



IN THE GRAND COURT OF THE CAYMAN ISLANDS

FINANCIAL SERVICES DIVISION

CAUSE NO. FSD OF 2023 (CR.J)

IN THE MATTER OF SECTION 86 OF THE COMPANIES ACT (2023 REVISION) (AS REVISED)

AND IN THE MATTER OF ORDER 102 OF THE GRAND COURT RULES 1995 (AS REVISED)

AND IN THE MATTER OF DALI FOODS GROUP COMPANY LIMITED 達利食品集團有限公司

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PETITION

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To: The Grand Court of the Cayman Islands

THE HUMBLE PETITION OF DALI FOODS GROUP COMPANY LIMITED 達利食品集團有限公司, whose registered office is at Maples Corporate Services Limited, PO Box 309, Uglund House, Grand Cayman, KY1-1104 Cayman Islands shows the following:

**Object of the Petition**

1. The object of this Petition is to seek the sanction of the Court, pursuant to section 86 of the Companies Act (2023 Revision) (as revised) (the “**Companies Act**”), to a proposed scheme of arrangement (the “**Scheme**”) between the petitioner, Dali Foods Group Company Limited 達利食品集團有限公司 (the “**Company**”) and the Scheme Shareholders (as defined in the scheme document (the “**Scheme**”

**Document**”)) a draft of which is attached as Exhibit “ZW-1” to the first affirmation of ZHUANG WEIQIANG made on 4 July 2023.

### **The Company**

2. The Company was incorporated under the name “Dali Foods Group Company Limited” on 4 November 2014 under the Companies Act as an exempted company with registration number MC-293390. The Company changed its name to “Dali Foods Group Company Limited 達利食品集團有限公司” on 30 April 2015.
3. The registered office of the Company is situated at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and the principal place of business of the Company in Hong Kong is at Room 2601, 26th Floor, One Harbourfront, 18 Tak Fung Street, Hung Hom, Kowloon, Hong Kong.
4. The objects for which the Company was established are unrestricted and include carrying on business as an investment company and as an investment holding company. The Company is otherwise capable of exercising all the functions of a natural person as provided by section 27(2) of the Companies Act. The Company with its subsidiaries (the “**Group**”) is a leading branded food and beverage company in China with a diversified multibrand product portfolio focusing on high-growth product categories. The Group is principally engaged in the manufacture and sale of food and beverage in the People’s Republic of China.
5. As at the date of this Petition, the Company has an authorised share capital of HK\$500,000,000 divided into 50,000,000,000 shares of par value HK\$0.01 each (the “**Shares**”), of which 13,694,117,500 Shares have been issued and fully paid-up or credited as fully paid-up and the remainder are unissued.

6. The Shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).
7. As at 3 July 2023, being the latest practicable date before the date of this Petition:
- (a) the Company has 13,694,117,500 Shares in issue;
  - (b) the Founder (as defined further below), through Divine Foods Limited (“**DF**”), a company incorporated in the British Virgin Islands and which is 50% owned by a company controlled by the Founder and 50% owned by a family trust established by the Founder as the settlor, is interested in 11,640,000,000 Shares (representing approximately 85% of the issued Shares) (the “**Founder Shares**”);
  - (c) the Offeror (as defined further below) does not hold any Shares;
  - (d) the Trustee (as defined further below) holds 532,327,500 Shares (representing approximately 3.89% of the issued Shares) (the “**Trustee Shares**”); and
  - (e) the remaining Shares (representing approximately 11.11% of the issued Shares) are held by the Disinterested Shareholders (as defined in the Scheme Document).
8. Set out below is an illustrative table setting out the major shareholdings of the Company as at 3 July 2023:

Shareholders	As at 3 July 2023	
	Number of Shares	Approximate % of total issued Shares
Offeror and Offeror Concert Parties (as defined in		

<b>the Scheme Document)</b>		
- DF	11,640,000,000	85.00
- Offeror	-	-
- Trustee	532,327,500	3.89
<b>Sub- total</b>	<b>12,172,327,500</b>	<b>88.89</b>
<b>Disinterested Shareholders</b>	<b>1,521,790,000</b>	<b>11.11</b>
<b>Total</b>	<b>13,694,117,500</b>	<b>100.00</b>

### The Founder, the Offeror and the Trustee

9. Rongshi International Investment Co., Ltd. (the “**Offeror**”), is a company incorporated in the British Virgin Islands and is wholly owned by Mr. Xu Shihui (the “**Founder**”).
10. The Founder is an executive director, chairman and chief executive officer of the Company and a controlling shareholder of the Company.
11. CMB Wing Lung (Trustee) Limited (the “**Trustee**”), a trustee corporation incorporated in Hong Kong, is a professional trustee corporation appointed by the Company for the administration of the share award scheme adopted by the Company on 2 December 2021 (the “**Share Award Scheme**”).

### Scheme Shares

12. The Founder Shares and Shares held by the Disinterested Shareholders will constitute the Scheme Shares (as defined in the Scheme Document).
13. The Trustee Shares will not form part of the Scheme Shares. The Offeror proposes that the Trustee will retain its shareholding, i.e. the Trustee Shares and remain as a shareholder of the Company after the Scheme becomes effective so

as to allow the Share Award Scheme to continue to be maintained as an employee incentivisation platform after delisting (the “**Rollover Arrangement**”).

14. DF will give an undertaking not to attend and vote at the Court Meeting and an undertaking to be bound by the terms of the Scheme.
15. The Offeror will undertake to be bound by the terms of the Scheme.

### **Purpose and Principal Features of the Scheme**

16. The purpose of the Scheme is to privatise the Company and de-list the Company from the Stock Exchange such that the Offeror will own approximately 96.11% of the issued Shares and the Trustee will own approximately 3.89% of the issued Shares of the Company upon the Scheme becoming effective.
17. The Scheme involves:
  - (a) the cancellation of all Scheme Shares (other than the Founder Shares) in exchange for the payment of a cancellation price of HK\$3.75 in cash for each such Scheme Share (the “**Cancellation Price**”);
  - (b) the cancellation of the Founder Shares in consideration for the Founder Shares Cancellation Consideration (as defined in the Scheme Document), being the issue of ordinary shares in the share capital of the Offeror to the Founder in an amount equivalent to the aggregate Cancellation Price for all of the Founder Shares;
  - (c) the issued share capital of the Company being maintained at the same amount as immediately before the Scheme by the issue to the Offeror, simultaneously with the cancellation of the Scheme Shares, of an

aggregate number of new shares equal to the number of Scheme Shares cancelled; and

- (d) the Company applying the reserve created in its books of account as a result of the cancellation of the Scheme Shares in paying up in full such new shares issued to the Offeror.

18. The Scheme provides the Scheme Shareholders with an opportunity to realise their investments for cash at an attractive premium over the prevailing market price without having to suffer any illiquidity discount. The Cancellation Price is fully explained in the Scheme Document together with the recommendation to the Independent Board Committee (as defined in the Scheme Document) from the Independent Financial Adviser (as defined in the Scheme Document) and the recommendation to the Disinterested Shareholders (as defined in the Scheme Document) from the Independent Board Committee.
19. After careful consideration, the board of directors of the Company (with the interested directors abstaining) has determined that the Scheme is in the best interest of the Company.
20. Under the the Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”), unless permitted by the Securities and Futures Commission of Hong Kong, Scheme Shareholders who are acting in concert with the Offeror in relation to the implementation of the Scheme may not be counted for the purposes of satisfying the voting requirements of Rule 2.10 of the Takeovers Code but may be counted for the purposes of satisfying the voting requirements of section 86 of the Companies Act. As at 3 July 2023, DF is the only Scheme Shareholder who is acting in concert with the Offeror in relation to the implementation to the Scheme and will give an undertaking not to attend and vote at the Court Meeting.

21. The Company intends to make an application for directions, declarations and orders, amongst other things, that:
- (a) all Scheme Shareholders voting at the Court Meeting (other than DF who has undertaken not to vote at the Court Meeting) form one class for the purpose of approving the Scheme and are identified as one class in the Scheme Document;
  - (b) The Company be at liberty to convene a meeting of the Scheme Shareholders (the “**Court Meeting**”) for the purpose of considering and, if thought fit, approving the Scheme (with or without modification);
  - (c) directions as to the mode of delivery of the Scheme Document (including an explanatory memorandum) together with a proxy form to the Scheme Shareholders; and
  - (d) the appointment of a chairman of the Court Meeting and for the conduct of the Court Meeting generally.
22. The Company proposes to convene the Court Meeting at which the following resolution (with such amendments as may be approved at the Court Meeting) will be considered:

*“THAT a scheme of arrangement (the “**Scheme of Arrangement**”) dated 31 July 2023 between the Company and the Scheme Shareholders (as defined in Scheme) in the form of the print thereof which has been produced to the meeting and, for the purpose of identification signed by the chairman of the meeting, or in such other form and on such terms and conditions or may be approved or imposed by the Grand Court of the Cayman Islands, be and is hereby approved.”*

23. The Scheme Document will be sent to all Scheme Shareholders (with the possible exception of overseas shareholders of the Company (as explained in the Scheme Document)).

#### **Extraordinary General Meeting**

24. The Company intends to hold an extraordinary general meeting (the “**General Meeting**”) immediately after the Court Meeting for the purposes of approving all resolutions necessary to give effect to the privatisation.

#### **Effect of the Scheme on Issued Share Capital and Solvency**

25. The issued share capital of the Company will remain the same pre and post the Scheme.
26. The Scheme will not involve any diminution of liability in respect of any unpaid share capital or the payment to any member of the Company of any paid up capital or other monies by the Company or alteration of the underlying assets, business operations, management or financial position of the Company and will have no effect on the creditors of the Company. The Company will continue to be able to pay its debts as they fall due in the ordinary course of business.

#### **Rollover Arrangement**

27. As the above Rollover Arrangement is not offered to all shareholders, it constitutes a special deal and requires the consent of the Executive (as defined in the Scheme Document) under Rule 25 of the Takeovers Code. The Offeror will (prior to the despatch of the Scheme Document) make an application for consent from the Executive to the Rollover Arrangement conditional on:

- (a) the Independent Financial Adviser to the Independent Board Committee confirming that the Rollover Arrangement is fair and reasonable so far as the Disinterested Shareholders are concerned; and
  - (b) the passing of an ordinary resolution by the Disinterested Shareholders at the General Meeting to approve the Rollover Arrangement.
28. If the Rollover Arrangement is not approved by the Disinterested Shareholders at the General Meeting the Rollover Arrangement and the Scheme will not be implemented.
29. The Company therefore humbly prays as follows:
- (a) That the Scheme to be approved at the Court Meeting to be convened at the direction of this Honourable Court may be sanctioned by this Honourable Court.
  - (b) That such further or other order be made as the Court shall see fit.

Dated this 4 July 2023



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Conyers Dill & Pearman LLP  
Attorneys-at-Law for the Petitioner herein

NOTE: It is intended to serve this Petition on DALI FOODS GROUP COMPANY LIMITED 達利食品集團有限公司 at its registered office located at Maples Corporate Services Limited, PO Box 309, Uglund House, Grand Cayman, KY1-1104, Cayman Islands.

This Petition is presented by Conyers Dill & Pearman LLP, for and on behalf of the Petitioner, of Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands.

**Notice of Hearing**

This Petition, having been presented to the Court on the 4th day July of 2023, will be heard at the Law Courts, George Town, Grand Cayman on the 29 day of August 2023 at 9:30 a.m. or as soon thereafter as the Petition can be heard.