

*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.*



**中糧肉食控股有限公司**  
**COFCO Meat Holdings Limited**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 01610)**

**CONTINUING CONNECTED TRANSACTION  
ENTERING INTO LEASE FRAMEWORK AGREEMENT**

On 21 May 2020 (after trading hours), COFCO Feed entered into the Lease Framework Agreement with the Company. Pursuant to the contract terms and conditions of the Lease Framework Agreement, COFCO Feed and/or its subsidiaries agreed to lease the Subject Facilities to the Group and the Group agreed to rent the Subject Facilities and pay corresponding rent to COFCO Feed and/or its subsidiaries.

As at the date of this announcement, COFCO is a substantial shareholder of the Company interested in approximately 29.10% of the total issued share capital of the Company and COFCO indirectly holds all equity interests in COFCO Feed, therefore COFCO Feed together with its subsidiaries are connected persons of the Company pursuant to Chapter 14A of the Listing Rules. The transactions between the Group and such parties constitute continuing connected transactions under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules and other than the profits ratio) in respect of the annual cap of the transactions under the Lease Framework Agreement are more than 0.1% but lower than 5%, according to Chapter 14A of the Listing Rules, the Lease Framework Agreement and the transactions contemplated thereunder will be subject to, among others, the reporting, annual review and announcement requirements, but are exempt from the Independent Shareholders' approval requirements, under Chapter 14A of the Listing Rules.

## **LEASE FRAMEWORK AGREEMENT**

On 21 May 2020 (after trading hours), the Company entered into the Lease Framework Agreement with COFCO Feed. Pursuant to the contract terms and conditions of the Lease Framework Agreement, COFCO Feed and/or its subsidiaries agreed to lease the Subject Facilities to the Group for feed production and the Group agreed to rent the Subject Facilities and pay corresponding rent to COFCO Feed and/or its subsidiaries for a term from 21 May 2020 to 31 December 2020. The Lease Framework Agreement constitutes continuing connected transactions of the Company under the Listing Rules. Set out below are the major terms of the Lease Framework Agreement:

Date:	21 May 2020
Parties:	(i) the Company; and (ii) COFCO Feed
Term:	From 21 May 2020 to 31 December 2020
Subject Facilities:	Production line No. 2 of the Huangshi Plant and ancillary facilities, production line No. 2 of the Tangshan Plant and ancillary facilities and production lines No. 1 and 2 of the Peixian Plant and ancillary facilities which the Group intends to rent from COFCO Feed and/or its subsidiaries

### **Pricing**

The rent payable by the Group to COFCO Feed and/or its subsidiaries has been determined by the parties through arm's length negotiation with reference to the prevailing market price. The rental fee consists of two parts: (1) fixed component: RMB250,000/month per factory, (2) variable rent: RMB80/ton. The variable rent is calculated based on the actual production volume. The rent payable by the Group to COFCO Feed and/or its subsidiaries is based on depreciation of the Subject Facilities and costs such as wage of workshop staff, energy consumption and storage expenses. The Group pays rental fee to COFCO Feed and/or its subsidiaries on a monthly basis.

### **Historical figures**

The Subject Facilities to be leased by COFCO Feed and/or its subsidiaries to the Group is a new continuing connected transaction. As such, there are no annual caps set or historical transaction amounts occurred.

### **Annual cap amount**

Under the Lease Framework Agreement, the proposed annual cap amount for the rent to be paid by the Group to COFCO Feed and/or its subsidiaries for the year ending 31 December 2020 is RMB33 million. In determining the above annual cap amount in respect of the rent, the Directors have considered the following factors:

1. benefits in preventing African swine fever and assuring the quality and safety of feed;
2. depreciation of the Subject Facilities, wage of workshop staff, energy consumption, storage expenses and others; and
3. the annual maximum production capacity of the Subject Facilities, which amounts to 300,000 tons annum in aggregate.

## **Information on the Company**

The Company is principally engaged in feeds production, hog breeding, slaughtering, the production, distribution and sale of fresh pork and meat products and the import and sale of frozen meat products in the PRC.

## **Information on COFCO Feed**

COFCO Feed is a limited company established in the PRC in June 2003 and a wholly-owned subsidiary of COFCO. COFCO Feed is principally engaged in grain purchase and operation of feed business.

## **Information on COFCO**

COFCO, a wholly state-owned company established in the PRC in September 1952 which is currently under the purview of the State-owned Assets Supervision and Administration Commission of the State Council of the PRC and a substantial Shareholder of the Company. COFCO is principally engaged in grain purchase, wholesale of prepackaged food and edible agricultural products, overseas futures business, import and export business, provision of external consulting services, product, exhibition and technical exchange business, hotel investment management, real estate development and management, property management and agency and leasing of self-owned houses.

## **Reasons for and benefits of entering into the Lease Framework Agreement**

Entering into the Lease Framework Agreement by the Company will be beneficial to the prevention of African swine fever and the assurance of the quality and safety of feed.

The terms and conditions of the Lease Framework Agreement were determined after arm's length negotiations between the parties thereto, and the continuing connected transactions under the Lease Framework Agreement will be carried out on terms no less favourable than terms granted to the Company by Independent Third Parties.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Lease Framework Agreement have been entered into in the ordinary and usual course of business of the Company and on normal commercial terms, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, COFCO is a substantial shareholder of the Company interested in approximately 29.10% of the total issued share capital of the Company and COFCO indirectly holds all equity interests in COFCO Feed, therefore COFCO Feed together with its subsidiaries are connected persons of the Company pursuant to Chapter 14A of the Listing Rules. The transactions between the Group and such parties constitute continuing connected transactions under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules and other than the profits ratio) in respect of the annual cap of the transactions under the Lease Framework Agreement are more than 0.1% but lower than 5%, according to Chapter 14A of the Listing Rules, the Lease Framework Agreement and the transactions contemplated thereunder will be subject to, among others, the reporting, annual review and announcement requirements, but are exempt from the Independent Shareholders' approval requirements, under Chapter 14A of the Listing Rules.

As Mr. Jiang Guojin, the chairman of the Board and an executive Director of the Company, is the senior industry executive of COFCO, and Ms. Yang Hong, the non-executive Director of the Company, is the equity director of COFCO, they are deemed to be materially interested in the Lease Framework Agreement and the transactions contemplated thereunder. They have abstained from voting on the resolutions in relation to considering and approving the Lease Framework Agreement and the transactions contemplated thereunder at the Board meeting.

## DEFINITIONS

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

“Lease Framework Agreement”	the production line lease framework agreement entered into by the Company and COFCO Feed on 21 May 2020
“Board”	the board of directors of the Company
“BVI”	the British Virgin Islands
“COFCO”	COFCO Corporation (中糧集團有限公司), a wholly State-owned company established in the PRC in September 1952 which is currently under the purview of the State-owned Assets Supervision and Administration Commission of the State Council of the PRC and a substantial Shareholder of the Company holding approximately 29.10% of the issued share capital of the Company
“COFCO Feed”	COFCO Feed Co Ltd, a company established in the PRC with limited liability in June 2003 and a wholly-owned subsidiary of COFCO
“Company”	COFCO Meat Holdings Limited (中糧肉食控股有限公司), a company incorporated in the BVI with limited liability on 11 March 2014 and re-domiciled to the Cayman Islands as an exempted company with limited liability on 4 May 2016, the issued shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Directors”	the director(s) of the Company

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	To the best of Directors’ knowledge, information and belief, having made all reasonable enquiries, individual(s) or company(ies) and its/their respective ultimate beneficial owner(s) which is/are third party(ies) independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning as ascribed thereto under the Listing Rules
“substantial Shareholder(s)”	has the meaning as ascribed thereto under the Listing Rules
“Subject Facilities”	Production line No. 2 of the Huangshi Plant and ancillary facilities, production line No. 2 of the Tangshan Plant and ancillary facilities and production lines No. 1 and 2 of the Peixian Plant and ancillary facilities, which the Group intends to rent from COFCO Feed and/or its subsidiaries
“%”	per cent.

By order of the Board  
**COFCO Meat Holdings Limited**  
**Jiang Guojin**  
*Chairman and executive Director*

Hong Kong, 21 May 2020

*As at the date of this announcement, the Board of the Company comprises Mr. Jiang Guojin as the chairman of the Board and the executive Director, Mr. Xu Jianong as the executive Director, Ms. Yang Hong, Mr. WOLHARDT Julian Juul, Dr. Cui Guiyong, Mr. Zhou Qi, Mr. Zhang Lei and Dr. Huang Juhui as non-executive Directors, and Mr. Fu Tingmei, Mr. Li Michael Hankin, Mr. Lee Ted Tak Tai and Dr. Ju Jiandong as independent non-executive Directors.*