lin Chit (Note 1b)	44,933,950	9.45	44,933,950	7.87
Sze Man Bok (Note 1c)	45,760,919	9.62	45,760,919	8.02
Wong Wai Leung (Note 1d)	Nil	Nil	Nil	Nil
Wu Huolu (Note 1e)	85,842,895	18.05	85,842,895	15.04
Other substantial shareholder				
Ms. Cai Liqiong (Note 1f)	19,144,464	4.02	19,144,464	3.35
Subscribers	1,543,913	0.32	96,543,913	16.92
Other public shareholders	247,245,338	51.98	247,245,338	43.32
Total:	<u>475,696,557</u>	<u>100</u>	<u>570,696,557</u>	<u>100</u>

Notes:

1. According to the disclosure of interests published on the website of the Stock Exchange:
 - a. These 31,225,078 Shares comprise (i) 29,555,978 Shares held and owned by Sure Wonder Limited, (ii) 1,497,500 Shares held and owned by Event Star Limited and (iii) 171,600 Shares held and owned by King Terrace Limited, all of which are wholly owned by Mr. Hui Ching Lau and accordingly, Mr. Hui Ching Lau is deemed to be interested in the said 31,225,078 Shares;
 - b. These 44,933,950 Shares are held and owned by An Ping Holdings Limited, a wholly owned subsidiary of An Ping Investments Limited, which is in turn owned by Seletar Limited and Serangoon Limited as nominee on trust for Credit Suisse Trust Limited, the trustee of the Hui Family Trust. Mr. Hui Lin Chit is settlor and beneficiary of the Hui Family Trust and accordingly, is deemed to be interested in the said 44,933,950 Shares;
 - c. 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;
 - d. Mr. Wong Wai Leung holds and owns 120,000 options pursuant to the share option scheme adopted on 16 May 2017 exercisable into 120,000 Shares;
 - e. These 85,842,895 Shares comprise (i) 85,214,895 Shares held and owned by Easy Success International Investment Limited (“**Easy Success**”), which is owned as to 50% by Mr. Wu Huolu and 50% by Mr. Wu Yongde (“**Mr. Wu YD**”, brother of Mr. Wu Huolu) and (ii) 628,000 Shares directly held and owned by Mr. Wu Huolu. Each of Mr. Wu Huolu, Mr. Wu YD and Ms. Cai Liqiong (“**Ms. Cai**”, the spouse of Mr. Wu YD) is deemed to be interested in the said 85,214,895 Shares held by Easy Success accordingly; and
 - f. In addition to the deemed interests of Mr. Wu YD and Ms. Cai as described in note 1e above, Ms. Cai also directly holds and owns 19,144,464 Shares, and Mr. Wu YD (the spouse of Ms. Cai) is also deemed to be interested in the said 19,144,464 Shares held by Ms. Cai. Both Mr. Wu YD and Ms. Cai are deemed to be substantial Shareholders of the Company.
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 each of 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:

“2017 AGM”	the annual general meeting of the Company held on 16 May 2017 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 2017 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 2017 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”	19 January 2018, being the last trading day prior to the signing of the Subscription Agreements, which took place after trading hours
“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 20 January 2018 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\$2.11 per Subscription Share
“Subscription Shares”	95,000,000 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, 21 January 2018

As at the date of this announcement, the Board comprises 12 Directors, of which five are non-executive Directors, namely Mr. Hui Lin Chit, Mr. Sze Man Bok, Mr. Wu Huolu, Mr. Wu Sichuan and Mr. Wu Yinhang; three are executive Directors, namely Mr. Hui Ching Lau (Chairman), Mr. Zhu Hong Bo (Chief Executive Officer) and Mr. Wong Wai Leung (Chief Financial Officer and Company Secretary); 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.