

# FNSX Announcement | 7 September 2021

## Manalto International Limited (FNSX: MTL)

Manalto signs Memorandum of Understanding with Shi Hai Dong Tian Alcohol Ltd., Co. regarding the acquisition of Shi Hai Dong Tian by Manalto

### **Investment Highlights**

- Manalto International Ltd (“MTL”), is pleased to announce that it has entered into a memorandum of understanding (“MOU”) with Shi Hai Dong Tian Alcohol Ltd., Co (“Shihaidongtian”).
- Shihaidongtian is a leading Chinese Baijiu manufacturer and distributor in China. Shihaidongtian has a renowned reputation for its unique brewing method and cave aging Baijiu.
- The consideration for the acquisition of the Target Company is expected to be RMB 200,000,000.00 subject to negotiations and was determined after arm’s length negotiations between the parties as will be set out in the Formal Agreement.

### **About Shihaidongtian**

Shihaidongtian is located in Xingwen County, Yibin City, Sichuan Province. It is located in the famous Home of Stoney Sea Cave. Stoney Sea Cave is the base of the company’s Baiju Cellar; it is also the birthplace of “Cave Baiju Cellar” culture. Shihaidontian’s cave air is rich in microbial species which helps the preservation of Baijiu and speeds up the aging process to add a unique flavor to Baijiu’s fragrance and taste. The cave also has the natural characteristics of retaining warmth in winter and coolness in summer which plays an important role in improving the purity and increasing the richness and mellowness of the Baijiu’s texture. It takes approximately eight years for Baijiu to age outside the cave to reach the same quality as three years of aging in the cave.

### **About This MOU**

Shihaidongtian’s director Haitao Zhang and MTL’s director Qi Cao met to discuss this MOU and Manalto’s acquisition of Shihaidongtian. Both parties are confident that this acquisition would gain a competitive advantage on the market for both companies.

Mr. Qi Cao has also revealed this exciting news to MTL’s shareholders on Tuesday 7<sup>th</sup> September 2021, stating: “This acquisition will allow MTL to develop its business vertically, gaining more competitive advantage for the company. It also allows us to diversify the company’s investment portfolio allowing MTL to have more options when it comes to strategic planning.” Mr. Cao further expressed that “having Shihaidongtian acquired will allow MTL to have a more enclosed revenue stream which will enable MTL to increase profit in the future.”

# Memorandum of Understanding

Manalto International Ltd



Shi Hai Dong Tian



石海洞天

# Memorandum of Understanding

Dated 6 September 2021

## Parties

<b>Manalto</b>	Name	Manalto International Ltd
	ACN	646 929 455
	Address	Suite 16, 281 Sussex Street Sydney NSW 2000
	Contact	David Mullan
	Telephone	0403 614 233
	Email	<a href="mailto:david@atollf.com">david@atollf.com</a>
<b>Shi Hai Dong Tian</b>	Name	Xing Wen Shi Hai Dong Tian Alcohol Limited Co.
	Social Unified Credit No.	91511528073958420K
	Address	Silong Village Daba Miao Ethnic Country, Xingwen County, Sichuan Province.
	Company Type	Other Limited Liability Co.
	Registered Capital	RMB 60,000,000
	Registered Date	17 July 2013
	Operation Time Limit	Long Term

## Recitals

- A. Manalto has entered into a non-legally binding agreement (**MOU**) with Shi Hai Dong Tian regarding the acquisition of Shi Hai Dong Tian (**Target Company**) by Manalto.
- B. The Target Company is a company incorporated in the People's Republic of China with limited liability and is principally engaged in the manufacture and distribution of alcohol and liquor.
- C. This MOU shall be followed by a legally binding contract on the agreement of the parties (**Formal Agreement**).

## Operative provisions

### 1. Terms of MOU

- 1.1 Manalto intends to acquire all current and future assets, operations and business activities of the Target Company.
- 1.2 The brief of assets owned and held by the Target Company are as follows:
  - (a) Shi Hai Dong Tian Cave Storage Baijiu Base (estimated at about 300 million yuan);
  - (b) Cave Storage Baijiu (estimated at about 400 million yuan); and
  - (c) 100 mu (6.67 hectares) of Kiwi fruit garden and related assets (estimated at about 5 million yuan).

## **2. Activities of Target Company**

- 2.1 The Target Company's primary business activities consist of the following:
  - (a) sale of wine;
  - (b) domestic tourism operation service;
  - (c) warehousing service;
  - (d) retail of ceramics and glassware;
  - (e) wood decorative materials retail;
  - (f) paper products production and marketing;
  - (g) fruit planting and marketing;
  - (h) agricultural planting and picking sightseeing; and
  - (i) agricultural experience activities.

## **3. Consideration**

- 3.1 The consideration for the acquisition of the Target Company is expected to be RMB 200,000,000.00 subject to negotiations and was determined after arm's length negotiations between the parties as will be set out in the Formal Agreement.
- 3.2 The consideration payable for the acquisition of the Target Company shall be settled by way of the issue of shares of the Target Company and/or cash and/or combination thereof.
- 3.3 For the avoidance of doubt, the consideration, including the consideration amount and the way of settlement of the consideration, shall be subject to the terms and conditions of the Formal Agreement.

## **4. Negotiation**

- 4.1 The parties to the MOU shall negotiate in good faith to ensure the Formal Agreement is entered into as soon as possible.

## **5. Formal Agreement**

- 5.1 The Formal Agreement will be conditional upon, among others, the obtaining of a valuation report (in form and substance satisfactory to Manalto) from a firm of independent professional valuers appointed by Manalto.

## **6. Due Diligence**

- 6.1 Manalto shall conduct such review of the assets, liabilities, operations and affairs of the Target Company as it may consider appropriate, and Shi Hai Dong Tian shall provide such assistance as Manalto requires.

## **7. Exclusivity**

- 7.1 Shi Hai Dong Tian agrees that it will not, and will procure that the Target Company and their directors, officers, employees, representatives and agents will not, directly or indirectly, for a period of three (3) months from the date of this MOU:

- (a) solicit, initiate or encourage inquiries or offers from;
- (b) initiate or continue negotiations or discussions with or furnish any information; and
- (c) enter into any agreement or statement of intent or understanding

with, any person or entity other than the Manalto with respect to the sale or other disposition of the shares or any assets of the Target Company or the sale, subscription, or allotment of any part thereof or any other shares of the Target Company.

## **8. Costs**

- 8.1 Each party to the MOU shall bear its own costs and expenses (including legal fees) incurred in connection with the preparation, negotiation, execution and performance of the MOU.

Signing page

**Executed by Manalto International Ltd:**

Secretary/Officer

Print name

Xu. xiao. jian

Officer

Print name

Cao. Qi

**Executed by Xin Wen Shi Hai Dong Tian  
Alcohol Limited Co.:**

Secretary/Officer

Print name

Officer

Print name

张均