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中國康大食品有限公司

China Kangda Food Company Limited

(Incorporated in Bermuda with limited liability)

(Hong Kong Stock Code: 834)

(Singapore Stock Code: P74)

**DISCLOSEABLE TRANSACTION
DISPOSAL OF EQUITY INTERESTS IN TARGET COMPANIES**

THE DISPOSAL

The Board announces that on 29 January 2018 (after trading hours), two indirect wholly-owned subsidiaries of the Company as the Vendors, and the Purchaser, entered into the Equity Transfer Agreements, pursuant to which the Vendors agreed to sell and/or procure to be sold and the Purchaser agreed to purchase the Equity Interests in the Target Companies and the Sale Loans at an aggregate consideration of RMB41,000,000.

The Target Companies are companies established in the PRC with limited liability. Jilin Kangda Foods is principally engaged in, among others, production of food products in Jilin and Laiwu Kangda Feeds is principally engaged in sale of feed products.

Upon Completion, the Company will cease to hold any equity interests in the Target Companies and will not have any direct operation and business in Jilin. The business of breeding and sale and trading of rabbits of the Group will be focused in Shandong. The financial results of Jilin Kangda Foods and Laiwu Kangda Feeds will no longer be consolidated into the Company's financial statements.

The disposals of the Target Companies and the Sale Loans are inter-conditional upon each other.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal (on an aggregated basis) are more than 5% and all of such ratios are less than 25%, the Disposal constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

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The Equity Transfer Agreements

Major terms of the Equity Transfer Agreements are set out below.

Date:

29 January 2018

Parties

Vendors: (1) Qingdao Kangda Foods

(2) Qingdao Kangda Rabbit

Purchaser: Qingdao Wang Jingyuan Foods Co., Ltd.* (青島旺景園食品有限公司)

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Subject matter

The Equity Interests, representing 100% equity interests in Jilin Kangda Foods and Laiwu Kangda Feeds, and the Sale Loans.

Consideration

The Consideration for the sale and purchase of the (i) Jilin Kangda Foods Equity Interest and the Sale Loans owed by Jilin Kangda Foods to Qingdao Kangda Foods and its subsidiaries; and (ii) Laiwu Kangda Feeds Equity Interest and the Sale Loans owed by Laiwu Kangda Feeds to Qingdao Kangda Rabbit shall be RMB38,000,000 and RMB3,000,000 respectively, being a total of RMB41,000,000. The Consideration shall be payable in full in cash within 15 days after the conditions precedent as stated in the paragraph headed "Conditions precedent" in this announcement having been fulfilled. The Vendors and the Purchaser shall proceed with the transfer procedures in relation to the Equity Interests and the Sale Loans upon the Vendors receiving the Consideration.

Basis of the Consideration

The Consideration was arrived at arm's length negotiations between the Vendors and the Purchaser after taking into consideration of various factors, in particular, the current financial situation of the Target Companies, the business prospects of the Target Companies and the net asset or liability value of the Target Companies. 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 or 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 Agreements in accordance with the articles, laws and regulations (including but not limited to the Listing Rules).

The disposals of the Target Companies and the Sale Loans are inter-conditional upon each other.

INFORMATION OF THE TARGET COMPANIES

The Target Companies are companies established in the PRC with limited liability. Jilin Kangda Foods is principally engaged in, among others, production of food products in Jilin and Laiwu Kangda Feeds is principally engaged in sale of feed products.

Set out below is the unaudited financial information of the Target Companies for each of the two years ended 31 December 2015 and 2016 respectively:

Jilin Kangda Foods

	Financial year ended 31 December 2016 (RMB'000)	Financial year ended 31 December 2015 (RMB'000)
Revenue	91,595	61,984
Loss before tax	16,625	49,796
Loss after tax	16,495	49,820

Inclusion of the impairment loss on the property, plant and equipment amounted to approximately RMB41,486,000 and approximately RMB2,870,000 recorded in 2015 and 2016 respectively, the total asset value and net liability value of Jilin Kangda Foods as at 30 November 2017 were approximately RMB52,851,000 and approximately RMB59,436,000 respectively.

Laiwu Kangda Feeds

	Financial year ended 31 December 2016 (RMB'000)	Financial year ended 31 December 2015 (RMB'000)
Revenue	60,841	52,953
Profit before tax	366	4,303
Profit after tax	265	4,217

The total asset value and net asset value of Laiwu Kangda Feeds as at 30 November 2017 were approximately RMB8,706,000 and approximately RMB2,785,000 respectively.

INFORMATION OF THE GROUP AND THE PURCHASER

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

The Purchaser is a company established in the PRC with limited liability and is an Independent Third Party. It is principally engaged in, among others, breeding and sales of rabbits in the PRC.

FINANCIAL IMPACT OF THE DISPOSAL

Taking into account of the Consideration and based on the net asset or liability value of the Target Companies as at 30 November 2017 (including, among others, the Sale Loans), the Group is expected to record a net gain of RMB3.47 million after deducting (i) the unaudited net liability value of approximately RMB56.7 million of the Target Companies as at 30 November 2017; and (ii) the Sale Loans of approximately RMB94.2 million. The proceeds from the Disposal will enable the Group to improve its working capital condition for future opportunities that may arise. The actual gain or loss in connection with the Disposal will be assessed after Completion and will be subject to audit.

Upon Completion, the Company will cease to hold any equity interests in the Target Companies and will not have any direct operation and business in Jilin. The business of breeding and sale and trading of rabbits of the Group will be focused in Shandong. The financial results of Jilin Kangda Foods and Laiwu Kangda Feeds will no longer be consolidated into the Company's financial statements.

Based on the above, it is expected that the Disposal would not have material impact on the consolidated financial position of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

There is large climate difference between Jilin where the Target Companies are located and Shandong. In the spring, autumn and winter seasons, temperature is low, causing fertilization and yield in these three seasons to become low. The entire climate environment is not suitable for the growth of rabbits, such that it has been difficult for the yield to increase. The Company has invested a lot, but the outcome has not been good, resulting in high cost of cultivation.

Jilin Kangda Foods experienced loss for the three consecutive years from 2014 to 2016. In 2017, the PRC has raised its requirements regarding environmental protection, requiring further investment to enhance environmental protection for processing and cultivation processes. As the Target Companies have been unsatisfactorily performed in the past, management is of the view that it is meaningless to continue to increase environmental protection investment in the Target Companies. Hence, selling them at a reasonable price is the best option.

The Directors believe that the Disposal will enhance the cash flows of the Group and reduce its borrowings. The Disposal will allow the Group to redeploy its resources to working capital or investment in existing and future projects which will offer a better and more attractive return to the Group, and benefit the Company and its Shareholders as a whole.

Having considered the above, the Board considers that the terms of the Disposal are fair and reasonable and are on normal commercial terms, in the ordinary and usual course of business and in the interest of the Company and its Shareholders as a whole. None of the Directors has a material interest in the transactions contemplated under the Equity Transfer Agreements or is required to abstain from voting from the relevant Board resolutions for considering and approving the same.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal (on an aggregated basis) are more than 5% and all of such ratios are less than 25%, the Disposal constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires.

“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 provided for in the Equity Transfer Agreements
“Consideration”	the sum of RMB41,000,000, being the aggregate consideration for the sale and purchase of the Equity Interests and the Sale Loans
“Director(s)”	the director(s) of the Company

“Disposal”	the disposal of the Equity Interests, representing 100% equity interests in Jilin Kangda Foods and Laiwu Kangda Feeds, and the Sale Loans, subject to the terms and conditions of the Equity Transfer Agreements
“Equity Interests”	collectively, the Jilin Kangda Foods Equity Interest and the Laiwu Kangda Feeds Equity Interest
“Equity Transfer Agreements”	two equity transfer agreements both dated 29 January 2018 and entered into between each of the Vendors and the Purchaser in relation to the Disposal
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of the Company and connected person(s) of the Company
“Jilin Kangda Foods”	Jilin Kangda Foods Co., Ltd.* (吉林康大食品有限公司), a company established in the PRC with limited liability
“Jilin Kangda Foods Equity Interest”	100% equity interest in Jilin Kangda Foods
“Laiwu Kangda Feeds”	Laiwu Kangda Feeds Co., Ltd.* (萊蕪康大飼料有限公司), a company established in the PRC with limited liability
“Laiwu Kangda Feeds Equity Interest”	100% equity interest in Laiwu Kangda Feeds
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Purchaser”	Qingdao Wang Jingyuan Foods Co., Ltd.* (青島旺景園食品有限公司), a company established in the PRC with limited liability and an Independent Third Party
Qingdao Kangda Foods	Qingdao Kangda Foods Co., Ltd.* (青島康大食品有限公司), a company established in the PRC with limited liability and an indirect wholly-owned

	subsidiary of the Company, which owns 100% equity interest in Jilin Kangda Foods as at the date of this announcement
Qingdao Kangda Rabbit	Qingdao Kangda Rabbit Co., Ltd.* (青島康大兔業發展有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company, which owns 100% equity interest in Laiwu Kangda Feeds as at the date of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Loans”	all the inter-company loans owed by (i) Jilin Kangda Foods to Qingdao Kangda Foods and its subsidiaries; and (ii) Laiwu Kangda Feeds to Qingdao Kangda Rabbit
“Shareholder(s)”	holder(s) of the share(s) in the share capital of the Company
“Singapore Stock Exchange”	The Singapore Exchange Securities Trading Limited
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Companies”	Jilin Kangda Foods and Laiwu Kangda Feeds
“Vendors”	Qingdao Kangda Foods and Qingdao Kangda Rabbit, being companies established in the PRC with limited liability, and indirect wholly-owned subsidiaries of the Company
“%”	per cent

By order of the Board
China Kangda Food Company Limited
Fong William
Company Secretary

Hong Kong, 29 January 2018

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, Mr. Wang Yuan and Mr. Li Wei; and the independent non-executive Directors of the Company are Mr. Lau Choon Hoong, Mr. Song Xuejun and Mr. Lu Zhiwen.

** For identification purposes only*