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**COFCO (HONG KONG) LIMITED**  
中糧集團（香港）有限公司  
*(Incorporated in Hong Kong with limited liability)*

 **中糧**  
**COFCO**  
**CHINA AGRI-INDUSTRIES HOLDINGS LIMITED**  
**中國糧油控股有限公司**  
*(Incorporated in Hong Kong with limited liability)*  
**(Stock Code: 606)**

**JOINT ANNOUNCEMENT**  
**(1) PROPOSAL FOR THE PRIVATISATION OF**  
**CHINA AGRI-INDUSTRIES HOLDINGS LIMITED**  
**BY COFCO (HONG KONG) LIMITED**  
**BY WAY OF A SCHEME OF ARRANGEMENT**  
**(UNDER SECTION 673 OF THE COMPANIES ORDINANCE)**  
**(2) PROPOSED WITHDRAWAL OF LISTING OF**  
**CHINA AGRI-INDUSTRIES HOLDINGS LIMITED**  
**(3) ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE**  
**AND**  
**(4) RESUMPTION OF TRADING IN SHARES**

**Financial Adviser to COFCO (HONG KONG) LIMITED**



## **INTRODUCTION**

The Offeror and the Company jointly announce that on 27 November 2019, the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under Section 673 of the Companies Ordinance. Assuming no new Shares are issued after the Record Date pursuant to the exercise of Share Options, upon completion of the Scheme, the Company will become wholly-owned by the Offeror, Wide Smart and Jumbo Profit, and the listing of the Shares will be withdrawn from the Stock Exchange.

## **TERMS OF THE PROPOSAL**

The Proposal will be implemented by way of the Scheme. Under the Scheme, the Scheme Shares will be cancelled and, in consideration therefor, each Scheme Shareholder will be entitled to receive the Cancellation Price of HK\$4.25 in cash for each Scheme Share cancelled.

**The Cancellation Price will not be increased and the Offeror does not reserve the right to do so.**

The implementation of the Proposal is, and the Scheme will become effective and binding on the Company and all Shareholders, subject to the fulfilment or waiver (as applicable) of the Conditions as described in the section headed “Conditions of the Proposal and the Scheme” below. All of the Conditions must be fulfilled or waived, as applicable, on or before the Long Stop Date (or such later date as the Offeror may determine or, to the extent applicable, as the High Court may direct and in all cases, as permitted by the Executive), failing which the Proposal will not proceed and the Scheme will lapse.

## **SHAREHOLDING STRUCTURE OF THE COMPANY AND SCHEME SHARES**

As at the Announcement Date, the Company has 5,260,699,388 Shares in issue. As at the Announcement Date, the Scheme Shares, comprising 2,064,897,131 Shares, represent approximately 39.25% of the issued Shares.

As at the Announcement Date: (a) the Offeror directly and (through Wide Smart, a wholly-owned subsidiary of the Offeror) indirectly holds an aggregate of 3,150,302,257 Shares (representing approximately 59.88% of the issued Shares); (b) Jumbo Profit (the shares of which are held under a declaration of trust in favour of Offeror Parent) directly holds 45,500,000 Shares (representing approximately 0.86% of the issued Shares); (c) a close relative of Mr. Yu Xubo, a director of the Offeror, holds 235,364 Shares (representing approximately 0.0045% of the issued Shares); and (d) a close relative of Mr. Song Liang, a director of the Offeror, holds 10,800 Shares (representing approximately 0.00021% of the issued Shares). The Shares referred to in (a) and (b) above will not form part of the Scheme Shares and will not be cancelled upon the Scheme becoming effective. As the Offeror, Wide Smart and Jumbo Profit are not Scheme Shareholders, they will not vote on the Scheme at the Court Meeting. The Shares referred to in (c) and (d) above will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective, but such Offeror Concert Parties will abstain from voting on the Scheme at the Court Meeting.

## **OPTION OFFER**

As at the Announcement Date, there are 92,176,000 outstanding Share Options granted under the Share Option Scheme, each relating to one Share, all of which have an exercise price of HK\$2.85. The Share Option Scheme lapsed in 2017 upon the expiry of its term and, as at the Announcement Date, no further Share Option may be granted thereunder.

The exercise of all such Share Options would result in the issue of 92,176,000 new Shares at maximum (representing approximately 1.75% of the issued Shares as at the Announcement Date and approximately 1.72% of the issued Shares as enlarged by the issue of such new Shares).

The Offeror will make (or procure to be made on its behalf) an appropriate offer to all Optionholders in accordance with Rule 13 of the Takeovers Code. The Option Offer is conditional upon the Scheme becoming effective.

## **FINANCIAL RESOURCES**

On the assumption that (a) no outstanding Share Options are exercised and (b) no further Shares are issued on or before the Record Date, the maximum amount of cash required for the Proposal (after taking into account the Option Offer to be made) would be approximately HK\$8,904,859,207.

On the assumption that (a) all outstanding Share Options as at the Record Date are exercised (and no further Share Options are granted on or before the Record Date) and all the holders of such Share Options become Scheme Shareholders on or before the Record Date and (b) no further Shares are issued on or before the Record Date, the maximum amount of cash required for the Proposal would be approximately HK\$9,167,560,807.

Consequently, the maximum amount of cash required for the Proposal on the basis described above would be approximately HK\$9,167,560,807.

The Offeror intends to finance the entire cash amount required for the Proposal from internal cash resources and/or other financing for the Certain Funds Period.

CICC, the financial adviser to the Offeror in connection with the Proposal, is satisfied that sufficient financial resources are available to the Offeror for satisfying its obligations in respect of the full implementation of the Proposal in accordance with its terms.

## **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

An Independent Board Committee which comprises Mr. Lam Wai Hon, Ambrose, Mr. Patrick Vincent Vizzone and Mr. Ong Teck Chye has been established by the Board to make a recommendation: (a) to the Independent Shareholders as to whether the terms of the Proposal and the Scheme are, or are not, fair and reasonable and whether to vote in favour of the Scheme at the Court Meeting and the EGM of the Company; and (b) to the Optionholders as to whether the terms of the Option Offer are, or are not, fair and reasonable and whether to accept the Option Offer.

Pursuant to Rule 2.8 of the Takeovers Code, the Independent Board Committee comprises all non-executive Directors who have, save as disclosed below, no direct or indirect interest in the Proposal. Each of Mr. Luan Richeng, Mr. Jia Peng and Mr. Meng Qingguo is a non-executive Director and is not a member of the Independent Board Committee as he is a member of senior management or employee of the Offeror Parent and/or its subsidiaries (in addition to the Group). All of the other non-executive Directors (being the independent non-executive Directors) are members of the Independent Board Committee. Although Mr. Patrick Vincent Vizzone has held 100,000 Shares (representing approximately 0.0019% of the issued Shares as at the Announcement Date) since he purchased them on 3 April 2014, this is an immaterial shareholding and is not considered to affect his ability and impartiality in his service on the Independent Board Committee.

An Independent Financial Adviser will be appointed by the Independent Board Committee to advise the Independent Board Committee in connection with the Proposal, the Scheme and the Option Offer. An announcement will be made as soon as possible upon its appointment.

### **FINANCIAL ADVISER TO THE OFFEROR**

The Offeror has appointed CICC as its financial adviser in connection with the Proposal.

### **DESPATCH OF SCHEME DOCUMENT**

The Scheme Document containing, amongst others, further details of the Proposal, the Scheme, the Option Offer, the expected timetable, an explanatory statement as required under the Companies Ordinance, information regarding the Company, recommendations from the Independent Board Committee with respect to the Proposal, the Scheme and the Option Offer, the letter of advice from the Independent Financial Adviser, a notice of the Court Meeting and a notice of EGM of the Company, together with forms of proxy in relation thereto, will be despatched to the Shareholders and Optionholders as soon as practicable and in compliance with the requirements of the Takeovers Code, the Companies Ordinance, the High Court and other applicable laws and regulations.

## **WITHDRAWAL OF LISTING OF SHARES**

The Company will apply to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange in accordance with Rule 6.15 of the Listing Rules, with effect from the Effective Date.

## **IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES**

The listing of the Shares on the Stock Exchange will not be withdrawn if the Scheme does not become effective or the Proposal otherwise lapses.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with it) may within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses announce an offer or possible offer for the Company, except with the consent of the Executive.

## **RESUMPTION OF TRADING IN THE SHARES**

At the request of the Company, trading in the Shares on the Stock Exchange was halted from 9:00 a.m. on 25 November 2019 pending issuance of this Announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in Shares on the Stock Exchange with effect from 9:00 a.m. on 28 November 2019.

## **WARNING**

**Shareholders and potential investors should be aware that the implementation of the Proposal, the Scheme and the Option Offer are subject to conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not be implemented, the Scheme may or may not become effective and the Option Offer may or may not be implemented. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.**

*This Announcement is not intended to and does not constitute, or form part of, any offer to sell or subscribe for or an invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Proposal or otherwise, nor shall there be any sale, issuance or transfer of securities of the Company in any jurisdiction in contravention of applicable law. The Proposal will be made solely through the Scheme Document, which will contain the full terms and conditions of the Proposal, including details of how to vote on the Proposal. Any acceptance, rejection or other response to the Proposal should be made only on the basis of information in the Scheme Document or any other document by which the Proposal is made.*

*The availability of the Proposal to persons who are not resident in Hong Kong may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not so resident in Hong Kong should inform themselves about, and observe, any applicable legal or regulatory requirements of their jurisdictions. Further details in relation to overseas shareholders will be contained in the Scheme Document.*

## **NOTICE TO US INVESTORS**

*The Proposal is being made to cancel the securities of a company incorporated in Hong Kong by means of a scheme of arrangement provided for under the Companies Ordinance and is subject to Hong Kong disclosure requirements, which are different from those of the United States. The financial information included in the relevant documentation, including this Announcement, has been prepared in accordance with Hong Kong Financial Reporting Standards and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.*

*A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules of the US Securities Exchange Act of 1934, as amended. Accordingly, the Proposal is subject to the disclosure requirements and practices applicable in Hong Kong to schemes of arrangement, which differ from the disclosure requirements of the US tender offer rules.*

*The receipt of cash pursuant to the Proposal by a US holder of Scheme Shares as consideration for the cancellation of its Scheme Shares pursuant to the Proposal or by an Optionholder as consideration for the cancellation of its Share Options may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other tax laws. Each holder of Scheme Shares or Share Options is urged to consult his/her/its independent professional adviser immediately regarding the tax consequences of the Proposal applicable to him/her/it.*

*US holders of Scheme Shares and Share Options may encounter difficulty enforcing their rights and any claims arising out of the US federal securities laws, as the Offeror and the Company are located in a country outside the United States and some or all of their officers and directors may be residents of a country other than the United States. US holders of Scheme Shares or Share Options may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, US holders of Scheme Shares or Share Options may encounter difficulty compelling a non-US company and its affiliates to subject themselves to a US court's judgement.*



## 1. INTRODUCTION

On 27 November 2019, the Offeror requested the Board to put forward a proposal to the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under Section 673 of the Companies Ordinance. Assuming no new Shares are issued after the Record Date pursuant to the exercise of Share Options, upon completion of the Scheme, the Company will become wholly-owned by the Offeror, Wide Smart and Jumbo Profit, and the listing of the Shares will be withdrawn from the Stock Exchange.

If the Proposal is approved and implemented, under the Scheme, the share capital of the Company will, on the Effective Date of the Scheme, be reduced by cancelling and extinguishing the Scheme Shares. Upon such reduction, the share capital of the Company will be increased to its former amount by the issuance to the Offeror, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled. The reserve created in the Company's books of account as a result of the reduction in share capital will be applied in paying up in full the new Shares so issued, credited as fully paid, to the Offeror.

## 2. TERMS OF THE PROPOSAL

### **Cancellation Price**

The Proposal will be implemented by way of the Scheme. Under the Scheme, the Scheme Shares will be cancelled and, in consideration therefor, each Scheme Shareholder will be entitled to receive the Cancellation Price of HK\$4.25 in cash for each Scheme Share cancelled.

**The Cancellation Price will not be increased and the Offeror does not reserve the right to do so.**

### **Comparison of value**

The Cancellation Price of HK\$4.25 per Scheme Share represents:

- a premium of approximately 34.07% over the closing price of HK\$3.17 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 40.92% over the average closing price of approximately HK\$3.02 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;

- a premium of approximately 53.17% over the average closing price of approximately HK\$2.77 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 64.73% over the average closing price of approximately HK\$2.58 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- a premium of approximately 72.49% over the average closing price of approximately HK\$2.46 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day; and
- a premium of approximately 72.62% over the average closing price of approximately HK\$2.46 per Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Day.

*Note:* The average closing price per Share disclosed has been rounded to two decimal places and the percentage of premium of the Cancellation Price over the average closing price per Share has been calculated based on the average closing price per Share before rounding.

The Cancellation Price has been determined on a commercial basis after taking into account, among others, the prices of the Shares traded on the Stock Exchange and with reference to other privatisation transactions in Hong Kong in recent years.

### **The Option Offer**

As at the Announcement Date, there are 92,176,000 outstanding Share Options granted under the Share Option Scheme, each relating to one Share, all of which have an exercise price of HK\$2.85. The Share Option Scheme lapsed in 2017 upon the expiry of its term and, as at the Announcement Date, no further Share Option may be granted thereunder. As at the Announcement Date, neither the Offeror nor any Offeror Concert Party holds any Share Options.

The Offeror will make (or procure to be made on its behalf) an appropriate offer to all Optionholders in accordance with Rule 13 of the Takeovers Code. The Option Offer is conditional upon the Scheme becoming effective. Under the Option Offer, the Offeror will offer Optionholders the “see-through” price (being the Cancellation Price minus the exercise price of the relevant Share Options) for the cancellation of each outstanding Share Option (vested or unvested) they hold in accordance with Rule 13 of the Takeovers Code.



<b>Share Option exercise price</b> (HK\$)	<b>“See-through” price</b> (HK\$)	<b>Total outstanding Share Options</b>	<b>Exercise period</b> (dd-mm-yyyy)
2.85	1.40	29,269,700	04-12-2017 to 03-12-2020
2.85	1.40	30,983,700	04-12-2018 to 03-12-2020 (Note)
2.85	1.40	31,922,600	04-12-2019 to 03-12-2020 (Note)

*Note:* Subject to the fulfilment of certain other conditions, if applicable.

Further information on the Option Offer will be set out in a letter to the holders of the Share Options, which will be dispatched at or around the same time as the dispatch of the Scheme Document.

If any of the outstanding Share Options is exercised in accordance with the terms of the Share Option Scheme, as applicable, on or before the Record Date, any Shares so issued on or before the Record Date will be subject to and eligible to participate in the Scheme.

The Option Offer will be extended to all Share Options outstanding on the date on which the Option Offer is made.

### **Conditions of the Proposal and the Scheme**

The implementation of the Proposal is, and the Scheme will become effective and binding on the Company and all Shareholders, subject to the fulfilment or waiver (as applicable) of the following:

- (1) the approval of the Scheme at the Court Meeting (by way of a poll) by holders of the Scheme Shares representing at least 75% of the voting rights of such holders present and voting, in person or by proxy, at the Court Meeting, and the votes cast (by way of poll) against the Scheme at the Court Meeting not exceeding 10% of the total voting rights attached to all CO Disinterested Shares, provided that:
  - (a) the Scheme is approved (by way of poll) by at least 75% of the votes attaching to TC Disinterested Shares that are cast either in person or by proxy at the Court Meeting; and
  - (b) the number of votes cast (by way of poll) against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all the TC Disinterested Shares;

- (2) the passing of a special resolution by a majority of at least 75% of the votes cast by the Shareholders present and voting in person or by proxy at the EGM (and otherwise in accordance with the procedural requirements of section 564 of the Companies Ordinance) to approve and give effect to the Scheme, including the approval of the reduction of the share capital of the Company by cancelling and extinguishing the Scheme Shares and the issue to the Offeror of such number of new Shares as is equal to the number of Scheme Shares cancelled;
- (3) the sanction of the Scheme (with or without modification) and the confirmation of the reduction of the share capital of the Company involved in the Scheme by the High Court and the registration of a copy of the order of the High Court by the Registrar of Companies under Part 2 of the Companies Ordinance;
- (4) the compliance with the procedural requirements of sections 230 and 231 and sections 673 and 674 of the Companies Ordinance in so far as they relate to the effectiveness of the reduction of the share capital of the Company and the Scheme, respectively;
- (5) all authorisations, approvals, permissions, waivers and consents and all registrations and filings (including without limitation any which are required under or in connection with any applicable laws or regulations or any licences, permits or contractual obligations of the Company) in connection with the Proposal or its implementation and the withdrawal of Listing of the Shares from the Stock Exchange in accordance with its terms which are required to be obtained (or, as the case may be, completed) prior to the completion of the Proposal having been obtained (or, as the case may be, completed) and remaining in full force and effect without modification;
- (6) no government, governmental, quasi-governmental, statutory or regulatory body, court or agency in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make the Proposal or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Proposal or its implementation in accordance with its terms), other than such actions, proceedings or suits as would not have a material adverse effect on the legal ability of the Offeror to proceed with the Proposal or the Scheme;
- (7) the implementation of the Proposal not resulting in, and no event or circumstance having occurred or arisen which would or might be expected to result in any indebtedness (actual or contingent) of any member of the Group being or becoming repayable (or capable of being declared repayable) immediately or prior to its stated maturity or repayment date, which is material in the context of the Group as a whole or in the context of the Proposal or its implementation in accordance with its terms;

- (8) since the Announcement Date, there having been no adverse change in the business, assets, financial or trading position, profits or prospects of any member of the Group (to an extent which is material in the context of the Group taken as a whole or in the context of the Proposal or its implementation in accordance with its terms) whether or not as a result of the implementation of the Proposal; and
- (9) except with the prior written consent of the Offeror, no dividend or other distribution (whether in cash or in kind) having been declared, made or paid by the Company to the Shareholders between the Announcement Date and the Effective Date.

With reference to Condition (5), so far as the Offeror is aware, the Offeror Parent will be required to submit to the National Development and Reform Commission of the PRC of a status report in respect of the Proposal prior to the completion of the Proposal. The Offeror reserves the right to waive Conditions (5) to (9) either in whole or in part, either generally or in respect of any particular matter. Conditions (1), (2), (3) and (4) cannot be waived in any event. The Company has no right to waive any of the Conditions. Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Scheme if the circumstances which give rise to a right to invoke any such Condition are of material significance to the Offeror in the context of the Proposal. All of the Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date (or such later date as the Offeror may determine or, to the extent applicable, as the High Court may direct and in all cases, as permitted by the Executive), failing which the Proposal will not proceed and the Scheme will lapse.

If approved, the Scheme will be binding on all of the Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the EGM.

**Warning:**

**Shareholders and potential investors should be aware that the implementation of the Proposal, the Scheme and the Option Offer are subject to conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not be implemented, the Scheme may or may not become effective and the Option Offer may or may not be implemented. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.**

### 3. SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Announcement Date, the Company has 5,260,699,388 Shares in issue. As at the Announcement Date, the Scheme Shares, comprising 2,064,897,131 Shares, represent approximately 39.25% of the issued Shares.

As at the Announcement Date: (a) the Offeror directly and (through Wide Smart, a wholly-owned subsidiary of the Offeror) indirectly holds an aggregate of 3,150,302,257 Shares (representing approximately 59.88% of the issued Shares); (b) Jumbo Profit (the shares of which are held under a declaration of trust in favour of Offeror Parent) directly holds 45,500,000 Shares (representing approximately 0.86% of the issued Shares); (c) a close relative of Mr. Yu Xubo, a director of the Offeror, holds 235,364 Shares (representing approximately 0.0045% of the issued Shares); and (d) a close relative of Mr. Song Liang, a director of the Offeror, holds 10,800 Shares (representing approximately 0.00021% of the issued Shares).

On the assumption that no Share Options are exercised on or before the Record Date and there is no other change in shareholding of the Company before completion of the Proposal, the table below sets out the shareholding structure of the Company as at the Announcement Date and immediately upon completion of the Proposal:

Shareholders	As at the Announcement Date		Immediately upon completion of the Proposal	
	Number of Shares	Approximate % (Note 7)	Number of Shares (Note 8)	Approximate % (Note 7)
<b>Offeror</b>	<b>468,986,827</b>	<b>8.91</b>	<b>2,533,883,958</b>	<b>48.17</b>
<b>Offeror Concert Parties</b>				
<i>Shares held not subject to the Scheme</i>				
Wide Smart (Notes 1 and 2)	2,681,315,430	50.97	2,681,315,430	50.97
Jumbo Profit (Notes 1 and 3)	45,500,000	0.86	45,500,000	0.86
Sub-total	2,726,815,430	51.83	2,726,815,430	51.83
<i>Shares held subject to the Scheme</i>				
Mr. YU Xubo (Note 4)	235,364	0.00	–	–
Mr. SONG Liang (Note 5)	10,800	0.00	–	–
Sub-total	246,164	0.00	–	–
<b>Aggregate number of Shares held by the Offeror Concert Parties</b>	<b>2,727,061,594</b>	<b>51.84</b>	<b>2,726,815,430</b>	<b>51.83</b>

Shareholders	As at the Announcement Date		Immediately upon completion of the Proposal	
	Number of Shares	Approximate % (Note 7)	Number of Shares (Note 8)	Approximate % (Note 7)
<b>Aggregate number of Shares held by the Offeror and Offeror Concert Parties</b> (Note 6)	<b>3,196,048,421</b>	<b>60.75</b>	<b>5,260,699,388</b>	<b>100.00</b>
<b>Independent Shareholders</b>	<b>2,064,650,967</b>	<b>39.25</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>5,260,699,388</b>	<b>100.00</b>	<b>5,260,699,388</b>	<b>100.00</b>
Total number of Scheme Shares	2,064,897,131	39.25	–	–

*Notes:*

- Shares in which the Offeror, Wide Smart and Jumbo Profit are interested will not form part of the Scheme Shares and will not be cancelled.
- Wide Smart is a wholly-owned subsidiary of the Offeror.
- The shares of Jumbo Profit are held under a declaration of trust in favour of Offeror Parent.
- These Shares are held by a close relative of Mr. Yu Xubo, a director of the Offeror.
- These Shares are held by a close relative of Mr. Song Liang, a director of the Offeror.
- CICC is the financial adviser to Offeror in respect of the Proposal. Accordingly, CICC and relevant members of the CICC group which hold Shares are presumed to be acting in concert with the Offeror in accordance with class (5) of the definition of “Acting in concert” in the Takeovers Code (except in respect of Shares held by exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purposes of the Takeovers Code and also excluding Shares held on behalf of non-discretionary investment clients of the CICC group). Details of holdings, borrowings or lendings of, and dealings in, Shares (or options, rights over Shares, warrants or derivatives in respect of them) held by or entered into by other parts of the CICC group will be obtained as soon as possible after the date of this Announcement. A further announcement will be made by the Company if the holdings, borrowings, lendings, or dealings of the other parts of the CICC group are significant and in any event, such information will be disclosed in the Scheme Document. The statements in this Announcement as to holdings, borrowings or lendings of, or their dealings in, or voting of Shares (or rights, rights over Shares, warrants or derivatives in respect of them) by persons acting in concert with the Offeror are subject to the holdings, borrowings, lendings, or dealings (if any) of such members of the CICC group. Any dealings in Shares during the six months prior to the date of this Announcement by the CICC group will be disclosed in the Scheme Document.

7. All percentages in the above table are approximations.
8. On the assumption that no Share Options are exercised on or before the Effective Date and there is no other change in shareholding of the Company before completion of the Proposal. Under the Scheme, part of the share capital of the Company will, on the Effective Date, be reduced by cancelling the Scheme Shares. Forthwith upon such reduction, the share capital of the Company will be increased to its former amount prior to the cancellation of the Scheme Shares by the issue to the Offeror, credited as fully paid, of the same number of new Shares as the number of the Scheme Shares cancelled. The reserve created in the Company's books of account as a result of the reduction in share capital will be applied in paying up in full the new Shares so issued to the Offeror.

Assuming no new Shares are issued after the Record Date pursuant to the exercise of Share Options, following the Effective Date and the withdrawal of listing of the Shares on the Stock Exchange, the Offeror, Wide Smart and Jumbo Profit will collectively hold 100% of the issued Shares.

### **Share Options**

As at the Announcement Date, there are 92,176,000 outstanding Share Options granted under the Share Option Scheme, each relating to one Share, all of which have an exercise price of HK\$2.85.

The exercise of all such Share Options would result in the issue of 92,176,000 new Shares at maximum (representing approximately 1.75% of the issued Shares as at the Announcement Date and approximately 1.72% of the issued Shares as enlarged by the issue of such new Shares).

Accordingly, the Offeror will make (or procure to be made on its behalf) the Option Offer for the 92,176,000 outstanding Share Options in accordance with Rule 13 of the Takeovers Code, assuming there is no exercise or lapse of such Share Options on or before the Record Date. The Option Offer is conditional upon the Scheme becoming effective.

Further information on the Option Offer will be set out in a letter to the holders of Share Options which will be dispatched at or around the same time as the dispatch of the Scheme Document.

On the assumption that all the outstanding Share Options are exercised on or before the Record Date and all the holders of such Share Options become Scheme Shareholders on or before the Record Date and that there is no other change in shareholding of the



Company before completion of the Proposal, the table below sets out the shareholding structure of the Company upon the exercise of all outstanding Share Options and immediately upon completion of the Proposal:

Shareholders	Upon the exercise of all outstanding Share Options		Immediately upon completion of the Proposal	
	<i>Number of Shares</i>	<i>Approximate % (Note 7)</i>	<i>Number of Shares</i>	<i>Approximate % (Note 7)</i>
<b>Offeror</b>	<b>468,986,827</b>	<b>8.76</b>	<b>2,626,059,958</b>	<b>49.06</b>
<b>Offeror Concert Parties</b>				
<i>Shares held not subject to the Scheme</i>				
Wide Smart ( <i>Notes 1 and 2</i> )	2,681,315,430	50.09	2,681,315,430	50.09
Jumbo Profit ( <i>Notes 1 and 3</i> )	45,500,000	0.85	45,500,000	0.85
Sub-total	2,726,815,430	50.94	2,726,815,430	50.94
<i>Shares held subject to the Scheme</i>				
Mr. YU Xubo ( <i>Note 4</i> )	235,364	0.00	–	–
Mr. SONG Liang ( <i>Note 5</i> )	10,800	0.00	–	–
Sub-total	246,164	0.00	–	–
<b>Aggregate number of Shares held by the Offeror Concert Parties</b>	<b>2,727,061,594</b>	<b>50.95</b>	<b>2,726,815,430</b>	<b>50.94</b>
<b>Aggregate number of Shares held by the Offeror and Offeror Concert Parties (Note 6)</b>	<b>3,196,048,421</b>	<b>59.71</b>	<b>5,352,875,388</b>	<b>100.00</b>
<b>Independent Shareholders</b>				
Optionholders who have become Scheme Shareholders	92,176,000	1.72	–	–
Independent Shareholders other than Optionholders who have become Scheme Shareholders	2,064,650,967	38.57	–	–

Shareholders	Upon the exercise of all outstanding Share Options		Immediately upon completion of the Proposal	
	<i>Number of Shares</i>	<i>Approximate % (Note 7)</i>	<i>Number of Shares</i>	<i>Approximate % (Note 7)</i>
Aggregate number of Shares held by Independent Shareholders	<u>2,156,826,967</u>	<u>40.29</u>	<u>–</u>	<u>–</u>
<b>Total</b>	<b><u>5,352,875,388</u></b>	<b><u>100.00</u></b>	<b><u>5,352,875,388</u></b>	<b><u>100.00</u></b>
Total number of Scheme Shares	<u>2,157,073,131</u>	<u>40.30</u>	<u>–</u>	<u>–</u>

*Notes:*

- Shares in which the Offeror, Wide Smart and Jumbo Profit are interested will not form part of the Scheme Shares and will not be cancelled.
- Wide Smart is a wholly-owned subsidiary of the Offeror.
- The shares of Jumbo Profit are held under a declaration of trust in favour of Offeror Parent.
- These Shares are held by a close relative of Mr. Yu Xubo, a director of the Offeror.
- These Shares are held by a close relative of Mr. Song Liang, a director of the Offeror.
- CICC is the financial adviser to Offeror in respect of the Proposal. Accordingly, CICC and relevant members of the CICC group which hold Shares are presumed to be acting in concert with the Offeror in accordance with class (5) of the definition of “Acting in concert” in the Takeovers Code (except in respect of Shares held by exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purposes of the Takeovers Code and also excluding Shares held on behalf of non-discretionary investment clients of the CICC group). Details of holdings, borrowings or lendings of, and dealings in, Shares (or options, rights over Shares, warrants or derivatives in respect of them) held by or entered into by other parts of the CICC group will be obtained as soon as possible after the date of this Announcement. A further announcement will be made by the Company if the holdings, borrowings, lendings, or dealings of the other parts of the CICC group are significant and in any event, such information will be disclosed in the Scheme Document. The statements in this Announcement as to holdings, borrowings or lendings of, or their dealings in, or voting of Shares (or rights, rights over Shares, warrants or derivatives in respect of them) by persons acting in concert with the Offeror are subject to the holdings, borrowings, lendings, or dealings (if any) of such members of the CICC group. Any dealings in Shares during the six months prior to the date of this Announcement by the CICC group will be disclosed in the Scheme Document.
- All percentages in the above table are approximations.

8. On the assumption that all the Share Options are exercised and the relevant Shares issued on or before the Record Date and there is no other change in shareholding of the Company before completion of the Proposal. Under the Scheme, the share capital of the Company will, on the Effective Date, be reduced by cancelling the Scheme Shares. Forthwith upon such reduction, the share capital of the Company will be increased to its former amount prior to the cancellation of the Scheme Shares by the issue to the Offeror, credited as fully paid, of the same number of new Shares as the number of the Scheme Shares cancelled. The reserve created in the Company's books of account as a result of the reduction in share capital will be applied in paying up in full the new Shares so issued to the Offeror.

As at the Announcement Date:

- (a) 5,260,699,388 Shares are in issue;
- (b) there are 92,176,000 outstanding Share Options;
- (c) (i) the Offeror directly and (through Wide Smart, a wholly-owned subsidiary of the Offeror) indirectly holds an aggregate of 3,150,302,257 Shares (representing approximately 59.88% of the issued Shares); (ii) Jumbo Profit (the shares of which are held under a declaration of trust in favour of Offeror Parent) directly holds 45,500,000 Shares (representing approximately 0.86% of the issued Shares); (iii) a close relative of Mr. Yu Xubo, a director of the Offeror, holds 235,364 Shares (representing approximately 0.0045% of the issued Shares); and (iv) a close relative of Mr. Song Liang, a director of the Offeror, holds 10,800 Shares (representing approximately 0.00021% of the issued Shares);
- (d) save as disclosed in paragraph (c) above and in the above shareholding tables, neither the Offeror nor any Offeror Concert Party owns, controls or has direction over any Shares;
- (e) there are no convertible securities, warrants or options in respect of the Shares held, controlled or directed by the Offeror or the Offeror Concert Parties;
- (f) neither the Offeror nor any Offeror Concert Party has entered into any outstanding derivative in respect of the securities in the Company; and
- (g) neither the Offeror nor any Offeror Concert Party has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

As at the Announcement Date, the Scheme Shares, comprising 2,064,897,131 Shares, represent approximately 39.25% of the issued Shares.

As at the Announcement Date, the Company has no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) other than the 5,260,699,388 Shares in issue and the 92,176,000 outstanding Share Options.

#### 4. FINANCIAL RESOURCES

On the assumption that (a) no outstanding Share Options are exercised and (b) no further Shares are issued on or before the Record Date, the maximum amount of cash required for the Proposal (after taking into account the Option Offer to be made) would be approximately HK\$8,904,859,207.

On the assumption that (a) all outstanding Share Options as at the Record Date are exercised (and no further Share Options are granted on or before the Record Date) and all the holders of such Share Options become Scheme Shareholders on or before the Record Date and (b) no further Shares are issued on or before the Record Date, the maximum amount of cash required for the Proposal would be approximately HK\$9,167,560,807.

Consequently, the maximum amount of cash required for the Proposal on the basis described above would be approximately HK\$9,167,560,807.

The Offeror intends to finance the entire cash amount required for the Proposal from internal cash resources and/or other financing for the Certain Funds Period.

CICC, the financial adviser to the Offeror in connection with the Proposal, is satisfied that sufficient financial resources are available to the Offeror for satisfying its obligations in respect of the full implementation of the Proposal in accordance with its terms.

#### 5. REASONS FOR, AND BENEFITS OF, THE PROPOSAL

##### **For the Offeror and the Company**

- **The current function of the Company as a listed platform for financing is restricted:** The business of the Company involves global procurement of agricultural commodities. The Offeror considers that the uncertainty over the Company's development brought about by the slowdown of global economic growth, trade tensions and heightening of geopolitical risks have resulted in the underperformance of the Company's share price. The ability of the Company to raise funds from the capital markets has come under a certain degree of restriction, making it more difficult to make use of equity financing to provide sources of available funds to finance its business development, and to support the Offeror's and the Company's development strategies.
- **The Proposal will be favourable to streamlining the Company's governance, corporate and shareholding structures and enhancing management efficiency:** The Proposal, if successfully implemented, will be favourable to streamlining the Company's governance, corporate and shareholding structures, optimising organisation layout and avoiding additional governance costs and management fees resulting from maintaining the Company's listing status.

- **The Proposal will be favourable to the long-term development of business:** The Company is a core business of the Offeror. The Proposal will enhance the Offeror's comprehensive consolidation and integration of the Company's operations, giving the Offeror more flexibility and higher efficiency in supporting the long-term business development of the Company, which in turn will enable the Offeror to realise its own long-term development strategy.

#### **For the Scheme Shareholders**

- **Avoiding the potential risks brought about by the fluctuations of the Company's performance:** The Company operates in a relatively cyclical industry and its results performance is accordingly subject to a certain degree of fluctuation. Scheme Shareholders divesting their shareholdings through the Proposal will help avoid the potential risks brought about by market fluctuations to investors.
- **The degree of premium in the Cancellation Price is, in the view of the Offeror, attractive:** The Offeror considers that the Proposal will provide Scheme Shareholders with an opportunity to realise their investment in the Company at an attractive premium over the prevailing price of the Shares. The Cancellation Price of HK\$4.25 per share represents (i) a premium of approximately 34.07% over the closing price of HK\$3.17 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a premium of approximately 53.17% over the average closing price of approximately HK\$2.77 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day; and (iii) a premium of approximately 72.49% over the average closing price of approximately HK\$2.46 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day.
- **Providing a good opportunity for the Shareholders to sell their Shares against the backdrop of relatively low liquidity:** The average daily trading volume of the Shares for the 120 trading days up to and including the Last Trading Day was approximately 4.97 million Shares per day, representing only approximately 0.09% of the issued Shares. The relatively low trading liquidity of the Shares of the Company makes it difficult for the Shareholders to sell their shareholdings in large volume on the market without causing negative impact on the share price of the Company. The Proposal will provide a good opportunity for the Scheme Shareholders to sell their Shares, such that they will be able to realise their investment in the Company without giving rise to any discount in liquidity.

## **6. INFORMATION ON THE GROUP AND THE OFFEROR**

### **The Group**

The Company is a company incorporated in Hong Kong with limited liability, whose shares are listed on the Main Board of the Stock Exchange with the stock code 606. The Group is a leading producer and supplier of processed agricultural products in the PRC. Its principal businesses are oilseeds processing, rice processing and trading, wheat processing and brewing materials.

### **Offeror**

The Offeror is an investment holding company incorporated in Hong Kong with limited liability, a controlling shareholder of the Company and a direct wholly-owned subsidiary of Offeror Parent. Offeror Parent is a state-owned company in the PRC with business interests in agricultural commodities trading, agricultural products processing, food and beverages, hotel management, real estate, logistics and financial services.

## **7. WITHDRAWAL OF LISTING OF SHARES**

Upon the Scheme becoming effective, all Scheme Shares will be cancelled (with the equivalent number of new Shares being issued as fully paid to the Offeror) and the share certificates in respect of the Scheme Shares will thereafter cease to have effect as documents or evidence of title.

The Company will apply to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange in accordance with Rule 6.15 of the Listing Rules, with effect from the Effective Date.

The Scheme Shareholders will be notified by way of an announcement of the exact dates of the last day for dealing in the Shares on the Stock Exchange and the day on which the Scheme and the withdrawal of the listing of Shares on the Stock Exchange will become effective. A detailed timetable of the Scheme will be included in the Scheme Document, which will also contain, among other things, further details of the Scheme.

## **8. IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES**

The Scheme will lapse if any of the Conditions has not been fulfilled or waived, as applicable, on or before the Long Stop Date (or such later date as the Offeror may determine or, to the extent applicable, as the High Court may direct and in all cases, as permitted by the Executive). The listing of the Shares on the Stock Exchange will not be withdrawn if the Scheme does not become effective or the Proposal otherwise lapses.



**If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with it) may within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses announce an offer or possible offer for the Company, except with the consent of the Executive.**

All expenses incurred by the Company in connection with the Proposal shall be borne by the Offeror if: (a) the Independent Board Committee or the Independent Financial Adviser does not recommend the Proposal, and the Scheme is not approved, in accordance with Rule 2.3 of the Takeovers Code; or (b) the Scheme is not approved by the Scheme Shareholders in the Court Meeting, unless the Company agrees otherwise.

## **9. OVERSEAS SHAREHOLDERS**

The making of the Proposal (including the Option Offer) to the Scheme Shareholders and Optionholders who are not resident in Hong Kong may be subject to the laws of the relevant jurisdictions in which such Scheme Shareholders and Optionholders are located.

Such Scheme Shareholders and Optionholders should inform themselves about and observe any applicable legal, tax or regulatory requirements. It is the responsibility of any overseas Scheme Shareholders and overseas Optionholders, wishing to take an action in relation to the Proposal (including the Option Offer), respectively, to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with any other necessary formalities and the payment of any issue, transfer or other taxes in such jurisdiction.

Any acceptance by such Scheme Shareholders and Optionholders will be deemed to constitute a representation and warranty from such persons to the Company, the Offeror and their respective advisers (including CICC), that those laws and regulatory requirements have been complied with. If you are in doubt as to your position, you should consult your professional advisers.

In the event that the despatch of the Scheme Document to overseas Scheme Shareholders or overseas Optionholders is prohibited by any relevant law or regulation or may only be effected after compliance with conditions or requirements that the directors of the Company regard as unduly onerous or burdensome (or otherwise not in the best interests of the Company or its Shareholders), the Scheme Document will not be despatched to such overseas Scheme Shareholders or overseas Optionholders. For that purpose, the Company may apply for any waivers as may be required by the Executive pursuant to Note 3 to Rule 8 of the Takeovers Code at such time. Any such waiver will only be granted if the Executive is satisfied that it would be unduly burdensome to despatch the

Scheme Document to such overseas Scheme Shareholders or overseas Optionholders. In granting the waiver, the Executive will be concerned to see that all material information in the Scheme Document is made available to such overseas Scheme Shareholders and overseas Optionholders, as the case may be.

## **10. TAXATION ADVICE**

Scheme Shareholders and Optionholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting the Proposal (including the Option Offer). It is emphasised that none of the Offeror, the Company and CICC or any of their respective directors, officers or associates or any other person involved in the Proposal (including the Option Offer) accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Proposal (including the Option Offer).

## **11. SCHEME SHARES, MEETING OF SCHEME SHAREHOLDERS AND EXTRAORDINARY GENERAL MEETING OF THE COMPANY**

As at the Announcement Date: (a) the Offeror directly and (through Wide Smart, a wholly-owned subsidiary of the Offeror) indirectly holds an aggregate of 3,150,302,257 Shares (representing approximately 59.88% of the issued Shares); (b) Jumbo Profit (the shares of which are held under a declaration of trust in favour of Offeror Parent) directly holds 45,500,000 Shares (representing approximately 0.86% of the issued Shares); (c) a close relative of Mr. Yu Xubo, a director of the Offeror, holds 235,364 Shares (representing approximately 0.0045% of the issued Shares); and (d) a close relative of Mr. Song Liang, a director of the Offeror, holds 10,800 Shares (representing approximately 0.00021% of the issued Shares). The Shares referred to in (a) and (b) above will not form part of the Scheme Shares and will not be cancelled upon the Scheme becoming effective. As the Offeror, Wide Smart and Jumbo Profit are not Scheme Shareholders, they will not vote on the Scheme at the Court Meeting. The Shares referred to in (c) and (d) above will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective, but such Offeror Concert Parties will abstain from voting on the Scheme at the Court Meeting. The Offeror will undertake to the High Court that they will be bound by the Scheme, so as to ensure that they will be subject to the terms and conditions of the Scheme.

All Shareholders will be entitled to attend the EGM of the Company and vote on the special resolution to approve and give effect to the reduction of the share capital of the Company by cancelling and extinguishing the Scheme Shares and the issue to the Offeror of such number of new Shares as is equal to the number of Scheme Shares cancelled.

The Offeror and Wide Smart have indicated that if the Scheme is approved at the Court Meeting, those Shares held by each of them will be voted in favour of the resolution(s) to be proposed at the EGM of the Company.

## **12. INDEPENDENT BOARD COMMITTEE**

An Independent Board Committee which comprises Mr. Lam Wai Hon, Ambrose, Mr. Patrick Vincent Vizzone and Mr. Ong Teck Chye has been established by the Board to make a recommendation: (a) to the Independent Shareholders as to whether the terms of the Proposal and the Scheme are, or are not, fair and reasonable and whether to vote in favour of the Scheme at the Court Meeting and the EGM of the Company; and (b) to the Optionholders as to whether the terms of the Option Offer are, or are not, fair and reasonable and whether to accept the Option Offer.

Pursuant to Rule 2.8 of the Takeovers Code, the Independent Board Committee comprises all non-executive Directors who have, save as disclosed below, no direct or indirect interest in the Proposal. Each of Mr. Luan Richeng, Mr. Jia Peng and Mr. Meng Qingguo is a non-executive Director and is not a member of the Independent Board Committee as he is a member of senior management or employee of the Offeror Parent and/or its subsidiaries (in addition to the Group). All of the other non-executive Directors (being the independent non-executive Directors) are members of the Independent Board Committee. Although Mr. Patrick Vincent Vizzone has held 100,000 Shares (representing approximately 0.0019% of the issued Shares as at the Announcement Date) since he purchased them on 3 April 2014, this is an immaterial shareholding and is not considered to affect his ability and impartiality in his service on the Independent Board Committee.

## **13. INDEPENDENT FINANCIAL ADVISER**

An Independent Financial Adviser will be appointed by the Independent Board Committee to advise the Independent Board Committee in connection with the Proposal, the Scheme and the Option Offer. An announcement will be made as soon as possible upon its appointment.

## **14. DESPATCH OF SCHEME DOCUMENT**

The Scheme Document containing, amongst others, further details of the Proposal, the Scheme, the Option Offer, the expected timetable, an explanatory statement as required under the Companies Ordinance, information regarding the Company, recommendations from the Independent Board Committee with respect to the Proposal, the Scheme and the Option Offer, the letter of advice from the Independent Financial Adviser, a notice of the Court Meeting and a notice of EGM of the Company, together with forms of proxy in relation thereto, will be despatched to the Shareholders and Optionholders as soon as practicable and in compliance with the requirements of the Takeovers Code, the Companies Ordinance, the High Court and other applicable laws and regulations.

The Scheme Document will contain important information and the Scheme Shareholders and Optionholders are urged to read the Scheme Document containing such disclosures carefully before casting any vote at (or providing any proxy in respect of) the Court Meeting or the EGM of the Company or accepting the Option Offer (as the case may

be). Any voting, acceptance or other response to the Proposal should be made only on the basis of information in the Scheme Document or any other document by which the Proposal is made.

## 15. DISCLOSURE OF DEALINGS

Associates (as defined in the Takeovers Code, including shareholders holding 5% or more of the relevant securities (as defined in paragraphs (a) to (d) in Note 4 to Rule 22 of the Takeovers Code) of any of the Offeror and the Company) of the Offeror and the Company are hereby reminded to disclose their dealings in any securities of the Company and the Offeror under Rule 22 of the Takeovers Code during the offer period.

Set out below are the dealings for value by the Offeror during the period commencing six months prior to the Announcement Date:

<b>Date</b> <i>(dd-mm-yyyy)</i>	<b>Purchase/Sale</b>	<b>Number of Shares</b>	<b>Average price per Share</b> <i>(HK\$)</i>
26-06-2019	Purchase	2,000,000	2.4486
27-06-2019	Purchase	34,000	2.4756
02-07-2019	Purchase	181,000	2.4800
04-07-2019	Purchase	933,000	2.4879
05-07-2019	Purchase	414,000	2.4875
08-07-2019	Purchase	491,000	2.4568
09-07-2019	Purchase	1,730,000	2.4506
10-07-2019	Purchase	3,000,000	2.4705
11-07-2019	Purchase	3,761,000	2.4769
12-07-2019	Purchase	3,000,000	2.4759
15-07-2019	Purchase	1,878,000	2.4321
16-07-2019	Purchase	1,584,000	2.4452
17-07-2019	Purchase	1,078,000	2.4513
18-07-2019	Purchase	928,000	2.4389
19-07-2019	Purchase	1,034,000	2.4890
22-07-2019	Purchase	2,708,000	2.4830
23-07-2019	Purchase	1,261,000	2.5121
24-07-2019	Purchase	3,000,000	2.5276
25-07-2019	Purchase	1,378,000	2.5693
29-08-2019	Purchase	2,345,000	2.0799
30-08-2019	Purchase	2,411,000	2.1859
02-09-2019	Purchase	304,000	2.2000
03-09-2019	Purchase	732,000	2.2219
05-09-2019	Purchase	2,000,000	2.2637
06-09-2019	Purchase	1,784,000	2.2641

<b>Date</b> (dd-mm-yyyy)	<b>Purchase/Sale</b>	<b>Number of Shares</b>	<b>Average price per Share</b> (HK\$)
09-09-2019	Purchase	1,612,000	2.2327
10-09-2019	Purchase	181,000	2.2361
12-09-2019	Purchase	225,000	2.2656
13-09-2019	Purchase	50,000	2.2700
16-09-2019	Purchase	317,000	2.2900
17-09-2019	Purchase	533,000	2.2787
18-09-2019	Purchase	2,955,000	2.2925
19-09-2019	Purchase	3,581,000	2.3476
20-09-2019	Purchase	6,000,000	2.3920
23-09-2019	Purchase	6,000,000	2.3762
24-09-2019	Purchase	2,203,000	2.3822
25-09-2019	Purchase	7,820,000	2.3958
26-09-2019	Purchase	3,997,000	2.4354
27-09-2019	Purchase	2,507,000	2.4795
30-09-2019	Purchase	2,709,000	2.5275
02-10-2019	Purchase	1,862,000	2.5495
03-10-2019	Purchase	414,000	2.5586
04-10-2019	Purchase	2,839,000	2.5728
08-10-2019	Purchase	5,397,000	2.5853
09-10-2019	Purchase	5,682,000	2.5862
10-10-2019	Purchase	3,427,000	2.6498
11-10-2019	Purchase	3,916,000	2.6758

After reasonable enquiries that could be made by the Offeror prior to the issue of this Announcement and save as disclosed above, the Offeror is not aware of any dealings by the Offeror or any Offeror Concert Party (other than CICC group members) for value in the Shares during the period commencing six months prior to the Announcement Date. Any dealings for value in Shares during the six months prior to the date of this announcement by CICC group members (excluding dealings for value in Shares by CICC group members who are exempt principal traders or exempt fund managers or dealings for value in Shares by CICC group members for the account of non-discretionary investment clients of the CICC group) will be disclosed in the Scheme Document.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

*“Responsibilities of stockbrokers, banks and other intermediaries*

*Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company*

*and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.*

*This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.*

*Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”*

## **16. PRECAUTIONARY LANGUAGE REGARDING FORWARD-LOOKING STATEMENTS**

This Announcement includes certain “forward-looking statements”. These statements are based on the current expectations of the management of the Offeror and/or the Company (as the case may be) and are naturally subject to uncertainty and changes in circumstances. The forward-looking statements contained in this Announcement include statements about the expected effects on the Company of the Proposal and the Option Offer, the expected timing and scope of the Proposal and the Option Offer, and all other statements in this Announcement other than historical facts.

Forward-looking statements include, without limitation, statements typically containing words such as “intends”, “expects”, “anticipates”, “targets”, “estimates”, “envisages” and words of similar import. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to, the satisfaction of the conditions to the Proposal (including the Option Offer), as well as additional factors, such as general, social, economic and political conditions in the countries in which the Offeror and/or the Group operate or other countries which have an impact on the Offeror and/or the Group’s business activities or investments, interest rates, the monetary and interest rate policies of the countries in which the Offeror and/or the Group operate, inflation or deflation, foreign exchange rates, the performance of the financial markets in the countries in which the Offeror and/or Group operate and globally, changes in domestic and foreign laws, regulations and taxes, changes in competition and the pricing environments in the countries in which the Offeror and/or Group operate and regional or general changes in asset valuations. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements.



All written and oral forward-looking statements attributable to the Offeror, the Company or persons acting on behalf of any of them are expressly qualified in their entirety by the cautionary statements above. The forward-looking statements included herein are made only as of the Announcement Date.

## **17. GENERAL**

The Offeror has appointed CICC as its financial adviser in connection with the Proposal.

The Directors (excluding members of the Independent Board Committee) believe that the terms of the Proposal are fair and reasonable and in the interests of the Shareholders as a whole.

As at the Announcement Date, no irrevocable commitment to vote for or against the Scheme has been received by the Offeror or the Offeror Concert Parties.

As at the Announcement Date, save for the Proposal, there are no arrangements (whether by way of option, indemnity or otherwise) in relation to the Shares or the shares of the Offeror between the Offeror or any Offeror Concert Party and any other person which might be material to the Proposal.

As at the Announcement Date, there are no agreements or arrangements to which the Offeror is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a condition to the Proposal.

After reasonable enquiries that could be made by the Offeror prior to the issue of this Announcement, as at the Announcement Date, the Offeror is not aware of any understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeover Code) between (i) any shareholder of the Company; and (ii)(a) the Offeror and any Offeror Concert Parties or (b) the Company, its subsidiaries or associated companies.

## **18. RESUMPTION OF TRADING IN SHARES**

At the request of the Company, trading in the Shares on the Stock Exchange was halted from 9:00 a.m. on 25 November 2019 pending issuance of this Announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in Shares on the Stock Exchange with effect from 9:00 a.m. on 28 November 2019.

## 19. DEFINITIONS

In this Announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“acting in concert”	has the meaning ascribed to it in the Takeovers Code and “concert party” shall be construed accordingly
“Announcement”	this Announcement issued by the Offeror and the Company
“Announcement Date”	27 November 2019, being the date of this Announcement
“associate”	has the meaning ascribed to it in the Takeovers Code
“Board”	the board of directors of the Company
“Cancellation Price”	the cancellation price of HK\$4.25 per Scheme Share payable in cash
“Certain Funds Period”	the period commencing on the Announcement Date and expiring on the earliest of: (i) the date on which the payment of consideration payable by the Offeror in respect of the Proposal has been made in full to the Scheme Shareholders and the Optionholders who have accepted the Option Offer; (ii) the date on which the Proposal is withdrawn or has lapsed in accordance with its terms and the Takeovers Code; and (iii) 25 November 2020, being the date on which the initial availability period of a facility made available to the Offeror by Bank of China (Hong Kong) Limited expires (or, if such availability period is extended or if such facility is renewed, refinanced or replaced with other facility, the date on which such extended availability period expires or the date on which the availability period under such renewed, refinancing or replacing facility expires, as the case may be)

“CICC”	China International Capital Corporation Hong Kong Securities Limited, a registered institution under the SFO to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO, the financial adviser to the Offeror in relation to the Proposal
“CO Disinterested Shares”	has the meaning ascribed to “disinterested shares” in section 674(3) of the Companies Ordinance
“Company”	China Agri-Industries Holdings Limited, a company incorporated in Hong Kong with limited liability whose shares are listed on the Main Board of the Stock Exchange (stock code: 606)
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Condition(s)”	the condition(s) to the implementation of the Proposal and the Scheme as described in the section headed “2. Terms of the Proposal – Conditions of the Proposal and the Scheme” of this Announcement
“Court Meeting”	a meeting of the Scheme Shareholders to be convened at the direction of the High Court at which the Scheme (with or without modification) will be voted upon, or any adjournment thereof
“Director(s)”	the director(s) of the Company
“Effective Date”	the date on which the Scheme becomes effective in accordance with the Companies Ordinance
“EGM”	an extraordinary general meeting of the Company to be held after the Court Meeting for the purpose of approving the reduction of the share capital of the Company and implementing the Scheme

“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate thereof
“exempt fund managers”	has the meaning ascribed to it in the Takeovers Code
“exempt principal traders”	has the meaning ascribed to it in the Takeovers Code
“Group”	the Company and its subsidiaries
“High Court”	the High Court of Hong Kong
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company established by the Board to make a recommendation to the Independent Shareholders and the Optionholders in respect of the Proposal, the Scheme and the Option Offer
“Independent Financial Adviser”	the independent financial adviser to be appointed to advise the Independent Board Committee in connection with the Proposal and the Option Offer
“Independent Shareholder(s)”	Shareholder(s) other than the Offeror, the Offeror Concert Parties and any member of the CICC group acting in the capacity of an exempt principal trader for the purpose of the Takeovers Code. For the avoidance of doubt, Independent Shareholders include any member of the CICC group acting in the capacity of an exempt fund manager for the purpose of the Takeovers Code
“Jumbo Profit”	Jumbo Profit International Limited, a company incorporated in the British Virgin Islands with limited liability, the shares of which are held under a declaration of trust in favour of Offeror Parent

“Last Trading Day”	22 November 2019, being the last trading day of Shares immediately before the suspension of trading in the Shares pending issuance of this Announcement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	30 September 2020 (or such later date as the Offeror may determine or, to the extent applicable, as the High Court may direct and in all cases, as permitted by the Executive)
“Offeror”	COFCO (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability
“Offeror Concert Party(ies)”	party(ies) acting in concert or presumed to be acting in concert with the Offeror under the definition of “acting in concert” under the Takeovers Code (except in the capacity of an exempt principal trader or exempt fund manager for the purpose of the Takeovers Code)
“Offeror Parent”	COFCO Corporation, a state-owned enterprise registered in the PRC
“Optionholder(s)”	holder(s) of outstanding Share Options
“Option Offer”	the offer to be made by or on behalf of the Offeror to the Optionholders
“PRC”	the People’s Republic of China (for the purpose of this Announcement, excluding Hong Kong, the Macao Special Administrative Region and Taiwan)
“Proposal”	the proposal for the privatisation of the Company by the Offeror by way of the Scheme and the Option Offer, and for the withdrawal of the listing of the Shares from the Stock Exchange, on the terms and subject to the conditions set out in this Announcement and to be set out in the Scheme Document

“Record Date”	the record date to be announced for determining entitlements of the Scheme Shareholders under the Scheme
“RMB”	Renminbi, the lawful currency of the PRC
“Scheme”	a scheme of arrangement to be proposed under Section 673 of the Companies Ordinance for the implementation of the Proposal, involving the cancellation of all the Scheme Shares and the restoration of the share capital of the Company to the amount immediately before the cancellation of the Scheme Shares
“Scheme Document”	the composite scheme document to be issued by the Company and the Offeror containing, among other things, further details of the Proposal together with the additional information specified in the section headed “14. Despatch of Scheme Document” of this Announcement
“Scheme Share(s)”	Share(s) in issue on the Record Date held by the Shareholders, other than those directly or indirectly held or controlled by the Offeror or the Offeror Parent
“Scheme Shareholder(s)”	the registered holder(s) of Scheme Shares
“Securities and Futures Commission”	Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	registered holder(s) of the Shares
“Share Option(s)”	the share option(s) granted under the Share Option Scheme from time to time
“Share Option Scheme”	the share option scheme of the Company adopted by the Company on 12 January 2007 as amended from time to time



“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers in Hong Kong
“TC Disinterested Share(s)”	Share(s) held by the Independent Shareholders
“trading day”	a day on which the Stock Exchange is open for the business of dealings in securities
“United States” or “US”	The United States of America, its territories and possessions, any State of the United States and the District of Columbia
“US\$”	US dollar(s), the lawful currency of the US
“Wide Smart”	Wide Smart Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Offeror

By Order of the board of  
**COFCO (Hong Kong) Limited**  
**SONG Liang**  
*Director*

By Order of the board of  
**China Agri-Industries Holdings Limited**  
**LUAN Richeng**  
*Chairman*

Hong Kong, 27 November 2019

*As at the Announcement Date, the directors of the Offeror are Mr. LV Jun, Mr. YU Xubo, Mr. LUO Jiamang and Mr. SONG Liang.*

*The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this Announcement (other than that relating to the Group and the Directors) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Announcement (other than those expressed by the Company or the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Announcement, the omission of which would make any statement in this Announcement misleading.*

*As at the Announcement Date, the Board comprises: Mr. LUAN Richeng as chairman of the Board and non-executive Director; Mr. WANG Zhen, Mr. XU Guanghong and Ms. HUA Jian as executive Directors; Mr. JIA Peng and Mr. MENG Qingguo as non-executive Directors; and Mr. LAM Wai Hon, Ambrose, Mr. Patrick Vincent VIZZONE and Mr. ONG Teck Chye as independent non-executive Directors.*

*The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this Announcement relating to the Group and the Directors and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Announcement by the Company or the Directors have been arrived at after due and careful consideration and there are no other facts not contained in this Announcement, the omission of which would make any statement in this Announcement misleading.*