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**CHINA FOODS LIMITED**  
**中國食品有限公司**  
*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 506)**

**CONNECTED TRANSACTION  
IN RELATION TO ACQUISITION OF  
THE TIANJIN SALE INTERESTS  
THROUGH THE PUBLIC SALE**

**TIANJIN EQUITY TRANSFER AGREEMENT**

The Board announces that on 25 November 2021, the Purchaser (an indirect non-wholly owned subsidiary of the Company) and the Vendors had entered into the Tianjin Equity Transfer Agreement, in relation to the acquisition of an aggregate of 15% equity interests in COFCO Coca-Cola Tianjin through the Public Sale at CBEX. The Purchaser's successful bidding price was RMB56,820,000.

Prior to completion of the Tianjin Acquisition and as at the date of this announcement, COFCO Coca-Cola Tianjin is held as to 50% by COFCO Beverages Tianjin (HK) Limited, as to 35% by Bohai and as to 15% by the Vendors (in which 12% is held by Zhongshi Group and 3% is held by Sinolight Holdings). Since COFCO Beverages Tianjin (HK) Limited is an indirectly wholly-owned subsidiary of COFCO Coca-Cola which in turn is a 65%-owned subsidiary of the Company, COFCO Coca-Cola Tianjin is accounted for as a subsidiary of the Company by virtue of the Company's indirect control over it through COFCO Coca-Cola.

Upon completion of the Tianjin Acquisition, COFCO Coca-Cola Tianjin will be held as to 50% by COFCO Beverages Tianjin (HK) Limited, as to 35% by Bohai and as to 15% by the Purchaser.

## **LISTING RULES IMPLICATIONS**

As the Tianjin Equity Transfer Agreement was entered into with the same Vendors (being Zhongshi Group and Sinolight Holdings) of the Previous Equity Transfer Agreements in respect of the Hebei and Inner Mongolia Acquisitions which details have been disclosed under the November Announcement and within a 12-month period, the Tianjin Acquisition is required to be aggregated with the Hebei and Inner Mongolia Acquisitions for the purpose of calculating the applicable percentage ratios (as defined under the Listing Rules).

As at the date of this announcement, Zhongshi Group is a substantial shareholder of the Target Company, which is accounted for as a non-wholly owned subsidiary of the Company. Therefore, Zhongshi Group is a connected person at the subsidiary level of the Company according to Rule 14A.07(1) of the Listing Rules. The holding company of Zhongshi Group (i.e. Sinolight Corporation) also entirely holds Sinolight Holdings. Therefore, Sinolight Holdings is a fellow subsidiary of the holding company of Zhongshi Group, and hence an associate of a connected person of the Company. As such, the Tianjin Equity Transfer Agreement entered into with the Vendors constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

The highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the Tianjin Acquisition together with the Hebei and Inner Mongolia Acquisitions in aggregate exceeds 1% but is less than 5%. Pursuant to Rule 14A.101 of the Listing Rules, since (i) the Vendors are connected persons at the subsidiary level of the Company; (ii) the Board has approved the Tianjin Acquisition; and (iii) the independent non-executive Directors have confirmed that the terms of the Tianjin Equity Transfer Agreement are fair and reasonable and on normal commercial terms and the Tianjin Acquisition is in the interests of the Company and its shareholders as a whole, the Tianjin Acquisition is subject to the reporting and announcement requirements but exempt from the circular, independent financial advice and independent shareholders' approval requirements.

## **BACKGROUND**

The Board announces that on 25 November 2021, the Purchaser (an indirect non-wholly owned subsidiary of the Company) and the Vendors had entered into the Tianjin Equity Transfer Agreement, in relation to the acquisition of an aggregate of 15% equity interests in COFCO Coca-Cola Tianjin through the Public Sale at CBEX. The Purchaser's successful bid price was RMB56,820,000.

## **TIANJIN EQUITY TRANSFER AGREEMENT**

The principal terms of the Tianjin Equity Transfer Agreement are set out below:

**Date** : 25 November 2021

**Parties** : COFCO Coca-Cola Beverages (China) Investment Ltd (as the Purchaser); and  
Zhongshi Group and Sinolight Holdings (as the Vendors)

### **Subject matter**

Pursuant to the Tianjin Equity Transfer Agreement, (i) Zhongshi Group has agreed to sell and the Purchaser has agreed to purchase 12% of the equity interests in COFCO Coca-Cola Tianjin; and (ii) Sinolight Holdings has agreed to sell and the Purchaser has agreed to purchase 3% of the equity interests in COFCO Coca-Cola Tianjin, subject to the terms of the Tianjin Equity Transfer Agreement.

### **Consideration**

The consideration payable by the Purchaser to the Zhongshi Group and the Sinolight Holdings with respect to the Tianjin Equity Transfer Agreement is RMB56,820,000. The consideration was determined through the Public Sale process at CBEX in respect of the 12% and the 3% of the equity interest in COFCO Coca-Cola Tianjin.

### **Payment terms**

A deposit of RMB5,600,000 had been paid by the Purchaser to the designated account of CBEX prior to the entering of the Tianjin Equity Transfer Agreement, and shall be used to settle part of the consideration. The remaining balance of the consideration, being RMB51,220,000 shall be paid by the Purchaser to the designated settlement accounts of CBEX within five working days upon the date of entry into the Tianjin Equity Transfer Agreement. The Purchaser agreed that all the remaining balance of the considerations shall be transferred to the designated account of the Vendors within three working days upon the date of issuance of the transaction certificate by CBEX and it will notify COFCO Coca-Cola Tianjin to complete the registration of the changes on the register of shareholders on the same day.

## **Completion**

The Vendors shall procure COFCO Coca-Cola Tianjin to arrange for the registration of the transfer of equity interests within 20 working days after the issue of transaction certificate by CBEX. The Vendors agreed that, following the Tianjin Equity Transfer Agreement becoming effective and the payment of the remaining balance of the consideration by the Purchaser to CBEX, the directors of COFCO Coca-Cola Tianjin appointed by the Vendors shall be replaced by the personnel designated by the Purchaser. In addition, the Purchaser and the Vendors shall fulfill their obligations to report to relevant approving authorities in respect of the Tianjin Equity Transfer Agreement and the transactions contemplated thereunder and shall respond to the reasonable requests and enquiries of any approving authorities, in order to obtain the approval by the approving authorities of the Tianjin Equity Transfer Agreement and the transactions contemplated thereunder.

Prior to completion of the Tianjin Acquisition and as at the date of this announcement, COFCO Coca-Cola Tianjin is held as to 50% by COFCO Beverages Tianjin (HK) Limited, as to 35% by Bohai and as to 15% by the Vendors (in which 12% is held by Zhongshi Group and 3% is held by Sinolight Holdings). Since COFCO Beverages Tianjin (HK) Limited is an indirectly wholly-owned subsidiary of COFCO Coca-Cola which in turn is a 65%-owned subsidiary of the Company, COFCO Coca-Cola Tianjin is accounted for as a subsidiary of the Company by virtue of the Company's indirect control over it through COFCO Coca-Cola.

Upon completion of the Tianjin Acquisition, COFCO Coca-Cola Tianjin will be held as to 50% by COFCO Beverages Tianjin (HK) Limited, and as to 35% by Bohai, and as to 15% by the Purchaser.

## **REASONS FOR AND BENEFITS OF THE TIANJIN ACQUISITION**

The Target Company is primarily engaged in beverage bottling production, sale and distribution. The Directors believe that the Tianjin Acquisition present a good opportunity to further scale up the Company's beverage bottling production, sale and distribution business and capitalizing on the long-term growth trends in China's beverage market. The Tianjin Acquisition also reflects the Company's long-term commitment to the beverages bottling business in the PRC.

Furthermore, the bidding price made for the Public Sale of the Tianjin Sale Interests were determined after taking into consideration of its valuations as at 31 December 2019 made available at CBEX. Given the satisfactory financial performance of the Target Company during the year ended 31 December 2020 as compared to the same period in 2019, the Company is of the view that it is a good opportunity to invest in the Target Company at a reasonable valuation in order to further expand the business of the Company.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Tianjin Equity Transfer Agreement are fair and reasonable and are on normal commercial terms, and the Tianjin Acquisition is in the interests of the Company and its shareholders as a whole. None of the Directors has a material interest in the transactions contemplated under the Tianjin Equity Transfer Agreement.

## **INFORMATION ON THE COMPANY AND THE PURCHASER**

The Company is an investment holding company incorporated in Bermuda. Through its subsidiaries and associated companies, it is principally engaged in the beverage business.

The Purchaser, COFCO Coca-Cola Beverages (China) Investment Ltd., is an investment holding company established in the PRC with limited liability and through its subsidiaries and is principally engaged in the beverage business. As at the date of this announcement, it is an indirectly 65%-owned subsidiary of the Company.

## **INFORMATION ON THE VENDORS**

Zhongshi Group is a company established in the PRC with limited liability and is principally engaged in the sales of pre-packaged food, food and equipment technology development, etc..

Sinolight Holdings is a company established in the PRC with limited liability and is principally engaged in project investment, investment management, construction project management, product design, sales of pre-packaged food, etc..

As at the date of this announcement, both Zhongshi Group and Sinolight Holdings are wholly-owned subsidiaries of Sinolight Corporation, which is a company established in the PRC with limited liability and a wholly-owned subsidiary of China Poly Group Corporation Limited. China Poly Group Corporation Limited is a state-owned enterprise under the supervision and management of the State-owned Assets Supervision and Administration Commission of the State Council of the PRC (中國國務院國有資產監督管理委員會).

## **BUSINESS AND FINANCIAL INFORMATION OF THE TARGET COMPANY**

The Target Company is a limited liability company established in the PRC. The principal business activities of the Target Company are beverage bottling production, sale and distribution.

## COFCO Coca-Cola Tianjin

The net asset value of COFCO Coca-Cola Tianjin attributable to the Tianjin Sale Interests, by reference to the audited financial information of COFCO Coca-Cola Tianjin as at 31 December 2020 was approximately RMB17,226,549. In addition, the independent appraised valuation of the Tianjin Sale Interests as at 31 December 2019 disclosed as part of the Public Sale process on CBEX was RMB56,813,300. The net profits of COFCO Coca-Cola Tianjin attributable to the Tianjin Sale Interests, by reference to the audited financial information of COFCO Coca-Cola Tianjin for each of the two years ended 31 December 2020 were as follows:

	<b>For the year ended 31 December</b>	
	<b>2019</b>	<b>2020</b>
	<i>(RMB '000)</i>	<i>(RMB '000)</i>
Net profits before taxation	3,471.9	4,929.4
Net profits after taxation	2,667.0	3,727.5

The original acquisition costs of the Vendors for the Tianjin Sale Interests was US\$2,325,000 in aggregate, representing the Vendors' aggregate capital contribution to COFCO Coca-Cola Tianjin.

## LISTING RULES IMPLICATIONS

As the Tianjin Equity Transfer Agreement was entered into with the same Vendors (being Zhongshi Group and Sinolight Holdings) of the Previous Equity Transfer Agreements in respect of the Hebei and Inner Mongolia Acquisitions which details have been disclosed under the November Announcement and within a 12-month period, the Tianjin Acquisition is required to be aggregated with the Hebei and Inner Mongolia Acquisitions for the purpose of calculating the applicable percentage ratios (as defined under the Listing Rules).

As at the date of this announcement, Zhongshi Group is a substantial shareholder of the Target Company, which is accounted for as a non-wholly owned subsidiary of the Company. Therefore, Zhongshi Group is a connected person at the subsidiary level of the Company according to Rule 14A.07(1) of the Listing Rules. The holding company of Zhongshi Group (i.e. Sinolight Corporation) also entirely holds Sinolight Holdings. Therefore, Sinolight Holdings is a fellow subsidiary of the holding company of Zhongshi Group, and hence an associate of a connected person of the Company. As such, the Tianjin Equity Transfer Agreement entered into with the Vendors constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

The highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the Tianjin Acquisition together with the Hebei and Inner Mongolia Acquisitions in aggregate exceeds 1% but is less than 5%. Pursuant to Rule 14A.101 of the Listing Rules, since (i) the Vendors are connected persons at the subsidiary level of the Company; (ii) the Board has approved the Tianjin Acquisition; and (iii) the independent non-executive Directors have confirmed that the terms of the Tianjin Equity Transfer Agreement are fair and reasonable and on normal commercial terms and the Tianjin Acquisition is in the interests of the Company and its shareholders as a whole, the Tianjin Acquisition is subject to the reporting and announcement requirements but exempt from the circular, independent financial advice and independent shareholders' approval requirements.

## DEFINITIONS

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

“associate”	has the meaning as ascribed to it under the Listing Rules
“Bohai”	Tianjin Bohai Industrial Investment Group Limited (天津渤海輕工投資集團公司), a company established in the PRC with limited liability and a substantial shareholder of the Target Company
“Board”	the board of Directors
“CBEX”	China Beijing Equity Exchange
“COFCO Coca-Cola”	COFCO Coca-Cola Beverages Limited, a company incorporated in Hong Kong with limited liability and jointly established by the Company and The Coca-Cola Company in which the Company holds a 65% interest
“COFCO Coca-Cola Tianjin”	COFCO Coca-Cola Beverages (Tianjin) Limited (中糧可口可樂飲料(天津)有限公司), a company established in the PRC with limited liability and is accounted for as a subsidiary of the Company by virtue of the Company's indirect control over it through COFCO Coca-Cola
“Company”	China Foods Limited (中國食品有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“connected person”	has the meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company

“Hebei and Inner Mongolia Acquisitions”	the acquisitions of the Hebei Sale Interests and the Inner Mongolia Sale Interests pursuant to the Previous Equity Transfer Agreements
“Hebei Sale Interests”	15% equity interests in COFCO Coca-Cola Beverages (Hebei) Limited (中糧可口可樂飲料(河北)有限公司), a company established in the PRC with limited liability and is accounted for a subsidiary of the Company by virtue of the Company’s indirect control over it through COFCO Coca-Cola
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Inner Mongolia Sale Interests”	13% equity interests in COFCO Coca-Cola Beverages (Inner Mongolia) Limited (中糧可口可樂飲料(內蒙古)有限公司), a company established in the PRC with limited liability and is accounted for as a subsidiary of the Company by virtue of the Company’s indirect control over it through COFCO Coca-Cola
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“November Announcement”	the announcement of the Company issued on 15 November 2021 concerning the Hebei and Inner Mongolia Acquisitions
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Previous Equity Transfer Agreements”	the equity transfer agreements entered into between the Purchaser and the Vendors on 15 November 2021 in respect of the Hebei and Inner Mongolia Acquisitions. For details, please refer to the November Announcement
“Public Sale”	the sale of the Tianjin Sale Interests through a public tender process conducted by CBEX in accordance with the relevant laws and regulations of the PRC in respect of the disposal of state-owned assets
“Purchaser”	COFCO Coca-Cola Beverages (China) Investment Ltd. (中糧可口可樂飲料(中國)投資有限公司), a wholly-owned subsidiary of COFCO Coca-Cola
“RMB”	Renminbi, the lawful currency of the PRC



“Sinolight Corporation”	Sinolight Corporation (中國輕工集團有限公司), a company established in the PRC with limited liability and a wholly owned subsidiary of China Poly Group Corporation Limited (中國保利集團有限公司), a wholly state-owned enterprise under the direct supervision and administration of the State-owned Assets Supervision and Administration Commission of the State Council of the PRC
“Sinolight Holdings”	Sinolight International Holdings Limited (中國中輕國際控股有限公司), a company established in the PRC with limited liability and a wholly owned subsidiary of Sinolight Corporation
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning as ascribed to it under the Listing Rules
“Target Company”	COFCO Coca-Cola Tianjin
“Tianjin Acquisition”	the acquisition of the Tianjin Sale Interests pursuant to the Tianjin Equity Transfer Agreement
“Tianjin Equity Transfer Agreement”	the equity transfer agreement dated 25 November 2021 entered into between the Purchaser and the Vendor in relation to the acquisition of the Tianjin Sale Interests by the Purchaser from the Vendors
“Tianjin Sale Interests”	15% equity interests in COFCO Coca-Cola Tianjin
“Vendors”	Zhongshi Group and Sinolight Holdings

“Zhongshi Group”

China National Food Industry (Group) Corp., (中國食品工業（集團）有限公司), a company established in the PRC with limited liability and a wholly owned subsidiary of Sinolight Corporation

*In this announcement, the English names of certain PRC entities are translation of their Chinese names and included for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.*

By Order of the Board  
**China Foods Limited**  
**Chen Lang**  
*Chairman*

Beijing, 25 November 2021

*As at the date of this announcement, the Board comprises: Mr. Chen Lang as the chairman of the Board and a non-executive director; Mr. Qing Lijun and Mr. Shen Peng as executive directors; Mr. Chen Zhigang and Mr. Chen Gang as non-executive directors; and Messrs. Stephen Edward Clark, Li Hung Kwan, Alfred and Mok Wai Bun, Ben as independent non-executive directors.*