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## **CHANGSHOUHUA FOOD COMPANY LIMITED**

### **長壽花食品股份有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock code: 1006)

## **CONNECTED TRANSACTION**

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The Board announces that on 11 October 2019, Corn Industry, a wholly-owned subsidiary of the Company, and Sanxing Grease entered into the Agreement, pursuant to which, Corn Industry agreed to sell the Property to Sanxing Grease for a consideration of RMB11,530,418.

### **IMPLICATIONS UNDER THE LISTING RULES**

Since Sanxing Grease is a controlling Shareholder which is beneficially interested in approximately 52.14% issued Shares of the Company as at the date of this announcement. Accordingly, Sanxing Grease is a connected person of the Company under Chapter 14A of the Listing Rules. The Agreement and the transaction contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the relevant percentage ratios (as defined under 14.07 of the Listing Rules) in respect of the transaction contemplated under the Agreement exceed 0.1% but less than 5%, the transaction contemplated under the Agreement is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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Principal terms of the Agreement are set out below:

### **Date**

11 October 2019

## **Parties**

- (i) Corn Industry, a wholly-owned subsidiary of the Company
- (ii) Sanxing Grease

Sanxing Grease is a controlling Shareholder which is beneficially interested in approximately 52.14% issued Shares of the Company as at the date of this announcement. Accordingly, Sanxing Grease is a connected person of the Company under Chapter 14A of the Listing Rules.

## **Subject Matter**

Pursuant to the Agreement, Corn Industry conditionally agreed to sell the Property to Sanxing Grease for a consideration of RMB11,530,418.

The consideration was arrived at after arm's length negotiation between the parties and was determined by reference to (i) the amount of book value of the Property at RMB8,400,000; and (ii) the value of the Property of RMB11,530,418 (excluding land value) stated in the property appraisal report issued by an independent valuer after investigation and related evaluation work.

The consideration has been paid in full by Sanxing Grease to Corn Industry upon signing of the Agreement. Corn Industry shall assist in the completion of the procedures of the transfer in property rights. If the procedures of transfer of the property rights are not completed by 31 December 2019, Corn Industry shall return the consideration in full to Sanxing Grease.

Corn Industry shall deliver the Property to Sanxing Grease by 31 December 2019 and the land use rights within the location of the Property shall also be transferred.

## **INFORMATION ON SANXING GREASE**

Sanxing Grease is a company established in the PRC and its principal activity is the production and sale of edible oil.

Sanxing Grease is wholly owned by Shandong Sanxing and Shandong Sanxing is held by Mr. Wang Mingxing, Mr. Wang Mingfeng and Mr. Wang Mingliang, all are executive Directors, as to 25.5%, 24.49% and 29.39% respectively.

## **INFORMATION ON THE PROPERTY**

Address:	North side of Fuqian Road, Handian Town, Zouping County, the PRC
Use:	Residential
Building Construction Area:	14,323.5 square meters

The Property will continue to be used as residence for employees of the Group.

## **REASONS AND BENEFITS FOR THE AGREEMENT AND THE TRANSACTIONS CONTEMPLATED THEREUNDER**

The principal activities of the Group are the production and sale of own-brand edible oil, non-branded edible oil and corn meal.

Corn Industry owns the Property but the land where the Property is located is owned by Sanxing Grease. Given that the State Land Administration of the PRC and the Housing Authority of the PRC were merged into the Real Estate Registration Center of the PRC, the ownership of land and property must be unified. Due to the complicated procedure of land transaction and huge transaction amount, the Board believes that the transfer of ownership of the Property is more in line with the overall interests of the Company and its Shareholders.

The Disposal is expected to generate a net gain of approximately RMB7,000,000 for the Group. The proceeds generated from the Disposal will be mainly used for its daily operation as working capital of the Group.

Given the aforesaid, the Directors (including the independent non-executive Directors) consider that the Agreement are normal commercial terms and fair and reasonable, and are in the best interest of the Company and its Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

Since Sanxing Grease is a controlling Shareholder which is beneficially interested in approximately 52.14% Shares of the Company as at the date of this announcement. Accordingly, Sanxing Grease is a connected person of the Company under Chapter 14A of the Listing Rules. The Agreement and the transaction to be contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the relevant percentage ratios (as defined under 14.07 of the Listing Rules) in respect of the transaction contemplated under the Agreement exceed 0.1% but less than 5%, the transaction contemplated under the Agreement is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As Mr. Wang Mingxing, Mr. Wang Mingfeng and Mr. Wang Mingliang, all are executive Directors, respectively holds 25.5%, 24.49% and 23.39% of Sanxing Grease, which is a controlling Shareholder of the Company, Mr. Wang Mingxing, Mr. Wang Mingfeng and Mr. Wang Mingliang are deemed to have material interests in the transaction contemplated under the Agreement and they have abstained from voting on the Board resolution approving the Agreement and the transaction contemplated thereunder.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Agreement” the second-hand property sale and purchase agreement entered into by Corn Industry and Sanxing Grease on 11 October 2019, pursuant to which Corn Industry agreed to sell the Property to Sanxing Grease for a consideration of RMB11,530,418

“Board”	the board of Directors
“Company”	Changshouhua Food Company Limited, a company incorporated in the Cayman Islands, whose shares are listed on the Stock Exchange
“Corn Industry”	山東三星玉米產業科技有限公司(Shandong Sanxing Corn Industry Technology Company Limited*), a company incorporated in the PRC with limited liability and is an indirectly wholly-owned subsidiary of the Company as at the date of this announcement
“Directors”	the directors of the Company
“Disposal”	Corn Industry agreed to sell the Property to Sanxing Grease at RMB11,530,418
“Group”	the Company and its subsidiaries
“Independent Shareholders”	any Shareholder other than Sanxing Grease, Mr. Wang Mingxing and its associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Property”	the property located at the north side of Fuqian Road, Handian Town, Zouping City, the PRC
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purpose of this announcement
“Sanxing Grease”	鄒平三星油脂工業有限公司(Zouping Sanxing Grease Industry Company Limited*), a company established in the PRC with limited liability, and is wholly owned by Shandong Sanxing as at the date of this announcement
“Shandong Sanxing”	山東三星集團有限公司 (Shandong Sanxing Group Company Limited*), a company incorporated in the PRC with limited liability, which is owned as to 25.5% by Mr. Wang Mingxing, 29.49% by Mr. Wang Mingfeng and 24.49% by Mr. Wang Mingliang, all being executive Directors, as at the date of this announcement
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

On behalf of the Board  
**Changshouhua Food Company Limited**  
**Wang Mingxing**  
*Chairman*

Hong Kong, 11 October 2019

*As at the date of this announcement, the Board consists of five executive Directors, namely Mr. Wang Mingxing, Mr. Wang Mingfeng, Mr. Wang Mingliang, Mr. Cheng Wenming and Mr. Ren Zaishun, and three independent non-executive Directors, namely Mr. Wang Aiguo, Mr. Wang Ruiyuan and Mr. Liu Shusong.*

*\* for identification purpose only*