

**DALI FOODS GROUP COMPANY LTD:  
A MULTI-BILLION RENMINBI COMPANY  
WITH NO APPRECIABLE DEBTS !**

The Global Offering of Dali Foods Group Company Ltd () (Code: 3799, Main Board, The Stock Exchange of Hongkong Ltd) is another massive flotation on the premier equity market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

The Company is expecting to net about \$HK9,152 million (about \$US1.18 billion), assuming that the Share Price is struck at midpoint of the Indicative Offer Price Per Share, ranging from a low of \$HK5.00 to a high of \$HK6.15.

The Company pitched a Global Offering of 1,694,117,500, one-cent Shares on November 10, 2015, with HKSAR Investors, being Offered 169,412,000 Shares, and International Investors, being Offered 1,524,705,500 Shares.

The Global Offering of 1,694,117,500 Shares represents only 12.40 percent of the entire Issued and Fully Paid-Up Share Capital.

Exactly 85 percent of the Issued Share Capital is being kept by Mr Xu Shi Hui (), the Founder of the Company.

On the assumption that the Offer Price Per Share is struck at \$HK5.58 and that the Company nets about \$HK9,152 million, this not inconsiderable amount of money will be utilised as follows:

1. Approximately, 20 percent, that is about \$HK1,830 million, *'will be used for, development, introduction and promotion of our new products, including improving our research and development capabilities, elevating our market awareness and enhancing our advertising and other promotion efforts in relation to new product launch'*;
2. Approximately, 20 percent, that is about \$HK1,830 million, *'will be used for the expansion and upgrade of our production capacity and the manufacturing network, of which approximately (i) 15% will be used for construction of new production facilities, including the new food and beverage production facilities in Shenyang, Liaoning province; and (ii) 5% will be used for increasing production capacity through introducing additional automated production lines and further upgrade our production technology to consistently deliver more high quality products and reduce manufacturing costs'*;
3. Approximately, 20 percent, that is about \$HK1,830 million, *'will be used for enhancing our presence in the sales channels and promoting our brands, of which approximately (i) 10% will be used for promoting our brands through different channels in particular modern retail, specialty and catering channels; (ii) 5% will be used for strengthening our sales capability by expanding sales teams; (iii) 5% will be used for implementing a more comprehensive information technology system and developing our e-commerce channel'*;
4. Approximately, 30 percent, that is about \$HK\$2,746 million, *'will be used for potential future acquisition and business cooperation that will help us to consolidate our position in the overall*

*food and beverage industry by leveraging on our extensive nationwide sales and distribution network ... As of the Latest Practicable Date (October 31, 2015), we had not engaged in any negotiations or entered into any letter of intent or any definitive and finalized understanding, commitment or agreement, legally binding or not, in connection with any business acquisitions nor had we commenced any due diligence process in relation to the same...*'and,

5. Approximately, 10 percent, that is about \$HK915 million, '*will be used for our working capital and other general corporate purposes*'.

### **The Business**

Dali Foods Group describes its business as being engaged in supplying '*branded snack food and beverages*' to consumers in the PRC, proper, being separate and distinct from the HKSAR of the PRC.

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