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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: 834)

(Singapore Stock Code: P74)

ANNOUNCEMENT

PURSUANT TO RULE 3.7 OF THE HK TAKEOVERS CODE, RULE 13.09 OF THE LISTING RULES AND INSIDE INFORMATION PROVISIONS UNDER PART XIVA OF THE SECURITIES AND FUTURES ORDINANCE AND RESUMPTION OF TRADING

This announcement is made by China Kangda Food Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 3.7 of the HK Takeovers Code, Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

THE MOU

The Board was informed by the Potential Vendor that, on 25 January 2019, the MOU was entered into between the Potential Vendor and the Potential Purchaser, pursuant to which the Potential Vendor agreed to negotiate the sale of and the Potential Purchaser agreed to negotiate the purchase of the Sale Shares held by the Potential Vendor.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, (i) the Potential Purchaser is a company incorporated in the British Virgin Islands with limited liability; and (ii) the Potential Purchaser and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

FORMAL AGREEMENT

It is the intention of the Potential Purchaser and the Potential Vendor to enter into a Formal Agreement in relation to the Possible Transfer during the Exclusive Period. The Formal Agreement shall set out and include, inter alia, the exact number of Shares to be purchased by the Potential Purchaser and the consideration thereof, the relevant conditions precedent and such other usual representations, warranties and undertakings to be given by the Potential Vendor under similar transactions.

DEPOSIT

Pursuant to the MOU, the Potential Purchaser has agreed to pay the Deposit by way of cashier order to an escrow agent mutually agreed and appointed by the Potential Purchaser and the Potential Vendor pursuant to the escrow agreement to be entered into between the Potential Purchaser, the Potential Vendor and the escrow agent. Such Deposit shall be paid within two business days from the date of the MOU and shall be treated in the following manner in accordance with the MOU:

- (i) upon the expiry of the Exclusive Period where no Formal Agreement has been entered into:
 - (a) if it is due to any reason attributable to the Potential Purchaser that no Formal Agreement is concluded (including but not limited to the Potential Purchaser not being able to provide proof of its financial resources being sufficient to fully settle the purchase consideration of the Possible Transfer or the consideration for the general offer which might be triggered if the Possible Transfer materializes), the Deposit shall be forfeited by the Potential Vendor in full; or
 - (b) if it is due to any reason attributable to the Potential Vendor that no Formal Agreement is concluded, the Deposit shall be refunded to the Potential Purchaser in full; or

- (ii) upon execution of the Formal Agreement, the Deposit shall be dealt with in accordance with the provisions of the Formal Agreement and become part of the consideration for the Possible Transfer.

As at the date of this announcement, the Deposit has been deposited by the Potential Purchaser into the escrow account.

EXCLUSIVITY

Pursuant to the MOU, the Potential Vendor agreed that during the Exclusive Period they shall not, in respect of the Proposed Transfer, directly or indirectly, actively or passively, (i) solicit or offer to sell the Sale Shares; (ii) initiate or continue negotiations; or (iii) enter into any agreement or memorandum of understanding, to or with any person or entity other than the Potential Purchaser.

NON-LEGALLY BINDING MOU

The MOU is not legally binding, save for certain customary provisions relating to the Deposit, the Exclusive Period, Potential Vendor's further assurance, expenses, confidentiality, binding effect and governing laws and jurisdiction.

The MOU shall terminate upon (i) any failure or delay in delivering the Deposit within the prescribed period; or (ii) the return of the Deposit in full; or (iii) the execution of the Formal Agreement, whichever is the earlier.

The Possible Transfer is therefore subject to the execution and completion of the Formal Agreement. If the Formal Agreement materializes, the Company will comply with the relevant requirements under the Listing Rules and the HK Takeovers Code as and when appropriate.

POSSIBLE GENERAL OFFER FOR THE SHARES AND HK TAKEOVERS CODE IMPLICATIONS

Subject to the Formal Agreement being entered into and the satisfaction or waiver (as the case may be) of such conditions precedent to completion as may be specified therein, it is contemplated that upon completion of the Possible Transfer, the Potential Purchaser and parties acting in concert with it will hold more than 50% of the issued share capital of the Company. In accordance with the requirement of the HK Takeovers Code, if the Possible Transfer so materializes and is completed, an obligation on the part of the Potential Purchaser and parties acting in concert with it will be triggered for them to make a mandatory unconditional general offer for all the issued Shares (other than those already owned or agreed to be acquired by the Potential Purchaser and parties acting in concert with it) under Rule 26.1 of the HK Takeovers Code. The Potential Purchaser has appointed Donvex Capital Limited, a corporation licensed to carry on business in type 6 (advising on corporate finance) regulated activities under the SFO as its financial advisor in respect of the possible offer to be made under the Takeovers Code.

As at the date of this announcement, no Formal Agreement has been entered into in respect of the Possible Transfer and the negotiations are still in progress and the Possible Transfer may or may not proceed. As at the date of this announcement, the Company has 432,948,000 Shares in issue and does not have any other outstanding convertible securities, options and warrants. Save as disclosed above, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the HK Takeovers Code) as at the date of this announcement.

The Potential Vendor currently directly and beneficially holds 300,740,000 shares, representing approximately 69.46% of the entire issued share capital of the Company as at the date of this announcement.

MONTHLY UPDATE

In accordance with Rule 3.7 of the HK Takeovers Code, monthly announcement(s) will be made until announcement of firm intention to make an offer under Rule 3.5 of the HK Takeovers Code or of a decision not to proceed with an offer under the HK Takeovers Code is made. Further announcement(s) will be made by the Company as and when appropriate or required in accordance with the Listing Rules and the HK Takeovers Code.

DEALING DISCLOSURE

For the purposes of the HK Takeovers Code, the offer period is deemed to commence on the date of this announcement, being 29 January 2019.

The associates (as defined in the HK Takeovers Code, including but not limited to any person holding 5% or more of a class of relevant securities of the Company or the Potential Purchaser) of the Company and the Potential Purchaser are hereby reminded to disclose their dealings in the relevant securities of the Company under Rule 22 of the HK Takeovers Code.

RESPONSIBILITIES OF STOCKBROKERS, BANKS AND OTHER INTERMEDIARIES

In accordance with Rule 3.8 of the HK Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the HK Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

WARNINGS: There is no assurance that the Possible Transfer or any transactions mentioned in this announcement will materialise or eventually be consummated and the relevant discussions may or may not lead to a general offer under Rule 26.1 of the HK Takeovers Code. Shareholders and the investors are urged to exercise extreme caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional adviser(s).

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the SEHK and SGX-ST has been halted with effect from 9:00 a.m. on 28 January 2019 pending the release of this announcement. An application has been made by the Company to the SEHK and the SGX-ST for the resumption of trading in the Shares on the SEHK and the SGX-ST with effect from 9:00 a.m. on 29 January 2019.

DEFINITION

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

“acting in concert”	has the meaning ascribed thereto under the HK Takeovers Code
“Board”	the board of Directors
“Company”	China Kangda Food Company Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are primarily listed on the Main Board of the SEHK and the listing status in the Main Board of the SGX-ST was changed from primary listing to secondary listing with effect from 23 January 2017
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules

“Deposit”	a deposit in the sum of HK\$40,000,000 which the Potential Purchaser has agreed to pay by way of cashier order to an escrow agent mutually agreed and appointed by the Potential Purchaser and the Potential Vendor pursuant to the escrow agreement entered into between the Potential Purchaser, the Potential Vendor and the escrow agent
“Director(s)”	the director(s) of the Company
“Exclusive Period”	a period starting from the date of the payment of the Deposit until 7 May 2019 (or such later date as may be agreed by the Potential Purchaser and the Potential Vendor in writing)
“Formal Agreement”	the formal sale and purchase agreement which may or may not be entered into in relation to the Possible Transfer
“Group”	the Company and its subsidiaries
“HK Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the SEHK
“MOU”	the non-legally binding memorandum of understanding dated 25 January 2019 and entered into between the Potential Vendor and the Potential Purchaser setting out the understanding in relation to the Possible Transfer
“Possible Transfer”	the possible transfer of Sale Shares by the Potential Vendor to the Potential Purchaser pursuant to the MOU
“Potential Purchaser”	a potential purchaser of the Sale Shares, an independent third party not connected to the Company and its connected person

“Potential Vendor”	China Tian Yuan Manganese Limited, a company incorporated in the Cayman Islands with limited liability on 5 January 2015 and ultimately beneficially controlled by Mr. Jia Tianjiang (賈天將)
“Sale Shares”	300,740,000 Shares held by the Potential Vendor, representing approximately 69.46% of the existing issued share capital of the Company
“SEHK”	The Stock Exchange of Hong Kong Limited
“SGX-ST”	The Singapore Exchange Securities Trading Limited
“Share(s)”	ordinary share(s) with nominal value of HK\$0.25 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

By order of the Board
China Kangda Food Company Limited
Fang Yu

Chairman, Executive Director and Chief Executive Officer

Hong Kong, 29 January 2019

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

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.