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Dali Foods Group Company Limited

達利食品集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3799)

CHANGE IN SHAREHOLDING STRUCTURE OF CONTROLLING SHAREHOLDER

The Board was informed by Ms. Chen and the Xu's Family Trust that on December 7, 2018, Mr. Xu and Ms. Xu transferred his and her 2% and 100% shareholdings in Divine Foods-1 and Divine Foods-3 respectively to Ms. Chen. Immediately after the said transfers on the same date, Ms. Chen transferred these 2% and 100% shareholdings in Divine Foods-1 and Divine Foods-3, together with her 100% shareholding in Divine Foods-2, to Company A. Each of these Transfers was made at a consideration of US\$100.

Upon completion of the Transfers on December 7, 2018, the Xu's Family Trust, via the Trustee and Company A, holds 2%, 100% and 100% shareholdings in Divine Foods-1, Divine Foods-2 and Divine Foods-3 respectively. Divine Foods-1, Divine Foods-2 and Divine Foods-3 holds 50%, 10% and 40% shareholdings respectively in Divine Foods, which directly holds 11,640,000,000 Shares, representing 85% of the issued share capital of the Company, as at the date of this announcement.

As the Xu's Family Trust, via the Trustee and Company A, has acquired 85% of the issued share capital of the Company as a result of the Transfers, an application has been made to the SFC for a waiver from the obligations of Ms. Chen, the Trustee and Company A to make a general offer for all the Shares as a result of the Transfers and the Executive has granted a waiver from making a general offer pursuant to Note 6(a) to Rule 26.1 of the Takeovers Code in favour of Ms. Chen, the Trustee and Company A in this regard.

THE TRANSFERS

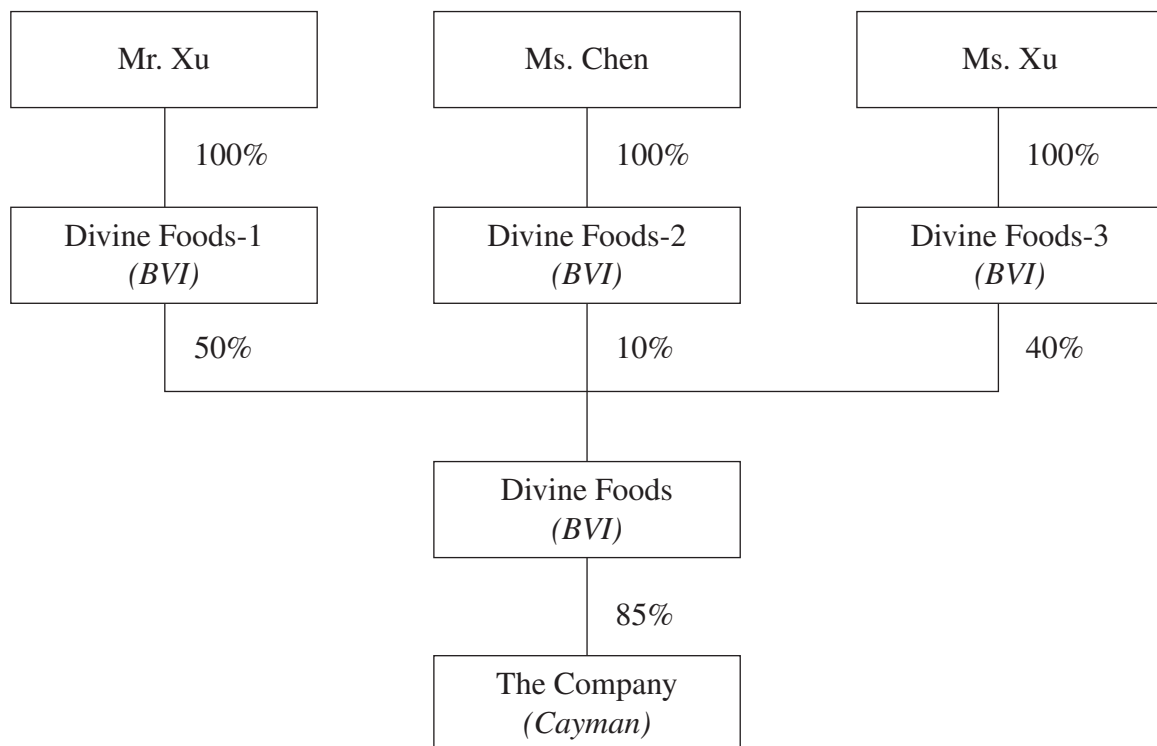
The Board was informed by Ms. Chen and the Xu's Family Trust that on December 7, 2018, Mr. Xu and Ms. Xu transferred his and her 2% and 100% shareholdings in Divine Foods-1 and Divine Foods-3 respectively to Ms. Chen. Immediately after the said transfers on the

same date, Ms. Chen transferred these 2% and 100% shareholdings in Divine Foods-1 and Divine Foods-3, together with her 100% shareholding in Divine Foods-2, to Company A. Each of these Transfers was made at a consideration of US\$100.

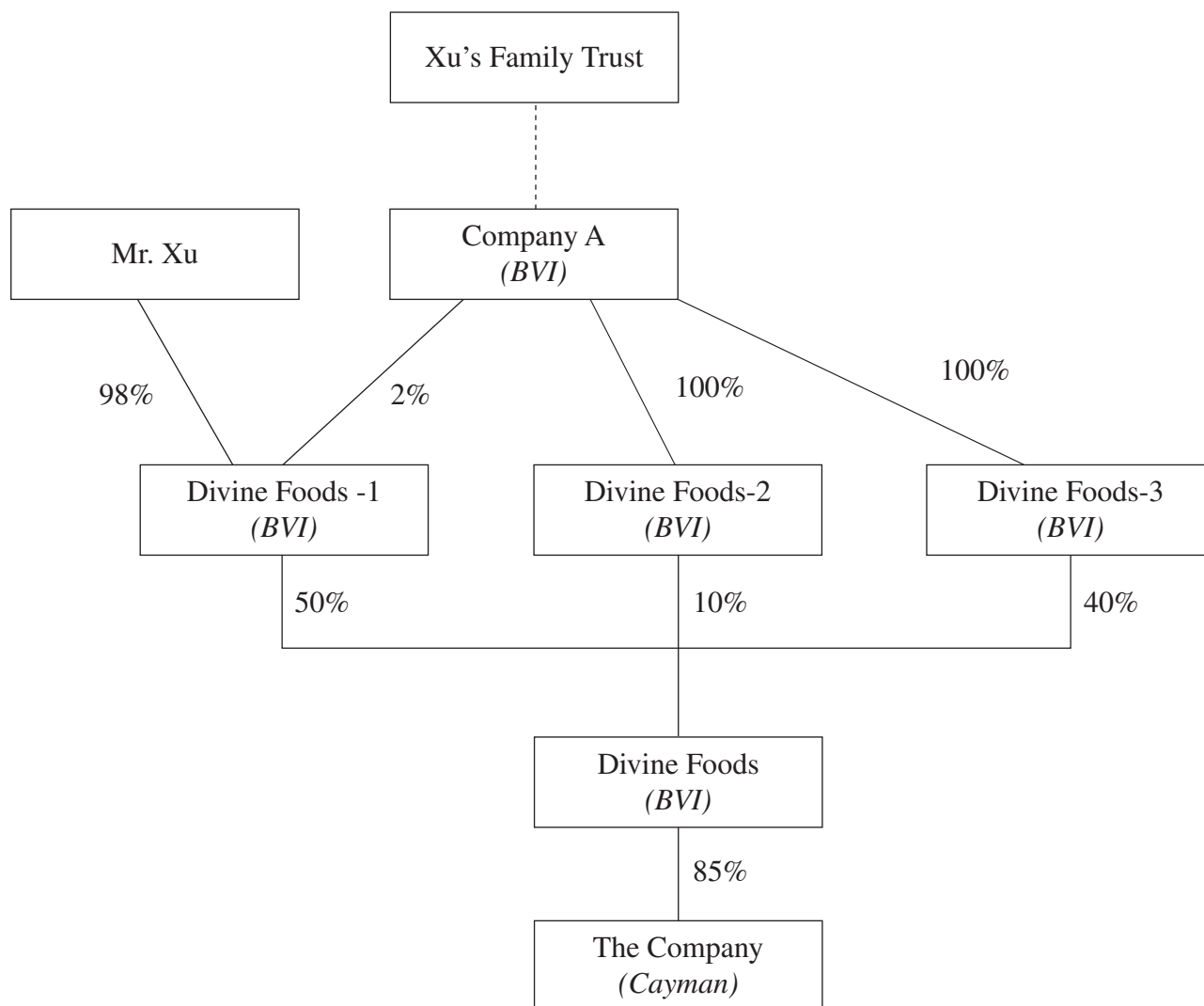
Upon completion of the Transfers on December 7, 2018, the Xu’s Family Trust, via the Trustee and Company A, holds 2%, 100% and 100% shareholdings in Divine Foods-1, Divine Foods-2 and Divine Foods-3 (collectively the “**Relevant DF Shares**”), respectively. Divine Foods-1, Divine Foods-2 and Divine Foods-3 holds 50%, 10% and 40% shareholdings respectively in Divine Foods, which directly holds 11,640,000,000 Shares (the “**Relevant Listco Shares**”), representing 85% of the issued share capital of the Company, as at the date of this announcement. Accordingly, Mr. Xu and the Xu’s Family Trust, through their controlled corporations, indirectly hold 85% of the total issued share capital of the Company upon completion of the Transfers.

The shareholding structures of the Company immediately before and after the Transfers are as follows:

Immediately before the Transfers



Immediately after completion of the Transfers



INFORMATION ON COMPANY A, THE TRUSTEE AND THE XU FAMILY'S TRUST

Company A is an investment holding company incorporated in the BVI and the underlying trust company to hold the Relevant DF Shares (and hence the Relevant Listco Shares). Company A is wholly-owned by the Trustee in its capacity as the trustee for the Xu's Family Trust.

The Trustee is a company incorporated in the BVI and a professional trust company independent of Xu's Family.

The Xu Family's Trust is a discretionary trust established by Ms. Chen as the settlor and the Trustee as the trustee. Mr. Xu, Ms. Xu and Ms. Chen are beneficiaries of the Xu Family's Trust.

REASONS FOR AND EFFECT OF THE TRANSFERS

As advised by Xu's Family, the Transfers were made for family wealth and succession planning purposes.

The Transfers do not involve any change in composition of the Board. Mr. Xu will remain as the Chairman, the Chief Executive Officer and an executive Director, and Ms. Xu will remain as an executive Director, of the Company after the Transfers. The Transfers have no effect on the business and operation of the Group.

IMPLICATIONS UNDER THE TAKEOVERS CODE

The Xu's Family Trust, via the Trustee and Company A, has acquired 85% of the issued share capital of the Company as a result of the Transfers. As Xu's Family, Divine Foods, Divine Foods-1, Divine Foods-2, Divine Foods-3 and the Xu's Family Trust (together with the Trustee and Company A) are parties acting in concert for the purposes of the Takeovers Code, an application has been made to the SFC for a waiver from the obligations of Ms. Chen, the Trustee and Company A to make a general offer for all the Shares as a result of the Transfers and the Executive has granted a waiver from making a general offer pursuant to Note 6(a) to Rule 26.1 of the Takeovers Code in favour of Ms. Chen, the Trustee and Company A in this regard.

DEFINITIONS

In this announcement, unless it is defined or the context requires otherwise, the following terms shall have the following meanings:

“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Company”	Dali Foods Group Company Limited 達利食品集團有限公司, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Divine Foods”	Divine Foods Limited, a company incorporated in the BVI on November 4, 2014, the immediate holding company of 11,640,000,000 Shares and a controlling shareholder of the Company, which is owned as to 50%, 10% and 40% by Divine Foods-1, Divine Foods-2 and Divine Foods-3 respectively
“Divine Foods-1”	Divine Foods-1 Limited, a limited company incorporated in the BVI on November 4, 2014 wholly-owned by Mr. Xu prior to the Transfers

“Divine Foods-2”	Divine Foods-2 Limited, a limited company incorporated in the BVI on November 4, 2014 wholly-owned by Ms. Chen prior to the Transfers
“Divine Foods-3”	Divine Foods-3 Limited, a limited company incorporated in the BVI on November 4, 2014 wholly-owned by Ms. Xu prior to the Transfers
“Executive”	the Executive Director of the Corporate Finance Division of the SFC, or any delegate of the Executive
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Xu”	Mr. Xu Shihui (許世輝先生), the Chairman, the Chief Executive Officer, an executive Director and a controlling shareholder of the Company
“Ms. Chen”	Ms. Chen Liling (陳麗玲女士), the spouse of Mr. Xu
“Ms. Xu”	Ms. Xu Yangyang (許陽陽女士), an executive Director, the vice president of the Company, and the daughter of Mr. Xu and Ms. Chen
“Company A”	Hi-Tiger Limited, an investment holding company incorporated in the BVI wholly-owned by the Trustee, and the underlying trust company which holds 2%, 100% and 100% shareholdings in Divine Foods-1, Divine Foods-2 and Divine Foods-3 respectively upon completion of the Transfers
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the issued capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Codes on Takeovers and Mergers and Share Buy-backs

“Transfers”	(i) the transfers of 2% and 100% shareholdings in Divine Foods-1 and Divine Foods-3 by Mr. Xu and Ms. Xu respectively to Ms. Chen, and (ii) the transfers of 2%, 100% and 100% shareholdings in Divine Foods-1, Divine Foods-2 and Divine Foods-3 respectively by Ms. Chen to Company A
“Trustee”	Cantrust (Far East) Limited, a company incorporated in the BVI, the trustee of the Xu’s Family Trust
“Xu’s Family”	Mr. Xu, Ms. Chen and Ms. Xu
“Xu’s Family Trust”	a discretionary trust established by Ms. Chen for which the Trustee acts as the trustee and Ms. Chen, Mr. Xu and Ms. Xu are the beneficiaries of the trust
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

By Order of the Board
Dali Foods Group Company Limited
Xu Shihui
Chairman

Hong Kong, December 7, 2018

As at the date of this announcement, the Board comprises Mr. XU Shihui, Mr. ZHUANG Weiqiang and Ms. XU Yangyang as executive Directors; Ms. XU Biying and Ms. HU Xiaoling as non-executive Directors; Mr. CHENG Hanchuan, Mr. LIU Xiaobin and Dr. LIN Zhijun as independent non-executive Directors.