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CHINA FOODS LIMITED
中國食品有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 506)

DISCLOSEABLE TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS UNDER THE 2026 FINANCIAL SERVICES AGREEMENT WITH COFCO FINANCE

References are made to the announcements of the Company dated 28 October 2024 and 6 December 2024 and the circular of the Company dated 18 November 2024 in relation to the provision of various financial services by COFCO Finance to the Group under the 2024 Financial Services Agreement.

In order to continue to provide a more efficient employment of funds within the Group and to better facilitate intra-Group settlement services, the Company, Supply Chain (Tianjin) and COFCO Finance entered into the 2026 Financial Services Agreement on 10 November 2026. Pursuant to the 2026 Financial Services Agreement, COFCO Finance shall provide, among others, the Deposit Services, the Fund Settlement Services and the Other Financial Services to the subsidiaries of the Company. Upon approval by the Independent Shareholders, the 2026 Financial Services Agreement shall supersede the 2024 Financial Services Agreement and remain in effect for three years from the date of approval by the Independent Shareholders at the SGM, and the Proposed Daily Deposit Cap for the year ending 31 December 2026 will be increased from RMB800 million to RMB2,000 million, and the same cap will be applied to the remaining term of the 2026 Financial Services Agreement.

LISTING RULES IMPLICATIONS

As at the date of this announcement, COFCO Finance is an indirect wholly-owned subsidiary of COFCO, the ultimate controlling Shareholder of the Company, and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. The transactions contemplated under the 2026 Financial Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The provision of the Deposit Services to the Group under the 2026 Financial Services Agreement constitutes the provision of financial assistance by the Group to COFCO Finance. Since the highest applicable percentage ratio for the provision of the Deposit Services in respect of the Proposed Daily Deposit Cap exceeds 5% but is less than 25%, the Deposit Services constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules which is subject to the reporting and announcement requirements as well as a continuing connected transaction under Chapter 14A of the Listing Rules which is subject to the reporting, announcement, annual review and the Independent Shareholders' approval requirements.

In respect of the Fund Settlement Services and the Other Financial Services, as the highest applicable percentage ratios of these two types of services (on a standalone basis and an aggregation basis) are less than 0.1%, both of them are exempted from the reporting, announcement, annual review and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The Company has established an Independent Board Committee to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the 2026 Financial Services Agreement and the Deposit Services thereunder (including the Proposed Daily Deposit Cap), and to advise the Independent Shareholders on how to vote at the SGM.

DL Securities has been appointed as the Independent Financial Adviser with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in relation to the 2026 Financial Services Agreement and the Deposit Services thereunder (including the Proposed Daily Deposit Cap).

The Company will convene a SGM in order to seek approval from the Independent Shareholders in respect of the 2026 Financial Services Agreement and the Deposit Services thereunder (including the Proposed Daily Deposit Cap). China Foods (Holdings), an indirect wholly-owned subsidiary of COFCO and the substantial Shareholder of the Company which holds 2,072,688,331 Share (representing approximately 74.1% of the total issued share capital of the Company as at the date of this announcement) will abstain from voting at the SGM on the resolution regarding the 2026 Financial Services Agreement, the Deposit Services thereunder (including the Proposed Daily Deposit Cap).

The Company will dispatch the notice of SGM and a circular to its Shareholders according to the Listing Rules within 15 Business Days after the publication of this announcement (being 1 December 2026), which will set out, among other things, (i) details of the 2026 Financial Services Agreement and the transactions contemplated thereunder; (ii) the letter from the Independent Board Committee setting out its recommendations to the Independent Shareholders; and (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

References are made to the announcements of the Company dated 28 October 2024 and 6 December 2024 and the circular of the Company dated 18 November 2024 in relation to the provision of various financial services by COFCO Finance to the Group under the 2024 Financial Services Agreement.

Since 2014, the Company has entered into the relevant financial services framework agreements with COFCO Finance to utilize various financial services provided by COFCO Finance. On 28 October 2024, the Company, Supply Chain (Tianjin) and COFCO Finance entered into the 2024 Financial Services Agreement, pursuant to which the Group will, on a voluntary and non-compulsory basis, continue to utilize various financial services provided by COFCO Finance.

In order to continue to provide a more efficient employment of funds within the Group and to better facilitate intra-Group settlement services, the Company, Supply Chain (Tianjin) and COFCO Finance entered into the 2026 Financial Services Agreement on 10 November 2026. Pursuant to the 2026 Financial Services Agreement, COFCO Finance shall provide, among others, the Deposit Services, the Fund Settlement Services and the Other Financial Services to the subsidiaries of the Company.

For the avoidance of doubt, the 2026 Financial Services Agreement, the transactions contemplated thereunder, and the Proposed Daily Deposit Cap are subject to the approval of the Independent Shareholders at the SGM, prior to which, the Company will, in any event, continue to comply with the terms of the 2024 Financial Services Agreement within the original agreement term. Upon approval by the Independent Shareholders, the 2026 Financial Services Agreement shall supersede the 2024 Financial Services Agreement and remain in effect for three years from the date of approval by the Independent Shareholders at the SGM, and the Proposed Daily Deposit Cap for the year ending 31 December 2026 will be increased from RMB800 million to RMB2,000 million, and the same cap will be applied to the remaining term of the 2026 Financial Services Agreement.

THE 2026 FINANCIAL SERVICES AGREEMENT

1. Date

10 November 2026

2. Term

The 2026 Financial Services Agreement shall become effective for a term of three years upon the approval by the Independent Shareholders at the SGM and satisfying all the conditions precedent under the 2026 Financial Services Agreement. It shall supersede the 2024 Financial Services Agreement.

3. Parties

(a) The Company;

(b) Supply Chain (Tianjin) (an indirectly non-wholly owned subsidiary of the Company); and

(c) COFCO Finance

4. Major Terms

(a) Deposit Services

Pursuant to the 2026 Financial Services Agreement, COFCO Finance shall provide the Deposit Services to subsidiaries of the Company. The Group will open and maintain demand deposit accounts with COFCO Finance. COFCO Finance will pay interest on deposits made by the Group.

The interest rates for the deposits placed by the Group with COFCO Finance (the "**COFCO Deposit Interest Rate**") will be determined according to the standard RMB deposit rates promulgated by the PBOC from time to time and will not be lower than the interest rates offered by the major PRC financial institutions to the COFCO Group for the same type of deposits of the same period. Details of the measures to be implemented for determining and monitoring the COFCO Deposit Interest Rate are set out in the paragraph headed "Pricing Policy" below.

The Deposit Services that will be provided by COFCO Finance to the Group under the 2026 Financial Services Agreement are primarily for the purpose of facilitating the Fund Settlement Services and the Entrustment Loan Services among the Group as provided under the 2026 Financial Services Agreement. Pursuant to the 2026 Financial Services Agreement, the title of the funds in respect of the entrustment loans under the Entrustment Loan Services will rest with the Group and will not pass to COFCO Finance.

The Proposed Daily Deposit Cap shall not exceed RMB2,000 million (including the accrued interests thereon).

(b) Fund Settlement Services

COFCO Finance shall provide the Fund Settlement Services to the subsidiaries of the Company in accordance with the instructions given by the relevant subsidiaries of the Company free of charge.

(c) Other Financial Services

COFCO Finance will provide the Other Financial Services, including but not limited to, the Entrustment Loan Services, settlement, sale and purchase of foreign exchange and relevant advisory services to the Group in accordance with the permitted scope prescribed under the PRC financial policies and the Measures for the Administration of Finance Companies of Enterprise Groups (企業集團財務公司管理辦法) promulgated by NFRA pursuant to the 2026 Financial Services Agreement.

In respect of the Entrustment Loan Services, funds sourced from certain subsidiaries of the Company will be advanced to Supply Chain (Tianjin) through entrustment loan arrangements, and COFCO Finance will serve as a financial agent. After such entrustment loans have been advanced to Supply Chain (Tianjin) (acting as a lender), it will enter into further entrustment loan arrangements with COFCO Finance (holding appropriate licence and qualification under the PRC laws) to advance such funds to certain subsidiaries of the Company which are in need of funds.

As COFCO Finance is acting as a financial agent in the entrustment loan arrangements and does not enjoy title to the entrustment loan, COFCO Finance does not have legal rights to advance such entrustment loan directly to the subsidiaries of the Company without obtaining the instructions in advance from the relevant subsidiaries of the Company.

The abovementioned entrustment loan arrangements are in full compliance with the applicable PRC laws.

By way of centralising funds from subsidiaries of the Company through entrustment loan arrangements, Supply Chain (Tianjin) will be able to allocate such centralised funds more effectively among the subsidiaries of the Company, so that such fund allocation will be most beneficial to the Group as a whole and thus, in turn, benefit the Company and its Shareholders.

The handling fees for the Entrustment Loan Services shall be settled pursuant to the respective agreements of the Entrustment Loan Services.

(d) Handling fees in respect of the Fund Settlement Services and the Other Financial Services (including the Entrustment Loan Services)

It is anticipated that the aggregate handling fees on an annual basis to be charged by COFCO Finance in connection with the Fund Settlement Services and the Other Financial Services (including Entrustment Loan Services) shall not be higher than RMB500,000 (collectively, the "**COFCO Handling Fees**"), and such COFCO Handling Fees, if any, shall not result in any of the applicable percentage ratios under the Listing Rules in respect of the COFCO Handling Fees being equal to or more than 0.1%. Details of the measures to be implemented for determining and monitoring the COFCO Handling Fees are set out in the paragraph headed "Pricing Policy" below.

(e) Set-off

Where COFCO Finance applies the funds deposited with it by the subsidiaries of the Company (including Supply Chain (Tianjin)) in breach of any provisions of the 2026 Financial Services Agreement or in any other inappropriate ways which result in any subsidiaries of the Company failing to recover such deposited funds in full, such subsidiaries of the Company will be entitled to use such deposit funds to set off any payments payable to COFCO Finance by the Group. COFCO Finance will not be entitled to such set-off rights.

(f) Notification of breach

During the term of the 2026 Financial Services Agreement, if COFCO Finance breaches or intends to breach any laws, regulations or any provisions of the 2026 Financial Services Agreement, it is required to notify Supply Chain (Tianjin) and the Company of such situation within three Business Days from its acknowledgement of the breach or intended breach.

(g) Termination

Apart from the default events provided under the Civil Code of the PRC（中華人民共和國民法典）, the 2026 Financial Services Agreement shall be terminated with immediate effect if COFCO Finance fails to satisfy any of the operational standards set out as follows:

(i) its capital adequacy ratio shall not be less than 10.5%;

(ii) its non-performing assets ratio shall not be more than 3%;

(iii) its bad loan ratio shall not be more than 2%;

(iv) net fixed assets shall not be more than 20% of net capital; or

(v) its investment balance to total capital ratio shall not be more than 70%.

Upon termination of the 2026 Financial Services Agreement, Supply Chain (Tianjin) and/or other subsidiaries of the Company may at any time withdraw their deposits with COFCO Finance and exercise the above right of set-off.

(h) Conditions precedent

The 2026 Financial Services Agreement shall be effective conditional upon:

(i) compliance with all necessary requirements under the Listing Rules, which include but are not limited to obtaining the approval of the Independent Shareholders at the SGM; and

(ii) obtaining any other relevant approvals as may be required for the 2026 Financial Services Agreement to take effect.

None of the above conditions precedent is waivable.

PRICING POLICY

In order to ensure that the pricing terms of individual transactions contemplated under the Deposit Services and the Other Financial Services will be made in accordance with the pricing principles as stated above, the Group and COFCO Finance shall carry out the measures below:

(a) The Group has established an internal assessment mechanism on the COFCO Deposit Interest Rate and the COFCO Handling Fees based on fair market principles.

(b) On a quarterly basis, the Group will obtain interest rates of deposit services offered by 10 major PRC commercial banks and the PBOC for the same type of deposits of the same period from their websites and select the highest of such quotations (the "**Quoted Deposit Interest Rate**") to compare with the COFCO Deposit Interest Rate to ensure that the COFCO Deposit Interest Rate is higher than the Quoted Deposit Interest Rate. In addition, the Group will conduct analysis and assessment between the COFCO Deposit Interest Rate and the rates offered by the 10 major PRC commercial banks and the PBOC every fortnight or regularly during the maintenance of such deposit accounts.

(c) Prior to the engagement of the Other Financial Services (including Entrustment Loan Services), the Group will also conduct an analysis and assessment of the COFCO Handling Fees with the corresponding handling fees offered by the 10 major PRC commercial banks and the PBOC to the Group on similar types of services to ensure that the COFCO Handling Fees quoted by COFCO Finance are on the best terms to the Group.

(d) In the event that the relevant interest rates or handling fees quoted from the 10 major PRC commercial banks and the PBOC are better than those offered by COFCO Finance, the Group will inform COFCO Finance to adjust the same to ensure its interest rates or handling fees are on the same level or better than those offered by the 10 major PRC commercial banks and the PBOC.

(e) COFCO Finance has established a risk control committee under the board of directors and set up an independent risk management department. It has formulated a series of internal control systems, including the "Comprehensive Risk Management System," "Compliance Management System," and "Internal Control Management System," thereby improving its risk management framework. COFCO Finance implements an internal audit and supervision system and has established an internal audit department that reports to the board of directors. This department audits and supervises the compliance, legality, and effectiveness of the company's business operations, and evaluates the soundness and effectiveness of the company's internal control system as well as its risk management practices. Each department and unit establishes a risk assessment system and a project accountability management system within its scope of responsibilities. Based on the distinct characteristics of each business operation, they formulate their own risk control systems, standardized operating procedures, operational standards, and risk prevention measures. Departments maintain a separation of duties and exercise mutual oversight to forecast, assess, and control various risks arising from business operations.

GUARANTEE LETTER FROM COFCO

On 10 November 2026, COFCO issued a guarantee letter to the Company to guarantee unconditionally and irrevocably that, during the term of the 2026 Financial Services Agreement, COFCO will:

(a) maintain its effective control of COFCO Finance and guarantee the proper and orderly operation of COFCO Finance;

(b) use its best endeavors and take all reasonable steps to guarantee that COFCO Finance will perform its obligations in respect of the financial services contemplated under the 2026 Financial Services Agreement; and

(c) in the event of an emergency involving payment difficulties at COFCO Finance, commit to providing additional capital to COFCO Finance as necessary, in accordance with the actual needs for resolving such difficulties.

COFCO confirms that it has obtained all approvals and authorisations for the execution of the abovementioned guarantee letter and such execution does not violate any PRC laws, regulations or any agreement to which COFCO is a party.

HISTORICAL AMOUNTS OF THE DEPOSIT SERVICES

In respect of the Deposit Services, the daily deposit caps and actual maximum daily deposit balance (both including accrued interests thereon) for the two years ended 31 December 2024 and 2025 and the nine months ended 30 September 2026 were as follows:

Period	**Daily Deposit Cap** *RMB (in million)*	**Actual maximum daily deposit balance** *RMB (in million)*
Year ended 31 December 2024	800	790
Year ended 31 December 2025	800	790
Year ended 31 December 2026	800	790 (as of nine months ended 30 September 2026)

The Company confirms that the maximum daily deposit balance from 1 January 2026 to the date of this announcement did not exceed the daily deposit cap for 2026.

PROPOSED DAILY DEPOSIT CAP AND ITS BASIS OF DETERMINATION

In respect of the Deposit Services, the Company estimates that the Proposed Daily Deposit Cap (including accrued interests thereon) for each of the three years ending 31 December 2026, 2027 and 2028 and the period from 1 January 2029 to the expiry date of the 2026 Financial Services Agreement will be as follows:

Period	**Proposed Daily Deposit Cap** *RMB (in million)*
Year ending 31 December 2026	2,000
Year ending 31 December 2027	2,000
Year ending 31 December 2028	2,000
1 January 2029 to the expiry date of the 2026 Financial Services Agreement	2,000

The Directors determined the above caps based on the following major factors:

(a) the Group has consistently maintained a high level of cash and cash equivalents. As at 31 December 2023, 31 December 2024, 31 December 2025 and 30 September 2026, the Group's cash and cash equivalents amounted to approximately RMB2,293 million, RMB4,018.5 million, RMB4,549.5 million, and RMB5,836.5 million, of which only up to RMB790 million was deposited with COFCO Finance. The Company expects that the Group will maintain at least a similar level of cash and cash equivalents, if not higher, over the next three years. As the Group's use of the Deposit Services is voluntary and non-compulsory, the Company proposes to revise the daily deposit cap for the year ending 31 December 2026 and to apply the same daily deposit cap for the remaining term of the 2026 Financial Services Agreement, so as to provide the Group with greater flexibility in selecting financial institutions and enable it to generate higher passive interest income;

(b) the business development plans and the financial needs of each of the subsidiaries of the Group during the term of the 2026 Financial Services Agreement;

(c) the historical cash position of the Group, the historical transaction value and the expected growth of the business operation of the Group;

(d) the control of financial risks in selecting financial services providers; and

(e) the benefits to the Group and the Shareholders as a whole as set out in the paragraph headed "Reasons for and Benefits of Entering into the 2026 Financial Services Agreement".

In order to ensure that the Proposed Daily Deposit Cap will not be exceeded, the Group will adopt the following measures to monitor the daily deposit balance made by the Group:

(a) the finance department of the Company will monitor the daily deposit balance made by the Group with all financial institutions, including those with COFCO Finance, and will report on the Group's overall cash flow position to the relevant senior management of the Company for review and consideration of the overall funding position of the Group;

(b) the Group will have the discretion to request the withdrawal of all or part of the deposit placed with COFCO Finance to ensure the liquidity and safety of the deposited fund; and

(c) COFCO Finance will provide an online platform to allow the finance department of the Company to monitor the balance of the Group's deposit on a daily basis, so as to ensure the daily deposit balance will not exceed the Proposed Daily Deposit Cap.

In the event that the Independent Shareholders do not grant approval for the Deposit Services at the SGM, the Group will not continue to utilize the Deposit Services provided by COFCO Finance upon expiry of the 2024 Financial Services Agreement, but the other services contemplated under the 2026 Financial Services Agreement, including the Entrustment Loan Services and the Other Financial Services, will continue to proceed.

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2026 FINANCIAL SERVICES AGREEMENT

(a) The fund management model is consistent with that of commercial banks, with controllable risks, and the Group's autonomy over its funds remains unaffected

COFCO Finance is a licensed financial institution established with the approval of the financial regulatory authorities. It is subject to the same regulatory framework as commercial banks and is subject to equivalent standards of compliance supervision and risk management requirements. Since its establishment in 2002, COFCO Finance has maintained stable operations, sound financial performance, and has not been involved in any violations. The Company believes that the risks associated with COFCO Finance as a financial services provider to the Group are no higher than those of independent commercial banks in the PRC.

Centralised fund management through COFCO Finance enables the Group to promptly and accurately monitor and regulate the application of funds, thereby enhancing its ability to control financial risks. The upward collection and downward allocation of funds are conducted in accordance with market-oriented and standardised procedures, without additional approval processes or increased time costs for fund transfers.

The funds deposited by the Group with COFCO Finance are managed at the operational level (including account management, fund transfers and position adjustments) in the same manner as funds deposited with commercial banks. Such funds may be freely allocated at any time according to daily operational needs, without being subject to quota restrictions or liquidity controls, and can respond promptly to daily payments, urgent payments and funding requirements under emergency circumstances. Therefore, allocating a portion of the Group's existing funds to COFCO Finance will not adversely affect the overall business liquidity of the Group, nor will it affect the Group's autonomous control over its own funds.

(b) Under the same conditions, COFCO Finance can offer deposit interest rates superior to those of commercial banks, thereby enhancing fund returns

Compared with commercial banks, whose primary operating objective is profit maximisation, COFCO Finance, as an internal financial services platform of the group, has a dual functional positioning of serving the real economy and promoting the efficient circulation of funds, and thus enjoys greater flexibility in its pricing strategy. Without violating market pricing self-discipline rules, COFCO Finance may, within the scope permitted by policy, offer more competitive deposit interest rates that are generally superior to the quoted levels of external commercial banks.

The Company tracks the deposit interest rate quotations of 10 major PRC commercial banks and the PBOC on a quarterly basis, and uses the highest quotation for the same type of deposits at the same point in time as the benchmark for regular comparison with the deposit interest rates offered by COFCO Finance. Historical data over the past three years show that, while maintaining pricing fairness, COFCO Finance has been able to offer deposit interest rates superior to those available in the external market.

On this basis, moderately allocating the Group's idle domestic funds to COFCO Finance can enhance overall fund returns without affecting the safety and liquidity of the funds. On the premise of ensuring the Group's normal operations and payment security, the achievement of higher interest income helps maximise Shareholders' interests and is consistent with the principles of fair pricing for connected transactions and the requirements for the standardised operation of listed companies.

(c) Well-established networks and fund collection channels

COFCO Finance has well-established operating networks with 10 major PRC commercial banks, namely the Industrial and Commercial Bank of China, China Construction Bank, Bank of China, Agricultural Bank of China, China Merchants Bank, Bank of Communications, Agricultural Development Bank of China, China CITIC Bank, Ping An Bank and Postal Savings Bank of China. These networks serve as important channels for the collection and allocation of the Group's funds, facilitating the centralised management of the Group's domestic funds.

(d) Diversified and flexible services with higher cooperation efficiency

Compared with a single or a small number of third-party commercial banks, COFCO Finance can provide more diversified and flexible financial services according to the actual operational needs of the Group. COFCO Finance has maintained a good cooperative relationship with the Group over the years and is familiar with the Group's business model, funding arrangements and operational needs, which helps improve communication and execution efficiency.

(e) Optimisation of fund allocation and enhancement of liquidity

By utilising COFCO Finance as a fund management platform, the Group can more efficiently allocate funds among the subsidiaries of the Company, expand the uses of available funds, and apply the collected funds to repay the Group's external commercial loans or meet other operational needs. Such arrangements help promote internal fund liquidity within the Group, enhance overall debt repayment capacity and improve the efficiency of fund utilisation.

(f) Saving of financial costs and increase in returns

Pursuant to the terms of the 2026 Financial Services Agreement, the deposit interest rates offered by COFCO Finance to the Group will be better than the deposit interest rates quoted by the 10 major PRC commercial banks and the PBOC; the handling fees charged by COFCO Finance to the Group in respect of the Entrustment Loan Services will be lower than those charged by the 10 major PRC commercial banks and the PBOC; and the Group may utilise free of charge the Bank-Enterprise Direct Link services provided by COFCO Finance. These arrangements help increase the Group's interest income while saving financial and fund turnover costs.

INTERNAL CONTROL PROCEDURES AND CORPORATE GOVERNANCE MEASURES

In order to safeguard the interests of the Shareholders, the Group will adopt the following guidelines and principles in monitoring the transactions under the 2026 Financial Services Agreement:

(a) the title of the funds in respect of the Entrustment Loan Services pursuant to the 2026 Financial Services Agreement will not be passed to COFCO Finance;

(b) funds received by Supply Chain (Tianjin) pursuant to the 2026 Financial Services Agreement are only to be applied for intra-Group use;

(c) designated personnel from Supply Chain (Tianjin) will be responsible for daily operations under the transactions and designated personnel from the finance department of the Company will be responsible for the regular monitoring of the transactions, and reporting to the general manager of the finance department and the management of the Company on a regular basis;

(d) the finance department of the Company will report to the independent non-executive Directors twice a year in relation to the transactions;

(e) the clients of COFCO Finance are restricted to the COFCO Group which meets the prerequisite standards according to the relevant internal policy of COFCO. COFCO Finance is hence exposed to a lower level of potential risk than if its clients include external entities;

(f) the transactions between the Group and COFCO Finance under the 2026 Financial Services Agreement are non-exclusive, and the Group has its own discretion in selecting providers of financial services;

(g) the internal audit department of the Company will review the appropriateness of the system of internal controls relating to the operation of the transactions and report the results of the review to the management and the audit committee or independent non-executive Directors twice a year;

(h) where COFCO Finance applies the funds deposited with it by the Group in breach of any provisions of the 2026 Financial Services Agreement or in any other inappropriate ways which result in the Group failing to recover such deposit funds, the Group will be entitled to use such deposit funds in full to set off any payments payable to COFCO Finance by the Group in whole or in part. COFCO Finance will not be entitled to such set-off rights;

(i) in addition to the default events provided by the Civil Code of the PRC（中華人民共和國民法典）, the 2026 Financial Services Agreement shall be terminated with immediate effect if COFCO Finance fails to satisfy any operational standard as follows:

  (a) its capital adequacy ratio shall not be less than 10.5% (NFRA requirement: not be less than 10.5%); or

  (b) its non-performing assets ratio shall not be more than 3% (NFRA requirement: not be more than 3%); or

  (c) its bad loan ratio shall not be more than 2% (NFRA requirement: not be more than 2%); or

  (d) net fixed assets shall not be more than 20% of net capital; or

  (e) its investment balance to total capital ratio shall not be more than 70% (NFRA requirement: not be more than 70%); and

(j) the external auditors of the Company will review the transactions contemplated under the 2026 Financial Services Agreement and report their findings to the audit committee of the Board and the independent non-executive Directors on an annual basis.

LISTING RULES IMPLICATIONS

As at the date of this announcement, COFCO Finance is an indirect wholly-owned subsidiary of COFCO, the ultimate controlling Shareholder of the Company, and is therefore a connected person of the Company. Accordingly, the provision of financial services by COFCO Finance to the Company pursuant to the 2026 Financial Services Agreement constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The provision of the Deposit Services to the Group under the 2026 Financial Services Agreement constitutes the provision of financial assistance by the Group to COFCO Finance. Since the highest applicable percentage ratio for the provision of the Deposit Services in respect of the Proposed Daily Deposit Cap exceeds 5% but is less than 25%, the Deposit Services constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules which is subject to the reporting and announcement requirements as well as a continuing connected transaction under Chapter 14A of the Listing Rules which is subject to the reporting, announcement, circular, annual review and the Independent Shareholders' approval requirements.

In respect of the Fund Settlement Services and the Other Financial Services, as the highest applicable percentage ratios of these two types of services (on a standalone basis and an aggregation basis) are less than 0.1%, both of them are exempted from the reporting, announcement, annual review and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The Company has established an Independent Board Committee to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the 2026 Financial Services Agreement and the Deposit Services thereunder (including the Proposed Daily Deposit Cap), and to advise the Independent Shareholders on how to vote at the SGM.

DL Securities has been appointed as the Independent Financial Adviser with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in relation to the 2026 Financial Services Agreement and the Deposit Services thereunder (including the Proposed Daily Deposit Cap).

The Company will convene a SGM in order to seek approval from the Independent Shareholders in respect of the 2026 Financial Services Agreement and the Deposit Services thereunder (including the Proposed Daily Deposit Cap). China Foods (Holdings), an indirect wholly-owned subsidiary of COFCO and the substantial Shareholder of the Company which holds 2,072,688,331 Share (representing approximately 74.1% of the total issued share capital of the Company as at the date of this announcement) will abstain from voting at the SGM on the resolution regarding the 2026 Financial Services Agreement, the Deposit Services thereunder and the Proposed Daily Deposit Cap.

The Company will dispatch the notice of SGM and a circular to its Shareholders according to the Listing Rules within 15 Business Days after the publication of this announcement（being 1 December 2026), which will set out, among other things, (i) details of the 2026 Financial Services Agreement and the transactions contemplated thereunder; (ii) the letter from the Independent Board Committee setting out its recommendations to the Independent Shareholders; and (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

DIRECTORS' VIEWS

The Directors (for the purposes of the Deposit Services, excluding the independent non-executive Directors, who will give their opinion after considering the advice from the Independent Financial Adviser) consider that the terms of the 2026 Financial Services Agreement have been negotiated on an arm's length basis and on normal commercial terms, the transactions contemplated thereunder, and the Proposed Daily Deposit Cap are fair and reasonable and in the interests of the Company and its Shareholders as a whole. In addition, the Group has effective risk management measures and internal controls in place to monitor the transactions under the 2026 Financial Services Agreement and Deposit Services under the 2026 Financial Services Agreement.

The Board is of the view that the risk profile of COFCO Finance, as a financial services provider to the Group, is not greater than that of independent commercial banks in the PRC. As far as the Company is aware, COFCO Finance has established stringent internal control measures to ensure effective risk management and compliance with laws and regulations.

None of the Directors has or is deemed to have a material interest in the transactions contemplated under the 2026 Financial Services Agreement; however, as Mr. Qing Lijun (being a deputy general manager of COFCO), Mr. Song Liang and Ms. Guo Ying (being the full-time directors of COFCO and its specialized subsidiaries) are related to COFCO, for good corporate governance, Mr. Qing Lijun, Mr. Song Liang and Ms. Guo Ying have abstained from voting on the respective Board resolutions approving the 2026 Financial Services Agreement.

INFORMATION ON THE PARTIES

The Company

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

Supply Chain (Tianjin)

Supply Chain (Tianjin) is a limited liability company established in the PRC and a non-wholly owned subsidiary of COFCO Coca-Cola, which is in turn a 65%-owned subsidiary of the Company. The Company holds as to 63.8% beneficial interest in Supply Chain (Tianjin). Supply Chain (Tianjin) is mainly engaged in the wholesale and retail of pre-packaged foods, raw and auxiliary materials, supply chain information consultation, management services and others.

COFCO Finance

COFCO Finance is a non-banking financial institution and an indirect wholly-owned subsidiary of COFCO established in the PRC since 2002 with approval of the PBOC. It is subject to the supervision of the PBOC and the NFRA. According to its business licence, it is authorised to provide to the Group all services set out in the 2026 Financial Services Agreement. According to the business licence, COFCO Finance is authorised to provide services such as (a) the provision of financial and financing consultation services, credit appraisal and relevant consulting services and agency business service; (b) assisting implementation of payables and receivables of the transaction amounts; (c) handling of deposits, loans and bills acceptance and discounting; (d) conducting settlements and other relevant settlements; and (e) the provision of loans and financing leases.

DEFINITIONS

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

"2024 Financial Services Agreement"	the financial services agreement dated 28 October 2024 entered into between the Company, Supply Chain (Tianjin) and COFCO Finance, to be superseded by the 2026 Financial Services Agreement
"2026 Financial Services Agreement"	the financial services agreement dated 10 November 2026 entered into between the Company, Supply Chain (Tianjin) and COFCO Finance
"associate(s)"	has the meaning ascribed to it in the Listing Rules
"Board"	the board of Directors
"Business Day(s)"	day(s) (other than Saturday or Sunday) on which banking institutions are open for general business in the PRC
"China Foods (Holdings)"	China Foods (Holdings) Limited (中國食品(控股)有限公司), a company incorporated in the British Virgin Islands with limited liability, and an indirect wholly-owned subsidiary of COFCO and a substantial Shareholder
"COFCO Coca-Cola"	COFCO Coca-Cola Beverages Limited, a company incorporated in Hong Kong with limited liability, in which the Company indirectly holds 65% interest
"COFCO Finance"	COFCO Finance Corporation Limited (中糧財務有限責任公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of COFCO
"COFCO Group"	COFCO and its subsidiaries (including the Group)
"COFCO"	COFCO Corporation (中糧集團有限公司), a state-owned company established in the PRC which is currently under the purview 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) and the ultimate controlling Shareholder
"Company"	China Foods Limited (中國食品有限公司), a limited liability company incorporated in Bermuda, the Shares of which are listed on the main board of the Stock Exchange

"connected person(s)"	has the meaning ascribed to it in the Listing Rules
"controlling Shareholder(s)"	has the meaning ascribed to it in the Listing Rules
"Deposit Services"	the deposit services provided to the Group by COFCO Finance pursuant to the 2026 Financial Services Agreement
"Director(s)"	the director(s) of the Company
"Entrustment Loan Services"	the entrustment loan services with COFCO Finance serving as a financial agent for loans advanced from certain subsidiaries of the Company to Supply Chain (Tianjin) through entrustment loan arrangements pursuant to the 2026 Financial Services Agreement
"Fund Settlement Services"	the fund settlement services provided to the Group by COFCO Finance pursuant to the 2026 Financial Services Agreement
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	an independent board committee established by the Company, comprising all of the independent non-executive Directors, namely Mr. Li Hung Kwan, Alfred, Mr. Mok Wai Bun, Ben and Ms. Leung Ka Lai, Ada, SBS, for the purpose of advising the Independent Shareholders in respect of the terms of the Deposit Services and the Proposed Daily Deposit Cap
"Independent Financial Adviser" or "DL Securities"	DL Securities (HK) Limited, a licenced corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Deposit Services and the Proposed Daily Deposit Cap
"Independent Shareholders"	the Shareholders other than China Foods (Holdings) and its associates
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)

"NFRA"	National Financial Regulatory Administration (國家金融監督管理總局)
"Other Financial Services"	the other financial services provided to the Group by COFCO Finance pursuant to the 2026 Financial Services Agreement, including Entrustment Loan Services, settlement, sale and purchase of foreign exchange and relevant advisory services
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC"	the People's Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Proposed Daily Deposit Cap"	the daily balance of the Group's aggregated deposits (including accrued interest thereon) with COFCO Finance under the Deposit Services, calculated as at the close of business for each day
"RMB"	Renminbi, the lawful currency of the PRC
"SGM"	the special general meeting of the Company to be held to consider and approve the 2026 Financial Services Agreement, the transactions contemplated thereunder and the Proposed Daily Deposit Cap
"Share(s)"	the ordinary share(s) of the Company, being the share(s) of HK$0.1 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiaries"	has the meaning ascribed to it in the Listing Rules
"substantial Shareholder(s)"	has the meaning ascribed to it in the Listing Rules
"Supply Chain (Tianjin)"	COFCO Coca-Cola Supply Chain (Tianjin) Limited (中糧可口可樂供應鏈(天津)有限公司), a limited company established in the PRC, which is a non-wholly owned subsidiary of COFCO Coca-Cola

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

By Order of the Board
China Foods Limited
Qing Lijun
Chairman

Beijing, 10 November 2026

As at the date of this announcement, the Board comprises: Mr. Qing Lijun as the chairman of the Board and a non-executive director; Mr. Zhan Zaizhong and Mr. Tang Qiang as executive directors; Mr. Song Liang and Ms. Guo Ying as non-executive directors; and Mr. Li Hung Kwan, Alfred, Mr. Mok Wai Bun, Ben and Ms. Leung Ka Lai, Ada, SBS as independent non-executive directors.