

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**CHINA KANGDA FOOD COMPANY LIMITED**

**中國康大食品有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Hong Kong Stock Code (Primary Listing): 834)**

**(Singapore Stock Code (Secondary Listing): P74)**

**DISCLOSEABLE TRANSACTION  
IN RELATION TO THE DISPOSAL OF  
AN INDIRECT NON-WHOLLY-OWNED SUBSIDIARY**

**THE DISPOSAL**

The Board wishes to announce that on 28 April 2022, the Vendor entered into the Equity Transfer Agreement with the Purchaser, pursuant to which, the Vendor agreed to sell and the Purchaser agreed to purchase 70% equity interests in Kaijia International. The consideration for the Disposal is RMB17,500,000.

Upon Completion, the Group will cease to own any equity interest in Kaijia International. As a result, Kaijia International Trading will cease to be the Group's subsidiary and its financial results will not be consolidated into the financial statements of the Company thereafter.

## **LISTING RULES IMPLICATIONS**

Notwithstanding the facts that (i) the Purchaser is a substantial shareholder of Kaijia International, and (ii) the owners the Purchaser, namely Mr. Wang Huanwei (王煥偉) and Mr. Liu Tangjun (劉堂君) are directors of Kaijia International, pursuant to Rule 14A.09(1) of the Listing Rules, Kaijia International is an insignificant subsidiary of the Company as the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) were less than 5% for the financial year ended 31 December 2021 and thus the Purchaser, Mr. Wang and Mr. Liu are not connected persons of the Company. Therefore, the Disposal does not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the Disposal will result in the financial results of Kaijia International no longer being consolidated in the financial statements of the Group, pursuant to Rule 14.28 of the Listing Rules, 100% of Kaijia International's total assets, revenue, profits shall be used for the calculation of applicable percentage ratios. As one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal exceeds 5% but are less than 25%, the Disposal constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

## **THE DISPOSAL**

The Board wishes to announce that on 28 April 2022, the Vendor entered into the Equity Transfer Agreement with the Purchaser, pursuant to which, the Vendor agreed to sell and the Purchaser agreed to purchase, 70% equity interests in Kaijia International. The consideration for the Disposal is RMB17,500,000.

## **EQUITY TRANSFER AGREEMENT**

Principal terms of the Equity Transfer Agreement are set out below.

**Parties** : Shandong Kaijia as the vendor  
Gaomi Gengsheng as the purchaser

**Date** : 28 April 2022

- Subject matter** : 70% equity interests in Kaijia International
- Consideration and payment term** : RMB17,500,000, payable in cash within 5 days after the fulfilment of conditions precedent
- Basis of the Consideration** : The Consideration was arrived at arm's length negotiations among the Vendor and the Purchaser with reference to the valuation prepared by an independent valuer. The Directors consider that the Consideration is fair and reasonable and on normal commercial terms.
- Conditions Precedent** : Completion shall be conditional upon the following:
- (1) the parties having obtained all consents and approvals (if required) from the relevant government authorities and from third parties (including but not limited to the Stock Exchange and the Singapore Stock Exchange); and
  - (2) the respective board of directors and/or shareholders (if required) of the parties having approved the transactions contemplated under the Equity Transfer Agreement in accordance with the articles, laws and regulations (including but not limited to the Listing Rules).
- Completion** : Upon receipt of the Consideration from the Purchaser, both parties shall facilitate the registration of change of shareholders with the local authorities on or before 30 May 2022.

Upon Completion, the Group will cease to own any equity interest in Kaijia International. As a result, Kaijia International will cease to be the Group's subsidiary and its financial results will not be consolidated into the financial statements of the Company thereafter.

## INFORMATION OF KAIJIA INTERNATIONAL

Kaijia International was established in the PRC with limited liability in 2005 whose principal business are manufacturing and processing of chilled and frozen food products mainly of vegetables and the import, export and trading of foodstuff. Immediately prior to the Disposal, Kaijia International was held as to 70% by the Vendor and as to 30% by the Purchaser.

Set out below are the audited consolidated financial information of Kaijia International for each of the two years ended 31 December 2021 and the unaudited consolidated financial information of Kaijia International for the three months ended 31 March 2022, respectively:

	<b>For the financial year ended 31 December</b>		<b>For the three months ended 31 March</b>
	<b>2020</b>	<b>2021</b>	<b>2022</b>
	(audited)	(audited)	(unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3,335	3,694	785
Net Loss (before taxation)	1,859	5,656	195
Net Loss (after taxation)	1,869	5,656	195

As at 31 March 2022, the unaudited net asset value of Kaijia International amounted to approximately RMB11,069,000 and the unaudited net asset value of Kaijia International attributable to the Group amounted to approximately RMB7,748,300.

## INFORMATION ON THE VENDOR AND THE GROUP

The Group is principally engaged in the production, processing, sale and distribution of processed food, chilled and frozen chicken meat, rabbit meat and other food products.

The Vendor is a company established in the PRC with limited liability and is principally engaged in the manufacturing and processing of chilled and frozen meat products and other processed food product. As at the date of this announcement, the Vendor is an indirect wholly-owned subsidiary of the Company.

## **INFORMATION ON THE PURCHASER**

The Purchaser is a company established in the PRC with limited liability and is owned as to 60% by Mr. Wang Huanwei (王煥偉) (“**Mr. Wang**”) and 40% by Mr. Liu Tangjun (劉堂君) (“**Mr. Liu**”). The Purchaser currently owns 30% equity interests in Kaijia International with Mr. Wang being the legal representative, chairman and a director of Kaijia International and Mr. Liu being another director of Kaijia International. Save as disclosed hereinabove, to the best knowledge, information and belief of the Directors, having made all reasonable enquiry, there is no other relationship between the Purchaser, Mr. Wang and Mr. Liu and the Company or its connected persons.

## **FINANCIAL EFFECT OF THE DISPOSAL**

Based on the Consideration of RMB17,500,000, the estimated professional fees in relation to the Disposal of approximately RMB78,000 and the unaudited net assets of Kaijia International attributed to the Group of approximately RMB7,748,300 as at 31 March 2022, it is expected that the Group will record a gain of approximately RMB9,673,700 from the Disposal. It is worth noting that the actual gain or loss on Disposal to be recorded by the Group shall depend on the net asset/liability value of Kaijia International and the actual professional fees incurred as at the Completion, which shall be subject to final audit. The Group intends to apply the proceeds from the Disposal as general working capital.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

Kaijia International has not been engaged in much business and operation and has been incurring loss for the past few years. As a result, the Board considers that it may not be optimal for the Group to continue to incur loss from Kaijia International. The Directors are of the view the terms of the Equity Transfer Agreement are fair and reasonable and the Disposal is in the best interests of the Company and its shareholders as a whole. Further, the Group’s other production bases will be able to take up the purchase orders placed by the major customers of Kaijia International after the Disposal, and thus, it is expected that the Disposal will not have any material adverse effect on the Group’s operation and financial position.

## **LISTING RULES IMPLICATIONS**

Notwithstanding the facts that (i) the Purchaser is a substantial shareholder of Kaijia International, and (ii) the owners the Purchaser, namely Mr. Wang and Mr. Liu are directors of Kaijia International, pursuant to Rule 14A.09(1) of the Listing Rules, Kaijia International is an insignificant subsidiary of the Company as the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) were less than 5% for the financial year ended 31 December 2021 and thus the Purchaser, Mr. Wang and Mr. Liu are not connected persons of the Company. Therefore, the Disposal does not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the Disposal will result in the financial results of Kaijia International no longer being consolidated in the financial statements of the Group, pursuant to Rule 14.28 of the Listing Rules, 100% of Kaijia International's total assets, revenue, profits shall be used for the calculation of applicable percentage ratios. As one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal exceeds 5% but are less than 25%, the Disposal constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

“Board”	the board of Directors
“Company”	China Kangda Food Company Limited, a company incorporated in Bermuda with limited liability, the shares of which are primarily listed on the Main Board of the Stock Exchange (Stock Code: 834) and secondarily listed on the main board of the Singapore Stock Exchange (Stock Code: P74)
“Completion”	the completion of the Disposal as stipulated in the Equity Transfer Agreement

“Consideration”	RMB17,500,000, being the consideration payable by the Purchaser under the Equity Transfer Agreement
“Directors”	director(s) of the Company
“Disposal”	the disposal of 70% equity interests in the registered capital of Kaijia International by the Vendor to the Purchaser
“Equity Transfer Agreement”	the equity transfer agreement dated 28 April 2022 entered into between the Vendor and the Purchaser in relation to the Disposal
“Group”	the Company and its subsidiaries
“Kaijia International”	Shandong Kaijia International Trading Co., Ltd* (山東凱加國際貿易有限公司), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Gaomi Gengsheng” or the “Purchaser”	Gaomi Gengsheng Food Company Limited* (高密庚盛食品有限公司), a company established in the PRC with limited liability and is owned as to 60% by Mr. Wang Huanwei (王奐偉) and 40% by Mr. Liu Tangjun (劉堂君)
“Shandong Kaijia” or the “Vendor”	Shandong Kaijia Food Company Limited* (山東凱加食品股份有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company

“RMB”	Renminbi, the lawful currency of the PRC
“Singapore Stock Exchange”	The Singapore Exchange Securities Trading Limited
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

On behalf of the Board  
**China Kangda Food Company Limited**  
**Fang Yu**  
*Chairman, Executive Director and Chief Executive Officer*

Hong Kong, 28 April 2022

*As at the date of this announcement, the executive directors of the Company are Mr. Fang Yu (Chief Executive Officer and Chairman), Mr. An Fengjun, Mr. Gao Yanxu, Mr. Luo Zhenwu and Mr. Li Wei; and the independent non-executive directors of the Company are Mr. Chan Ka Yin, Mr. Li Xu and Ms. Hui Wing Man.*

\* *for identification purpose only*