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CHINA KANGDA FOOD COMPANY LIMITED

(Incorporated in Bermuda with limited liability) (Company Registration Number: 38299) (Hong Kong Stock Code: 834) (Singapore Stock Code: P74)

ANNOUNCEMENT

PURSUANT TO RULE 3.7 OF THE HK TAKEOVERS CODE AND RULE 13.09 OF THE LISTING RULES AND INSIDE INFORMATION PROVISIONS UNDER PART XIVA OF THE SECURITIES AND FUTURES ORDINANCE AND PURSUANT TO RULE 3 OF THE SINGAPORE TAKEOVER CODE

This announcement is made by China Kangda Food Company Limited (the "**Company**") pursuant to Rule 3.7 of the Hong Kong Code on Takeovers and Mergers (the "**HK Takeovers Code**") issued by the Securities and Futures Commission of Hong Kong (the "**SFC**"), Rule 13.09 of the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**SEHK**") 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), and also pursuant to Rule 3 of the Singapore Code on Takeovers and Mergers (the "**Singapore Takeover Code**").

As at the date of this announcement, the Company is subject to both the Singapore Takeover Code as well as the HK Takeovers Code, as the Company has a dual primary listing on the Main Board of The Singapore Exchange Securities Trading Limited (the "SGX-ST") as well as on the Main board of the SEHK. Hence, this announcement includes references to both the Singapore Takeover Code as well as the HK Takeovers Code.

However, as set out in the Company's circular (the "Circular") and notice of special general meeting both dated 19 December 2016, the Company proposes to convert (the "Proposed Conversion") its listing status on the SGX-ST from a primary listing to a secondary listing. A special general meeting of the Company will be convened on 12 January 2017 to seek the approval from its shareholders (the "Shareholder(s)") for (amongst other things) the Proposed Conversion. As stated in the Circular, upon completion of the Proposed Conversion, the Company will no longer be subject to the Singapore Takeover Code but will continue to be subject to the HK Takeovers Code. Accordingly, it is possible that should the Possible Transaction (as defined below) materialise after completion of the Proposed Conversion, any offer which may be made for shares in the Company as a result of the Possible Transaction (as defined below) will be made to all Shareholders pursuant to the HK Takeovers Code only.

THE POSSIBLE TRANSACTION

The board (the "**Board**") of directors (the "**Directors**") of the Company was notified by two groups of Shareholders, namely, Gao Sishi, Gao Yanxu, Cheng Xiutai, Zhang Qi, Kang Peiqiang and Hu Wenbo (collectively, the "**Group A Vendors**"), and Zensho Holdings Co., Ltd. (the "**Group B Vendor**", together with the Group A Vendors, the "**Potential Vendors**") that the Group A Vendors on 30 December 2016, and the Group B Vendor on 28 December 2016 (after trading hours), have separately entered into two memoranda of understanding (together the "**MOUs**", or individually the "**MOU A**" and the "**MOU B**" respectively) with an independent third party (the "**Potential Purchaser**") for a possible disposal of all of their respective interests in the Company (the "**Possible Transaction**") as follows:

| Name of Shareholders | Number of shares held and proposed to be disposed | Approximate shareholding in the Company |
|---------------------------|---|---|
| Group A Vendors | uisposeu | in the Company |
| Gao Sishi (Note 1) | 166,740,000 | 38.51% |
| Cheng Xiutai | 33,324,000 | 7.70% |
| Hu Wenbo | 15,026,000 | 3.47% |
| Gao Yanxu (Note 2) | 14,310,000 | 3.31% |
| Kang Peiqang | 8,910,000 | 2.06% |
| Zhang Qi (Note 3) | 8,910,000 | 2.06% |
| <u>Group B Vendor</u> | | |
| Zensho Holdings Co., Ltd. | 52,295,000 | 12.08% |
| Total | 299,515,000 | 69.18% |

Notes:

- 1. Gao Sishi is the chairman of the Company and a non-executive Director.
- 2. Gao Yanxu is an executive Director.
- 3. Zhang Qi is a non-executive Director.

According to the MOUs, an exclusivity right from 28 December 2016 up to 29 January 2017 (or such later date as the parties may agree in writing, the "**Exclusivity Period**") is granted to the Potential Purchaser, during which the Potential Vendors and the Potential Purchaser will negotiate over and finalise terms of the definitive documentation in respect of the Possible Transaction (the "**Definitive Documentation**").

Pursuant to the MOU A with the Group A Vendors, the Potential Purchaser has agreed to, and has paid, a deposit in the sum of HK\$10,000,000 (the "**Deposit**") to a solicitors' firm. Such Deposit shall be treated in the following manner in accordance with the MOU A:

- (i) upon execution of the Definitive Documentation, the Deposit shall be dealt with in accordance with the provisions of the Definitive Documentation; and
- (ii) upon termination of the MOU A for reason of the expiry of the Exclusivity Period where no Definitive Documentation has been entered into, or for reason of nonsatisfaction of the results of the due diligence review in the absolute discretion of the Potential Purchaser, the Deposit (without any interest) shall be refunded to the Potential Purchaser within three business days from the date of termination upon the earlier occurrence of (a) the expiry of the Exclusivity Period; or (b) the receipt by the Group A Vendors of a written notice served by the Potential Purchaser requesting the refund of the Deposit and indicating that the Potential Purchaser decides not to proceed with the negotiation of the Possible Transaction.

Save as disclosed above in respect of the payment of the Deposit, the terms of the MOU A and the MOU B are substantially the same.

Save and except for the customary provisions relating to due diligence, exclusivity, term, expenses and deposit, confidentiality and governing law, etc. which are legally binding, the MOUs do not have legal binding effect on the parties thereto.

As at the date of this announcement and save as disclosed, no legally binding agreement have been entered into in respect of the Possible Transaction.

Should the Possible Transaction materialise, it will result in a change in control of the Company and the Potential Purchaser being required to make a mandatory unconditional general offer for all the issued shares of the Company (other than those already owned by or agreed to be acquired by the Potential Purchaser or parties acting in concert with it) in accordance with the HK Takeovers Code and (to the extent that the Singapore Takeover Code continues to apply to the Company) the Singapore Takeover Code.

As at the date of this announcement, (i) the Potential Vendors are interested in an aggregate of 299,515,000 ordinary shares of the Company, representing approximately 69.18% of the entire issued share capital of the Company; and (ii) the Company has 432,948,000 ordinary shares of HK\$0.25 each in issue, and save for this, has no other relevant securities (as defined in Note 4 to Rule 22 of the HK Takeovers Code).

The Possible Transaction is subject to further negotiation between the Potential Vendors and the Potential Purchaser and to the Definitive Documentation being entered into. If no Definitive Documentation is entered into, an announcement will be made by the Company to inform the market in accordance with the HK Takeovers Code and (to the extent that the Singapore Takeover Code continues to apply to the Company) the Singapore Takeover Code.

MONTHLY UPDATE

In accordance with Rule 3.7 of the HK Takeovers Code and (to the extent that the Singapore Takeover Code continues to apply to the Company) Note 5 of the Notes on Rules 3.1, 3.2 and 3.3 of the Singapore Takeover Code, monthly announcement(s) setting out the progress of the Possible Transaction will be made until announcement of firm intention to make an offer under Rule 3.5 of the HK Takeovers Code and (to the extent that the Singapore Takeover Code continues to apply to the Company) Rule 3.5 of the Singapore Takeover Code or of a decision not to proceed with an offer 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 (as the case may be) and (to the extent that the Singapore Takeover Code continues to apply to the Company) with the Singapore Takeover Code.

DEALINGS DISCLOSURE

For the purposes of the HK Takeovers Code and (to the extent that the Singapore Takeover Code continues to apply to the Company) the Singapore Takeover Code, the offer period commences on the date of this announcement, being 30 December 2016.

In accordance with Rule 3.8 of the HK Takeovers Code and (to the extent that the Singapore Takeover Code continues to apply to the Company) the Singapore Takeover Code, the respective associates as defined (as applicable) in the HK Takeovers Code (including a person who owns or controls 5% or more of any class of relevant securities) or (to the extent that the Singapore Takeover Code continues to apply to the Company) the Singapore Takeover Code (including a holder of 5% or more of the equity share capital of the Potential Purchaser (as the potential offeror) or the Company (as the potential offeree)) of the Company and of the Potential Purchaser are reminded to disclose their dealings in the securities of the Company pursuant to the HK Takeovers Code and (to the extent that the Singapore Takeover Code continues to apply to the Company) the Singapore Takeover Code continues to apply to the Company (as the potential offeree).

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

"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 and other persons under Rule 22 (of the HK Takeovers Code) 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 (of the HK Takeovers Code). 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 HK\$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."

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the SEHK and the SGX-ST was suspended with effect from 9:00 a.m. on 29 December 2016 pending the release of this announcement. Application has been made by the Company to the SEHK and the SGX-ST for the resumption of trading in the shares of the Company with effect from 9 a.m. on 3 January 2017.

WARNINGS: There is no assurance that the Possible Transaction 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 and (to the extent that the Singapore Takeover Code continues to apply to the Company) Rule 14 of the Singapore Takeover 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).

By Order of the Board China Kangda Food Company Limited Gao Yanxu Executive Director

Hong Kong and Singapore, 30 December 2016

As at the date of this announcement, the executive Directors are Mr. An Fengjun (Chief Executive Officer) and Mr. Gao Yanxu; the non-executive Directors are Mr. Gao Sishi (Chairman), Mr. Zhang Qi and Mr. Naoki Yamada; and the independent non-executive Directors are Mr. Chong Soo Hoon, Sean, Mr. Lau Choon Hoong and Mr. Yu Chung Leung.

Directors' responsibility statement pursuant to the HK Takeovers Code

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquires, 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.

Directors' responsibility statement pursuant to the Singapore Takeover Code

The Directors (including any who may have delegated detailed supervision of this announcement) have taken all reasonable care to ensure that the facts stated and all opinions express herein are fair and accurate and, where appropriate, no material facts have been omitted and they jointly and severally accept responsibility accordingly.