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SanXing Trade Co., Ltd.

(Incorporated in Mauritius with limited liability)

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)

JOINT ANNOUNCEMENT

(1) PROPOSAL FOR THE PRIVATISATION OF CHANGSHOUHUA FOOD COMPANY LIMITED BY SANXING TRADE CO., LTD. BY WAY OF A SCHEME OF ARRANGEMENT

(UNDER SECTION 86 OF THE COMPANIES LAW)

(2) PROPOSED WITHDRAWAL OF LISTING OF CHANGSHOUHUA FOOD COMPANY LIMITED

(3) ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE

AND

(4) RESUMPTION OF TRADING IN SHARES

Financial Adviser to the Offeror



INTRODUCTION

The respective directors of the Offeror and the Company jointly announce that on 7 September 2020, the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders regarding the proposed privatisation of the Company by way of a scheme of arrangement under Section 86 of the Companies Law. Upon completion of the Scheme, the Company will become directly wholly-owned by the Offeror, and the listing of the Shares will be withdrawn from the Stock Exchange.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 in exchange for the payment of the Cancellation Price of HK\$4.19 in cash for each Scheme Share.

The Cancellation Price will not be increased, and the Offeror does not reserve the right to do so. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Cancellation Price.

The Cancellation Price of HK\$4.19 per Scheme Share in cash represents:

- a premium of approximately 16.4% over the closing price of HK\$3.60 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 22.2% over the average closing price of approximately HK\$3.43 per Share based on the daily closing prices as quoted on the Stock Exchange for the 5 trading days up to and including the Last Trading Day;
- a premium of approximately 43.2% over the average closing price of approximately HK\$2.93 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 64.1% over the average closing price of approximately HK\$2.55 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 65.8% over the average closing price of approximately HK\$2.53 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 66.1% over the average closing price of approximately HK\$2.52 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.

The Proposal and the Scheme will be conditional upon the fulfilment or waiver, as applicable, of all 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 and the Company may agree or, to the extent applicable, as the Grand Court may direct and in all cases, as permitted by the Executive), failing which the Proposal and the Scheme will not proceed or lapse, as the case may be.

SHAREHOLDING STRUCTURE OF THE COMPANY AND SCHEME SHARES

As at the Announcement Date, the authorised share capital of the Company was HK\$900,000,000 divided into 9,000,000,000 Shares, and the Company had 573,560,000 Shares in issue.

As at the Announcement Date, the Scheme Shares, comprising 274,522,751 Shares, represent approximately 47.86% of the issued share capital of the Company. As at the Announcement Date, the Offeror directly held 299,037,249 Shares (representing approximately 52.14% of the issued share capital of the Company). Such Shares will not form part of the Scheme Shares and the Offeror will not vote on the Scheme at the Court Meeting.

As at the Announcement Date, Mr. Wang Mingxing, a director of the Offeror, the Chairman and the Chief Executive Officer of the Company, held 5,996,000 Shares (representing approximately 1.05% of the issued share capital of the Company). The Shares held by Mr. Wang Mingxing as an Offeror Concert Party will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective, but as an Offeror Concert Party, Mr. Wang Mingxing's vote at the Court Meeting will not be counted as vote of an Independent Shareholder in determining whether the requirements under Conditions 1(a) and (b) under the section headed "3. Conditions of the Proposal and the Scheme" (as required under Rule 2.10 of the Takeovers Code) are satisfied, and will only be counted as vote of a Scheme Shareholder in determining whether the requirement in the first paragraph of Condition 1 in the section headed "3. Conditions of the Proposal and the Scheme" (as required under Companies Law) is satisfied.

FINANCIAL RESOURCES

On the assumption that no further Shares are issued before the Record Date, the maximum cash consideration payable for the Proposal is approximately HK\$1,150,250,327.

As at the Announcement Date, the Offeror is financing the entire cash consideration payable for the Proposal from funds received from the Sanxing Grease Equity Contribution.

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

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, which comprises all the independent non-executive Directors, namely Mr. Wang Aiguo, Mr. Wang Ruiyuan and Mr. Liu Shusong, has been established by the Board to make a recommendation to the Independent Shareholders as to whether the terms of the Proposal and the Scheme are, or are not, fair and reasonable and as to voting at the Court Meeting and the extraordinary general meeting of the Company.

INDEPENDENT FINANCIAL ADVISER

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

DESPATCH OF SCHEME DOCUMENT

The Scheme Document containing, among others, further details of the Proposal and the Scheme, the expected timetable, an explanatory memorandum as required under the Companies Law and the rules of the Grand Court, information regarding the Company, recommendations from the Independent Board Committee with respect to the Proposal and the Scheme, the letter of advice from the Independent Financial Adviser, a notice of the Court Meeting and a notice of an extraordinary general meeting of the Company, together with forms of proxy in relation thereto, will be despatched to the Shareholders as soon as practicable and in compliance with the requirements of the Takeovers Code, the Companies Law, the Grand Court and other applicable laws and regulations.

WITHDRAWAL OF LISTING OF SHARES

Upon the Scheme becoming effective, listing of the Shares on the Stock Exchange will be withdrawn and terminated. 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 the Offeror in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) 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 3 September 2020 pending issuance of this Announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 8 September 2020.

WARNING

Shareholders and potential investors should be aware that the implementation of the Proposal and the Scheme are subject to conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not be implemented, and the Scheme may or may not become effective. 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 the Cayman Islands by means of a scheme of arrangement provided for under the Companies Law and is subject to Cayman Islands and 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 International 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 Cayman Islands 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 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 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 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 7 September 2020, 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 86 of the Companies Law involving the cancellation of the Scheme Shares and, in consideration thereof, the payment to the Scheme Shareholders of the Cancellation Price in cash for each Scheme Share, and the withdrawal of the listing of the Shares on the Stock Exchange. If the Proposal is approved and implemented, under the Scheme, the Scheme Shares will be cancelled on the Effective Date. Upon such cancellation, the share capital of the Company will be maintained by the issuance at par 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 cancellation of the Scheme Shares will be applied in paying up in full at par the new Shares so issued, credited as fully paid, to the Offeror.

Upon completion of the Scheme, the Company will become directly wholly-owned by the Offeror, and the listing of the Shares will be withdrawn from the Stock Exchange.

2. TERMS OF THE PROPOSAL

Cancellation Price

Under the Scheme, the Scheme Shareholders will be entitled to receive the Cancellation Price of HK\$4.19 in cash for every Scheme Share cancelled under the Scheme as at the Effective Date.

The Cancellation Price will not be increased, and the Offeror does not reserve the right to do so. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Cancellation Price.

The Company does not intend to declare or pay any dividend before the Effective Date or the date on which the Scheme is not approved or the Proposal otherwise lapses (as the case may be).

Comparison of value

The Cancellation Price of HK\$4.19 per Scheme Share in cash represents:

- a premium of approximately 16.4% over the closing price of HK\$3.60 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 22.2% over the average closing price of approximately HK\$3.43 per Share based on the daily closing prices as quoted on the Stock Exchange for the 5 trading days up to and including the Last Trading Day;
- a premium of approximately 43.2% over the average closing price of approximately HK\$2.93 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 64.1% over the average closing price of approximately HK\$2.55 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 65.8% over the average closing price of approximately HK\$2.53 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 66.1% over the average closing price of approximately HK\$2.52 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.

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.

Highest and lowest prices

During the six-month period immediately up to and including the Last Trading Day, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$3.60 on 2 September 2020 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$2.00 on 23 June 2020.

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 (by way of poll) by a majority in number of the Scheme Shareholders representing not less than three-fourths in value of the Scheme Shares held by the Scheme Shareholders present and voting either in person or by proxy at the Court Meeting provided that:
 - (a) the Scheme is approved (by way of poll) by the Independent Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by Independent Shareholders that are voted either in person or by proxy at the Court Meeting; and
 - (b) the number of votes cast (by way of poll) by Independent Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all Scheme Shares held by all Independent Shareholders;
- (2) the passing of a special resolution by a majority of not less than three-fourths of the votes cast by the Shareholders present and voting in person or by proxy at an extraordinary general meeting of the Company to (i) approve and give effect to any reduction of the share capital of the Company by cancelling and extinguishing the Scheme Shares and (ii) contemporaneously therewith maintain the issued share capital of the Company at the amount prior to the cancellation of the Scheme Shares by applying the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled as a result of the Scheme, credited as fully paid, for issuance to the Offeror;
- (3) the sanction of the Scheme (with or without modifications) by the Grand Court and, to the extent necessary, its confirmation of any reduction of the share capital of the Company, and the delivery to the Registrar of Companies in the Cayman Islands of a copy of the order of the Grand Court for registration;

- (4) compliance, to the extent necessary, with the procedural requirements and conditions, if any, under Sections 15 and 16 of the Companies Law in relation to any reduction of the issued share capital of the Company;
- (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 the Scheme 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 the Scheme or its implementation in accordance with its terms), other than such actions, proceedings, suits, investigations or enquiries as would not have a material adverse effect on the legal ability of the Offeror to proceed with the Proposal or the Scheme;
- (7) 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
- (8) since the Announcement Date, each member of the Group (a) remaining solvent and not being subject to any insolvency, reorganisation, moratorium, receivership, administration, bankruptcy or similar proceedings or any other enforcement proceedings anywhere in the world; and (b) no injunction or freezing order having been made, and no liquidator, receiver, administrator or other person carrying out any similar function having been appointed, anywhere in the world in respect of the whole or any substantial part of the assets and undertakings of any member of the Group.

The Offeror reserves the right to waive Conditions (5) to (8) (inclusive) either in whole or in part, either generally or in respect of any particular matter. Conditions (1), (2), (3) and (4) (inclusive) cannot be waived in any event. 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. The Company has no right to waive any of the Conditions.

With reference to Condition (5), as at the Announcement Date, other than those set out in Conditions (1) to (4) (inclusive) and the approval of the Stock Exchange for the withdrawal of listing of the Shares upon the Scheme becoming effective, the Offeror and the Company are not aware of any outstanding authorisations, approvals, permissions, waivers consents, registrations or filings. As at the Announcement Date, the Offeror and the Company are not aware of any circumstances which may result in Condition (6) not being satisfied.

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 and the Company may agree or, to the extent applicable, as the Grand Court may direct and in all cases, as permitted by the Executive), failing which the Proposal will not be implemented and the Scheme will lapse.

Warning:

Shareholders and potential investors should be aware that the implementation of the Proposal and the Scheme are subject to conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not be implemented, and the Scheme may or may not become effective. 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 authorised share capital of the Company was HK\$900,000,000 divided into 9,000,000,000 Shares, and the Company had 573,560,000 Shares in issue.

As at the Announcement Date, the Scheme Shares, comprising 274,522,751 Shares, represent approximately 47.86% of the issued share capital of the Company.

As at the Announcement Date, the Offeror directly held 299,037,249 Shares (representing approximately 52.14% of the issued share capital of the Company) and Mr. Wang Mingxing, a director of the Offeror, the Chairman and the Chief Executive Officer of the Company, held 5,996,000 Shares (representing approximately 1.05% of the issued share capital of the Company).

On the assumption that there is no change in the shareholding of the Company before the Effective Date, 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	
	<i>Number of Shares</i>	<i>Approximate % (Note 3)</i>	<i>Number of Shares (Note 4)</i>	<i>Approximate % (Note 3)</i>
Offeror	299,037,249	52.14	573,560,000	100.00
Offeror Concert Parties				
<i>Shares held subject to the Scheme</i>				
Mr. Wang Mingxing (<i>Note 1</i>)	5,996,000	1.05	—	—
Aggregate number of Shares held by the Offeror and Offeror Concert Parties (<i>Note 2</i>)	305,033,249	53.18	573,560,000	100.00
Independent Shareholders	268,526,751	46.82	—	—
Total	<u>573,560,000</u>	<u>100.00</u>	<u>573,560,000</u>	<u>100.00</u>
Total number of Scheme Shares	<u>274,522,751</u>	<u>47.86</u>	<u>—</u>	<u>—</u>

Notes:

- Mr. Wang Mingxing is a director of the Offeror. The Shares held by Mr. Wang Mingxing will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective, but as an Offeror Concert Party, Mr. Wang Mingxing's vote at the Court Meeting will not be counted as vote of an Independent Shareholder in determining whether the requirements under Conditions 1(a) and (b) under the section headed "3. Conditions of the Proposal and the Scheme" (as required under Rule 2.10 of the Takeovers Code) are satisfied, and will only be counted as vote of a Scheme Shareholder in determining whether the requirement in the first paragraph of Condition 1 in the section headed "3. Conditions of the Proposal and the Scheme" (as required under Companies Law) is satisfied.
- CICC is the financial adviser to the Offeror in respect of the Proposal. Accordingly, CICC and relevant members of the CICC group 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 Announcement Date in accordance with Note 1 to Rule 3.5 of the Takeovers Code. 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 the 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 Announcement Date by the CICC group will be disclosed in the Scheme Document.

3. All percentages in the above table are approximations and rounded to the nearest 2 decimal places.
4. On the assumption that there is no other change in the shareholding of the Company before completion of the Proposal. Under the Scheme, the Scheme Shares will be cancelled and contemporaneously with such cancellation the share capital of the Company will be maintained by the issuance at par to the Offeror, credited as fully paid, of the same 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 cancellation of the Scheme Shares will be applied in paying up in full the new Shares so issued to the Offeror.

Following the Effective Date and the withdrawal of listing of the Shares on the Stock Exchange, the Offeror will directly hold 100% of the issued share capital of the Company, on the assumption that there is no other change in shareholding in the Company before completion of the Proposal.

As at the Announcement Date:

- (a) save as disclosed in the above shareholding table, neither the Offeror nor any Offeror Concert Party (including China Cinda and Cinda Capital) owns, controls or has direction over any Shares;
- (b) 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 (including China Cinda and Cinda Capital);
- (c) neither the Offeror nor any Offeror Concert Party (including China Cinda and Cinda Capital) has entered into any outstanding derivative in respect of the securities in the Company; and
- (d) neither the Offeror nor any Offeror Concert Party (including China Cinda and Cinda Capital) 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 Company has no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) other than the 573,560,000 Shares in issue.

4. FINANCIAL RESOURCES

On the assumption that no further Shares are issued before the Record Date, the maximum cash consideration payable for the Proposal is approximately HK\$1,150,250,327.

As at the Announcement Date, the Offeror is financing the entire cash consideration payable for the Proposal from funds received from the Sanxing Grease Equity Contribution (as defined below).

CICC, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror for discharging 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 Scheme Shareholders

- The Offeror considers that the Proposal will provide an opportunity to Scheme Shareholders to realise their investment in the Company at an attractive premium over the prevailing price of the Shares. The Cancellation Price of HK\$4.19 per share represents a premium of approximately 66.1% over the average closing price of approximately HK\$2.52 per Share as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Day.
- The average daily trading volume of the Shares for the 120 trading days up to and including the Last Trading Day was approximately 548,028 Shares per day, representing only approximately 0.1% 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 secondary market. The Proposal will provide a good opportunity for the Scheme Shareholders to realise their investment in the Company without suffering any illiquidity discount.

For the Offeror and the Company

- Due to the low liquidity in the trading of the Company Shares, the depressed share price in recent years and a high compliance cost for maintain listing status, Company's current listing platform no longer sufficiently serves as a source of funding for its long term growth, and Company's ability to raise funds in the equity capital markets for future development and growth is limited. Meanwhile, the depressed share price has an adverse impact on Company's reputation among suppliers and customers, and therefore on its business and operations.

- The Proposal, if successful, will be helpful to streamline the Company’s governance structures and avoiding additional governance costs and management fees resulting from maintaining listing status. The Proposal, if successful, will also enhance the Offeror and Sanxing Group’s comprehensive consolidation and integration of the Company’s operations and provide the Offeror and Sanxing Group with more flexibility in supporting the long-term business development of the Company, without being concerned about the fluctuation of its short-term share performance, which in turn will enable the Offeror and Sanxing Group to realise their own long-term development strategy.

6. INFORMATION ON THE GROUP AND THE OFFEROR

The Group

The Company is a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the Main Board of the Stock Exchange with the stock code 1006. The Group is principally engaged in the corn oil business, the production and sales of refined edible sunflower seed oil, olive oil, peanut oil and rice germ oil, and the production and sales of corn meal.

The Offeror

The Offeror is an investment holding company incorporated in Mauritius with limited liability and a wholly-owned subsidiary of Sanxing Grease (with all its shares pledged in favour of China Cinda in connection with a Sanxing Group debt restructuring). As at the Announcement Date, Sanxing Grease is in turn held as to approximately 54.58% by Shandong Sanxing (the shares relating to which are pledged in favour of China Cinda in connection with a Sanxing Group debt restructuring) and 45.42% by Cinda Fund. Cinda Fund is managed by Cinda Capital as its general partner, which in turn is an indirect wholly-owned subsidiary of China Cinda.

In order to restructure its existing debt profile and to obtain further financing, Sanxing Group has undertaken the following arrangements involving Cinda Group:

- i. China Cinda has acquired certain intra-group debt owed by Shandong Sanxing to Sanxing Grease in the aggregate amount of RMB1.31 billion (the “**Outstanding Debt**”), with the proceeds received by Sanxing Grease being used to repay existing indebtedness of Sanxing Group. To secure the repayment of the Outstanding Debt, China Cinda has required a number of measures to be undertaken by Sanxing Group, including but not limited to the pledging of all the shares in Sanxing Grease held by Shandong Sanxing in favour of China Cinda, the provision of guarantee by, among others, Mr. Wang Mingxing, Mr. Wang Mingfeng and Mr. Wang Mingliang, and the appointment of a representative of China Cinda to each of the board of Sanxing Grease and the Offeror, each with limited veto rights; and

- ii. in order to fund the Proposal, Cinda Fund was set up by Cinda Capital as the general partner, China Cinda as the preferential limited partner (with contribution of RMB1 billion made prior to the Announcement Date) and Shandong Zhichuang Enterprise Management Company Limited (山東智創企業管理諮詢有限公司), a wholly-owned subsidiary of Shandong Sanxing, as the deferred limited partner (with contribution of RMB200 million made prior to the Announcement Date). Cinda Fund then provided equity contribution of approximately RMB605 million for approximately 45.42% of the equity interests in Sanxing Grease and shareholder's loan of approximately RMB568 million to Sanxing Grease, with the repayment of the shareholder's loan guaranteed by, among others, Shandong Sanxing, Mr. Wang Mingxing, Mr. Wang Mingfeng and Mr. Wang Mingliang. The funds under the equity contribution and shareholder's loan received by Sanxing Grease were then injected by Sanxing Grease into the Offeror by way of equity contribution for funding the Proposal (the "**Sanxing Grease Equity Contribution**").

As part of Sanxing Group's debt restructuring arrangements, after the Proposal has become effective (or has lapsed, as applicable), all the shares held by Shandong Sanxing in Sanxing Grease (representing approximately 54.58% of the equity interests in Sanxing Grease) will be transferred to Sanxing LP (a limited partnership set up by Shandong Nuoda Enterprise Management Consultation Company Limited (山東諾達企業管理諮詢有限公司, "**Shandong Nuoda**"), a wholly-owned subsidiary of Shandong Sanxing, as its general partner, and Shandong Sanxing and China Cinda as its deferred limited partner and preferential limited partner, respectively), as Shandong Sanxing's capital contribution to Sanxing LP. The Outstanding Debt owed by Shandong Sanxing and acquired by China Cinda in the debt restructuring will also be transferred to Sanxing LP as China Cinda's capital contribution to Sanxing LP. Sanxing LP is managed by Shandong Nuoda, and China Cinda, as a limited partner of Sanxing LP, only has limited veto rights.

As a minority shareholder of Sanxing Grease, Cinda Fund does not have any decision-making power on the daily operation of Sanxing Grease, and has obtained limited veto rights in Sanxing Grease commensurate with its position as a financing party. Further, in line with its role as a financier, Cinda Group will be provided with an agreed return which will be ranked in priority under Sanxing LP and Cinda Fund, and other protective measures (including any shortfall in providing such agreed return to Cinda Group will be assumed and repaid by Shandong Sanxing, Mr. Wang Mingxing, Mr. Wang Mingfeng and Mr. Wang Mingliang).

If and after the Proposal becomes effective, further internal group restructuring involving certain subsidiaries of the Company will take place for the purpose of the group debt restructuring and the Outstanding Debt will thereafter be repaid from internal funds of Sanxing Group and other funding sources. Shandong Sanxing will re-acquire all the equity interests held by each of Sanxing LP and Cinda Fund in Sanxing Grease, with the consideration of reacquisition based on the valuation of Sanxing Grease at the time of the transfer, which will be conducted by a valuer to be approved by China Cinda (with a minimum set at the net asset value of certain assets in Sanxing Grease), and Sanxing LP and Cinda Fund will be dissolved. China Cinda would have the right to reinvest any excess returns into Sanxing Group.

On the other hand, if the Proposal lapses, the above internal restructuring will not be undertaken, all investment in Sanxing Grease by China Cinda will be repaid by Shandong Sanxing and Sanxing Grease to China Cinda by way of capital reduction, distribution, repayment of shareholder's loan or share repurchase, and Cinda Fund will be dissolved. The Outstanding Debt will be repaid from the funds contributed to Cinda Fund and returned to the wholly-owned subsidiary of Shandong Sanxing upon dissolution of Cinda Fund, other resources within Sanxing Group and/or external funding.

Shandong Sanxing

Shandong Sanxing is owned as to 25.50% by Mr. Wang Mingxing, 29.49% by Mr. Wang Mingfeng, 29.39% by Mr. Wang Mingliang, 3.91% by Mr. Cheng Wenming, 3.91% by Mr. Xia Yingbin, 3.91% by Mr. Wang Luqiang and 3.89% by Mr. Wang Baoquan. Mr. Wang Mingxing, Mr. Wang Mingfeng, Mr. Wang Mingliang and Mr. Cheng Wenming are Directors, and Mr. Wang Mingxing, Mr. Wang Mingfeng and Mr. Wang Mingliang are brothers.

7. WITHDRAWAL OF LISTING OF SHARES

Upon the Scheme becoming effective, all Scheme Shares will be cancelled 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 implementation of the Proposal will be included in the Scheme Document, which will also contain, among other things, further details of the Proposal.

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 and the Company may agree or, to the extent applicable, as the Grand 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 the Offeror in the course of the Proposal (nor any person who is subsequently acting in concert with the Offeror) 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.

If the Independent Board Committee or the Independent Financial Adviser does not recommend the Proposal, and the Scheme is not approved, all expenses incurred by the Company in connection therewith shall be borne by the Offeror in accordance with Rule 2.3 of the Takeovers Code.

9. OVERSEAS SHAREHOLDERS

The making of the Proposal to the Scheme Shareholders who are not resident in Hong Kong may be subject to the laws of the relevant jurisdictions in which such Scheme Shareholders are located.

Such Scheme Shareholders should inform themselves about and observe any applicable legal, tax or regulatory requirements. It is the responsibility of any overseas Scheme Shareholders wishing to take an action in relation to the Proposal 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 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 is prohibited by any relevant law or regulation or may only be effected after compliance with conditions or requirements that the Directors 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. 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. 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.

10. TAXATION ADVICE

Scheme Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of the Proposal. 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 accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Proposal.

11. SCHEME SHARES, COURT MEETING AND EXTRAORDINARY GENERAL MEETING OF THE COMPANY

As at the Announcement Date, the Offeror directly holds 299,037,249 Shares (representing approximately 52.14% of the issued share capital of the Company). Such Shares will not form part of the Scheme Shares and will not be cancelled upon the Scheme becoming effective. As the Offeror is not a Scheme Shareholder, the Offeror will not vote on the Scheme at the Court Meeting. The Offeror will undertake to the Grand Court that it will be bound by the Scheme, so as to ensure that it will be subject to the terms and conditions of the Scheme. As at the Announcement Date, Mr. Wang Mingxing, a director of the Offeror, the Chairman and the Chief Executive Officer of the Company, held 5,996,000 Shares (representing approximately 1.05% of the issued share capital of the Company). The Shares held by Mr. Wang Mingxing as an Offeror Concert Party will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective, but as an Offeror Concert Party, Mr. Wang Mingxing's vote at the Court Meeting will not be counted as vote of an Independent Shareholder in determining whether the requirements under Conditions 1(a) and (b) under the section headed "3. Conditions of the Proposal and the Scheme" (as required under Rule 2.10 of the Takeovers Code) are satisfied, and will only be counted as vote of a Scheme Shareholder in determining whether the requirement in the first paragraph of Condition 1 in the section headed "3. Conditions of the Proposal and the Scheme" (as required under Companies Law) is satisfied.

Notwithstanding that connected exempt principal traders within the CICC group are not Offeror Concert Parties, Shares held by any such connected exempt principal traders must not be voted in the context of the Proposal in accordance with the requirements of Rule 35.4 of the Takeovers Code, unless (i) the relevant connected exempt principal trader holds the Shares as a simple custodian for and on behalf of non-discretionary clients, and (ii) there are contractual arrangements in place between the relevant connected exempt principal trader and its clients that strictly prohibit the relevant connected exempt principal trader from exercising any voting discretion over the relevant Shares, and all voting instructions shall originate from the client only, and if no instructions are given, then no votes shall be cast for the relevant Shares held by the relevant connected exempt principal trader. For this purpose, a written confirmation of the matters set out in points (i) and (ii) above and whether the relevant underlying clients are entitled to vote in the context of the Proposal will be submitted to the Executive prior to the Court Meeting.

All Shareholders will be entitled to attend the extraordinary general meeting of the Company and vote on the special resolution to (i) approve and give effect to any reduction of the issued share capital of the Company by cancelling and extinguishing the Scheme Shares, and (ii) contemporaneously maintain the issued share capital of the Company at the amount prior to the cancellation of the Scheme Shares by applying the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled as a result of the Scheme for issue to the Offeror.

The Offeror and Mr. Wang Mingxing have indicated that if the Scheme is approved at the Court Meeting, those Shares held by them will be voted in favour of the resolutions to be proposed at the extraordinary general meeting of the Company.

12. INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, which comprises all the independent non-executive Directors, namely Mr. Wang Aiguo, Mr. Wang Ruiyuan and Mr. Liu Shusong, has been established by the Board to make a recommendation to the Independent Shareholders as to whether the terms of the Proposal and the Scheme are, or are not, fair and reasonable and as to voting at the Court Meeting and the extraordinary general meeting of the Company.

Pursuant to Rule 2.8 of the Takeovers Code, the Independent Board Committee comprises all the non-executive Directors who have no direct or indirect interest in the Proposal.

13. INDEPENDENT FINANCIAL ADVISER

An Independent Financial Adviser approved by the Independent Board Committee will be appointed by the Board to advise the Independent Board Committee in connection with the Proposal and the Scheme. 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 and the Scheme, the expected timetable, an explanatory memorandum as required under the Companies Law and the rules of the Grand Court, information regarding the Company, recommendations from the Independent Board Committee with respect to the Proposal and the Scheme, the letter of advice from the Independent Financial Adviser, a notice of the Court Meeting and a notice of an extraordinary general meeting of the Company, together with forms of proxy in relation thereto, will be despatched to the Shareholders as soon as practicable and in compliance with the requirements of the Takeovers Code, the Companies Law, the Grand Court and other applicable laws and regulations.

The Scheme Document will contain important information and the Scheme Shareholders 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 extraordinary general meeting of the Company. 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 of the Offeror and the Company (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) are hereby reminded to disclose their dealings in any securities of the Company under Rule 22 of the Takeovers Code during the offer period.

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, the expected timing and scope of the Proposal, 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, 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.

Mr. Wang Mingxing, Mr. Wang Mingfeng, Mr. Wang Mingliang and Mr. Cheng Wenming are regarded as being interested in the Proposal, and will abstain from voting in respect of the Board resolutions of the Company in relation to the Proposal where required under the articles of association of the Company and subject to the compliance with the Takeovers Code.

The Directors (excluding members of the Independent Board Committee whose views will be given after considering the advice of the Independent Financial Adviser) 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 of the Offeror Concert Parties 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.

As at the Announcement Date, there are no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (i) any Shareholder; and (ii)(a) the Offeror or (b) the Company. 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; and (ii)(a) any Offeror Concert Parties or (b) any subsidiaries or associated companies of the Company.

18. RESUMPTION OF TRADING IN SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:00 a.m. on 3 September 2020 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 8 September 2020.

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 jointly issued by the Offeror and the Company
“Announcement Date”	7 September 2020, being the date of this Announcement
“associate”	has the meaning ascribed to it in the Takeovers Code
“Board”	the board of Directors
“Cancellation Price”	the cancellation price of HK\$4.19 per Scheme Share payable in cash pursuant to the Scheme
“China Cinda”	China Cinda Asset Management Co., Ltd. (中國信達資產管理股份有限公司), a joint stock company incorporated in the PRC with limited liability whose shares are listed on the Main Board of the Stock Exchange (stock code: 1359)
“Cinda Capital”	Cinda Capital Management Co., Ltd (信達資本管理有限公司), an indirect wholly-owned subsidiary of China Cinda
“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
“Cinda Fund”	Tianjin Changshou Xinzhi Equity Investment Partnership Fund (Limited Partnership) (天津長壽信智股權投資基金合夥企業(有限合夥))
“Cinda Group”	China Cinda and its subsidiaries and associated companies (including Cinda Fund)
“Companies Law”	the Companies Law (2020 Revision) of the Cayman Islands

“Company”	Changshouhua Food Company Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange (stock code: 1006)
“Condition(s)”	the conditions 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 Grand 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 Law
“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
“Grand Court”	the Grand Court of the Cayman Islands
“Group”	the Company and its subsidiaries
“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 in respect of the Proposal and the Scheme
“Independent Financial Adviser”	the independent financial adviser to be appointed by the Independent Board Committee in connection with the Proposal

“Independent Shareholder(s)”	Shareholder(s) other than the Offeror and the Offeror Concert Parties (except in respect of the holding of Shares by the CICC group in the capacity of an exempt principal trader or exempt fund manager for the purposes of the Takeovers Code and excluding shares held by the CICC group for and on behalf of its non-discretionary investment clients)
“Last Trading Day”	2 September 2020, 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”	15 January 2021
“Offeror”	SanXing Trade Co., Ltd., a company incorporated in Mauritius with limited liability and a wholly-owned subsidiary of Sanxing Grease
“Offeror Concert Parties”	parties acting in concert or presumed to be acting in concert with the Offeror under the definition of “acting in concert” under the Takeovers Code, which include Mr. Wang Mingxing, Mr. Wang Mingfeng, Mr. Wang Mingliang and Cinda Group (except in the capacity of an exempt principal trader or exempt fund manager for the purpose of the Takeovers Code and excluding Shares held by the CICC group on behalf of non-discretionary investment clients)
“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 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

“Sanxing LP”	Tianjin Changshou Xinnuo Investment Limited Partnership (天津長壽信諾投資合夥企業(有限合夥))
“Sanxing Grease”	Zouping Sanxing Grease Industry Company Limited (鄒平三星油脂工業有限公司), a company incorporated in the PRC which wholly owns the Offeror
“Sanxing Group”	Shandong Sanxing and its subsidiaries
“Shandong Sanxing”	Shandong Sanxing Group Company Limited (山東三星集團有限公司), a company incorporated in the PRC
“Scheme”	a scheme of arrangement under Section 86 of the Companies Law involving the cancellation of all the Scheme Shares and the maintenance of the share capital of the Company at 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 held by the Offeror
“Scheme Shareholder(s)”	the registered holder(s) of the 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 HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	registered holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Code on Takeovers and Mergers in Hong Kong

“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

By order of the Board of
SanXing Trade Co., Ltd.
Wang Mingxing
Director

By order of the Board of
Changshouhua Food Company Limited
Wang Mingxing
Chairman

Hong Kong, 7 September 2020

As at the Announcement Date, the directors of the Offeror are Mr. Wang Mingxing and Mr. Yang Pengfei.

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 Cinda Group) 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 Group and Cinda Group) 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 directors of Shandong Sanxing are Mr. Wang Mingfeng, Mr. Wang Mingxing and Mr. Wang Mingliang.

The directors of Shandong Sanxing jointly and severally accept full responsibility for the accuracy of the information contained in this Announcement (other than that relating to the Group and Cinda Group) 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 Group and Cinda Group) 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 investment committee of Cinda Fund consists of five members, namely Mr. Li Shuo, Mr. Wang Chuanwei, Mr. Yang Pengfei, Mr. Zhang Lei and Mr. Wang Mingxing.

The members of the investment committee of Cinda Fund jointly and severally accept full responsibility for the accuracy of the information contained in this Announcement relating to Cinda Group and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Announcement by Cinda Group 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 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.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Announcement relating to the Group and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Announcement by the Group 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.