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## **CHINA YURUN FOOD GROUP LIMITED**

**中國雨潤食品集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1068)**

### **CONTINUING CONNECTED TRANSACTIONS PURSUANT TO RULE 14A.60 OF THE LISTING RULES**

Reference is made to the announcement of the Company dated 30 January 2022 in relation to the Restructuring Case of 44 Companies (the “**Announcement**”). Unless otherwise defined in this announcement, terms used in this announcement shall have the same meanings as those defined in the Announcement.

This announcement is made by the Company pursuant to Rule 14A.60(1) of the Listing Rules.

The Group has been manufacturing processed meat products and such products were supplied to, among others, the 44 Restructuring Companies for years. The 44 Restructuring Companies were Subsidiaries of the Group before the Takeover. On 20 December 2021, the Company entered into the Processed Meat Products Supply Agreement with Nanjing Yurun for the supply of processed meat products by the Group to Nanjing Yurun.

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

The Company was notified by the Administrator that (1) the Restructuring Plan was adjudicated effective by the Nanjing Intermediate Court on 28 January 2022 (and as a result, the Equity Adjustments became effective on 28 January 2022 and (2) the Handover was completed on 29 January 2022.

Prior to the Handover, Nanjing Yurun was legally and actually controlled by the Administrator (an independent third party) and therefore Nanjing Yurun was not a connected person of the Company under the Listing Rules.

As a result of the Handover, the New Platform gains legal and actual control over Nanjing Yurun. As the New Platform is held as to approximately 33% by Mr. Zhu, a substantial shareholder and connected person of the Company, Nanjing Yurun has become a connected person of the Company under the Listing Rules.

As such, the transactions between the Company and Nanjing Yurun under the Processed Meat Products Supply Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.60 of the Listing Rules, the Company is required to comply with the annual review and disclosure requirements including publishing an announcement and annual reporting in respect of the continuing connected transactions under the Processed Meat Products Supply Agreement. The Company will further comply with all applicable connected transaction requirements under Chapter 14A of the Listing Rules upon any variation or renewal of the Processed Meat Products Supply Agreement.

## 1. INTRODUCTION

This announcement is made by the Company pursuant to Rule 14A.60(1) of the Listing Rules.

The Group has been manufacturing processed meat products and such products were supplied to, among others, the 44 Restructuring Companies for years. The 44 Restructuring Companies were Subsidiaries of the Group. On 20 December 2021, the Company entered into the Processed Meat Products Supply Agreement with Nanjing Yurun for the supply of processed meat products by the Group to Nanjing Yurun.

The Company was notified by the Administrator that (1) the Restructuring Plan was adjudicated effective by the Nanjing Intermediate Court on 28 January 2022, (and as a result, the Equity Adjustments became effective on 28 January 2022) and (2) the Handover was completed on 29 January 2022.

Prior to the Handover, Nanjing Yurun was legally and actually controlled by the Administrator (an independent third party) and therefore Nanjing Yurun was not a connected person of the Company under the Listing Rules.

As a result of the Handover, the New Platform gains legal and actual control over Nanjing Yurun. As the New Platform is held as to approximately 33% by Mr. Zhu, a substantial shareholder and connected person of the Company, Nanjing Yurun has become a connected person of the Company under the Listing Rules.

## 2. THE PROCESSED MEAT PRODUCTS SUPPLY AGREEMENT

On 20 December 2021, the Company entered into the Processed Meat Products Supply Agreement with Nanjing Yurun for the supply of processed meat products by the Group to Nanjing Yurun and its affiliates (from time to time).

The principal terms of the Processed Meat Products Supply Agreement are described below:

**Date** : 20 December 2021

**Parties** : (i) the Company, as the seller; and  
(ii) Nanjing Yurun, as a buyer.

- Term of supply (the “Term”)** : Commencing on 1 January 2022 and ending on 31 December 2024.
- Subject Matter** : the Company (or its subsidiaries) agreed to supply processed meat products to Nanjing Yurun.
- Pricing policy** : Nanjing Yurun agreed to purchase not less than 8,000 tonnes, 2,000 tonnes and 2,000 tonnes processed meat products during the year 2022, 2023 and 2024 respectively from the Company (or its subsidiaries). The reference unit price of the products is the market price of such products as at the date of the Processed Meat Products Supply Agreement. The Company (or its subsidiaries) has discretion to increase the reference unit price by not more than 10% based on the past 6 months average increment of raw material meats price as published by the information centre of Ministry of Agriculture and Rural Affairs of the People’s Republic of China (中華人民共和國農業農村部信息中心). To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the terms of the Processed Meat Products Supply Agreement (including the pricing policy) are negotiated by the parties on an arm’s length basis and is determined based on prevailing market rates and normal commercial terms.
- Delivery and settlement terms** : The buyer shall send a purchase order to the seller specifying the quantity and types of processed meat products required for the coming month not less than seven days prior to the end of the immediate preceding month. The buyer shall settle the payment within three months after receipt of the products. Unless agreed otherwise by both parties, the buyer shall notify the seller two days prior to the intended date of delivery in respect of the delivery arrangement. The buyer shall be responsible for the delivery of products.

## **REASONS FOR ENTERING INTO THE PROCESSED MEAT PRODUCTS SUPPLY AGREEMENT**

The Group is a meat product suppliers in the PRC which focuses on the business of production of products under the “Harouliau” family of brands and the business of production of low-temperature and high-temperature meat products. The Group will maintain the original business model and will continue to manufacture processed meat products for, among others, Nanjing Yurun and its affiliates. Nanjing Yurun is principally engaged in meat processing, sales and retail businesses. The Directors consider the sales of processed meat products to Nanjing Yurun will generate steady revenue and profit for the Group.

The Directors (including independent non-executive Directors) are of the view that the Processed Meat Products Supply Agreement and the transactions thereunder have been entered into on normal commercial terms and in the ordinary course of the business of the Group, and are therefore fair and reasonable and in the interests of the Company and Shareholders as a whole.

Ms. Zhu Yuan, an executive Director of the Company, is the daughter of Mr. Zhu, and she is therefore an associate of Mr. Zhu who has a material interest in the Processed Meat Products Supply Agreement. Since Ms. Zhu Yuan has a material interest in the transactions under the Processed Meat Products Supply Agreement, she has abstained from voting on the Board meeting approving such transactions.

Save as disclosed above, none of the Directors has a material interest in the Processed Meat Products Supply Agreement and the transactions thereunder and hence no Director (other than Ms. Zhu Yuan) had abstained from voting on the relevant resolutions approving the continuation of transactions under the Processed Meat Products Supply Agreement.

## INFORMATION ON THE PARTIES

### *The Group*

The Group is a meat product suppliers in the PRC which focuses on the business of production of products under the “Haroulian” family of brands and the business of production of low-temperature and high-temperature meat products.

### *Nanjing Yurun*

Nanjing Yurun is an entity incorporated under the laws of the PRC with limited liability which is principally engaged in the meat processing, sales of meat products and retail businesses. As at the date of this announcement, Nanjing Yurun is a wholly-owned subsidiary of the New Platform, which is a company incorporated under the laws of the PRC to undertake the food and agricultural products logistics business under the two separate restructuring cases, namely, the Restructuring Case of 44 Companies and the Restructuring Case of 78 Companies.

To the best knowledge, information and belief of the Directors having made all reasonable enquiry, the equity interests in the New Platform upon completion of the implementation of the Restructuring Plan are ultimately owned by (a) Mr. Zhu, a substantial shareholder of the Company holding approximately 25.82% shares of the Company and a connected person, through China YH and Dihua Industrial as to approximately 33.00%; (b) China Huarong Asset Management Co., Ltd. (Jiangsu Branch) (中國華融資產管理股份有限公司江蘇省分公司) (China Huarong Asset Management Co., Ltd. (中國華融資產管理股份有限公司) is a joint stock limited liability company incorporated in the PRC, the H shares of which are listed on the Stock Exchange (stock code: 2799)), as to approximately 7.00%; (c) creditors of the Restructuring Case of 44 Companies and the Restructuring Case of 78 Companies who would convert their debts to equity interests in the New Platform, as to an aggregate approximately 37.29%; and (d) Specialized Limited Partnership 1 and Specialized Limited Partnership 2 (both are to be incorporated) as to approximately 7.15% and 15.56%, respectively, representing the pool of equity interests reserved, which according to the Restructuring Memorandum and the PRC Legal Opinion, the ultimate beneficial owner of such pool of equity interests will and can only be determined pursuant to the allocation based on the future business performance of the New Platform. As at the date of this announcement, Specialized Limited Partnership 1 and Specialized Limited Partnership 2 do not have an ultimate beneficial owner. To the best knowledge, information and belief of the Directors having made all reasonable enquiry, such creditors who would convert their debts to equity interests in the New Platform include approximately 300 creditors which are financial institutions in the PRC, business partners of the 44 Restructuring Companies and 78 China YH Restructuring Companies, which are independent third parties and the Connected Creditors. The Connected Creditors are expected to hold not more than an aggregate of 0.10% equity interests in the New Platform.

Save as disclosed herein, to the best knowledge, information and belief of the Directors having made all reasonable enquiry, the abovementioned ultimate beneficial owners of Nanjing Yurun are Independent Third Parties.

## LISTING RULES IMPLICATIONS

The Company was notified by the Administrator that (1) the Restructuring Plan was adjudicated effective by the Nanjing Intermediate Court on 28 January 2022 (and as a result, the Equity Adjustments became effective on 28 January 2022) and (2) the Handover was completed on 29 January 2022.

Prior to the Handover, Nanjing Yurun was legally and actually controlled by the Administrator (an independent third party) and therefore Nanjing Yurun was not a connected person of the Company under the Listing Rules.

As a result of the Handover, the New Platform gains legal and actual control over Nanjing Yurun. As the New Platform is held as to approximately 33% by Mr. Zhu, a substantial shareholder and connected person of the Company, Nanjing Yurun has become a connected person of the Company under the Listing Rules.

As such, the transactions between the Company and Nanjing Yurun under the Processed Meat Products Supply Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.60 of the Listing Rules, the Company is required to comply with the annual review and disclosure requirements including publishing an announcement and annual reporting in respect of the continuing connected transactions under the Processed Meat Products Supply Agreement. The Company will further comply with all applicable connected transaction requirements under Chapter 14A of the Listing Rules upon any variation or renewal of the Processed Meat Products Supply Agreement.

## DEFINITIONS

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

“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“China” or the “PRC”	the People’s Republic of China (for the purpose of this announcement, except Taiwan, the Hong Kong Special Administrative Region and the Macau Special Administrative Region)
“Company”	China Yurun Food Group Limited, a company incorporated in Bermuda, the shares of which are listed on the Stock Exchange (Stock Code: 1068)

“Connected Creditor”	a total of 5 creditors which may realize its rights as creditors under the Restructuring Case of 44 Companies and the Restructuring Case of 78 Companies and convert its debt thereunder to equity interests in the New Platform, namely, Haian Yurun Central Shopping Plaza Co., Ltd* (海安雨潤中央購物廣場有限公司), Jurong Yurun Central Real Estate Co., Ltd*(句容雨潤中央置業有限公司), Nanjing Emporium (Group) Co. Ltd* (南京中央商場(集團)股份有限公司), Xuyi Yurun Central Shopping Plaza Co., Ltd* (盱眙雨潤中央購物廣場有限公司) and Zhenjiang Yurun Central Shopping Plaza Co., Ltd* (鎮江雨潤中央購物廣場有限公司), each of which is a company established under the laws of PRC with limited liability and controlled by Mr. Zhu and each of which is a connected person of the Company
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“Handover”	the handover of the legal and actual control of the 44 Restructuring Companies (including Nanjing Yurun) to the management of the respective entities by the Administrator on 29 January 2022, and as a result of which, (1) the Administrator ceased to legally and actually control the 44 Restructuring Companies (including Nanjing Yurun) and (2) the New Platform gained the legal and actual control of the 44 Restructuring Companies (including Nanjing Yurun)
“independent third party(ies)”	a person who is not a connected person under Chapter 14A of the Listing Rules and a third party independent of and not connected with the Company or its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Zhu”	Mr. Zhu Yicai, a substantial shareholder of the Company, and a connected person of the Company
“Nanjing Yurun”	Nanjing Yurun Food Co., Ltd.* (南京雨潤食品有限公司), a company established under the laws of the PRC with limited liability, and as at the date of this announcement, an entity which is controlled by Mr. Zhu through the New Platform
“Processed Meat Products Supply Agreement”	the agreement dated 20 December 2021 entered into between the Company and Nanjing Yurun in relation to the supply of processed meat products by the Group to Nanjing Yurun (or its affiliates from time to time)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules

“0%”

per cent

By Order of the Board

**Zhu Yuan**

*Chairman*

Hong Kong, 30 January 2022

*As at the date of this announcement, the executive directors of the Company are Zhu Yuan and Yang Linwei; the independent non-executive directors are Gao Hui, Chen Jianguo and Miao Yelian.*

*\* For identification purposes only*