

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and The Singapore Exchange Securities Trading Limited take no responsibility for the contents of this joint 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 joint announcement.

This joint announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.

鼎希有限公司

ZENITH HOPE LIMITED

(Incorporated in the British Virgin Islands with limited liability)

KOND 康大

**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 (Primary Listing): 834)

(Singapore Stock Code (Secondary Listing): P74)

JOINT ANNOUNCEMENT

- (1) ACQUISITION OF SHARES IN
CHINA KANGDA FOOD COMPANY LIMITED BY ZENITH HOPE LIMITED;
(2) POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER BY
FIRST CAPITAL SECURITIES LIMITED
FOR AND ON BEHALF OF ZENITH HOPE LIMITED
TO ACQUIRE ALL THE ISSUED SHARES
IN THE SHARE CAPITAL OF
CHINA KANGDA FOOD COMPANY LIMITED
(OTHER THAN THOSE ALREADY OWNED AND/OR
AGREED TO BE ACQUIRED BY ZENITH HOPE LIMITED AND/OR
PARTIES ACTING IN CONCERT WITH IT);
(3) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER;
AND
(4) RESUMPTION OF TRADING IN THE SHARES**

Financial adviser to Zenith Hope Limited



Offer agent to the Offeror



Independent Financial Adviser to the Independent Board Committee

MESSIS 大有融資

THE SHARE PURCHASE AGREEMENT

The Company was informed by the Vendor that, the Vendor and the Offeror entered into the Share Purchase Agreement on 26 June 2019 (after trading hours), pursuant to which, among other things, the Vendor has conditionally agreed to sell, and the Offeror has conditionally agreed to purchase, the Sale Shares, being 300,740,000 Shares, representing approximately 69.46% of the entire issued share capital of the Company as at the date of this joint announcement, for a total consideration of HK\$240,592,000, equivalent to HK\$0.8 per Sale Share.

The Share Purchase Agreement was agreed between the Offeror and the Vendor after arm's length negotiations. Subject to the conditions precedent under the Share Purchase Agreement as set out in the subsection headed "SHARE PURCHASE AGREEMENT – Conditions" in this joint announcement below being satisfied or waived, Completion is expected to take place on Completion Date (or such other date as may be agreed in writing among the parties to the Share Purchase Agreement).

POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER

As at the date of this joint announcement, the Offeror and parties acting in concert with it do not hold, own, control or have direction over any Shares or voting rights of the Company or any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code). Immediately after Completion, the Offeror and parties acting in concert with it will own a total of 300,740,000 Shares, representing approximately 69.46% of the entire issued share capital of the Company (assuming no change to the issued share capital of the Company from the date of this joint announcement to the Completion Date).

Pursuant to Rule 26.1 of the Takeovers Code, subject to and upon Completion, the Offeror will be required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror and/or parties acting in concert with it). As the Company's primary listing is not on the Singapore Exchange and as it is not a Singapore incorporated public company, the Singapore Takeovers Code will not apply.

As at the date of this joint announcement, the Company has 432,948,000 Shares in issue. The Company does not have any outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

Subject to and upon Completion, First Capital, on behalf of the Offeror and in compliance with the Takeovers Code, will make the Offer on the terms to be set out in the Composite Document to be issued in accordance with the Takeovers Code on the following basis:

For each Offer ShareHK\$0.8 in cash

The Offer Price of HK\$0.8 per Offer Share is equal to the purchase price per Sale Share payable by the Offeror under the Share Purchase Agreement.

The Offer will also be open for acceptance by Independent Shareholders whose Shares are traded on the Singapore Stock Exchange, and a copy of this joint announcement is available on the website of the Singapore Stock Exchange at www.sgx.com.

The principal terms of the Offer are set out under the section headed “POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER” below in this joint announcement.

The Offeror shall finance and satisfy the consideration payable under the Share Purchase Agreement with the SPA Facility. The Offeror intends to finance and satisfy the consideration payable under the Offer in full with the Offer Facility.

Donvex Capital, being the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are available to the Offeror to satisfy the amount of funds required for the Share Purchase Agreement and full acceptance of the Offer.

ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee, comprising all independent non-executive Directors, has been formed to advise the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

Messis Capital Limited has been appointed by the Company with the approval of the Independent Board Committee as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer and, in particular, as to whether the Offer is, or is not, fair and reasonable and as to acceptance of the Offer.

COMPOSITE DOCUMENT

Pursuant to Rule 8.2 of the Takeovers Code, the Offeror is required to despatch an offer document containing the terms of the Offer, together with the relevant form(s) of acceptance and transfer, to the Shareholders within 21 days after the date of this joint announcement, or such later date as the Executive may approve. If Completion does not take place within the 21-day period, the Offeror will apply to the Executive for a waiver pursuant to Note 2 to Rule 8.2 of the Takeovers Code.

If the Offer materialises, it is the intention of the Offeror and the Company to combine the offer document and the offeree board circular into the Composite Document. Accordingly, the Composite Document containing, among other things, (i) the details of the Offer (including the expected timetable and terms of the Offer); (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Offer; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in relation to the Offer, together with the relevant form(s) of acceptance and transfer, will be issued and despatched by the Offeror and the Company jointly to the Shareholders (including those whose Shares are traded on the Singapore Stock Exchange) in accordance with the Takeovers Code, within 21 days from the date of this joint announcement or such later date as the Executive may approve. The Independent Shareholders are encouraged to read the Composite Document carefully, including the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the letter of recommendation from the Independent Board Committee to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer, before deciding whether or not to accept the Offer. Further announcement(s) will be made when the Composite Document is despatched.

RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange and the Singapore Stock Exchange was halted with effect from 9:00 a.m. on 27 June 2019 pending the release of this joint announcement. Application has been made by the Company for resumption of trading in the Shares on the Stock Exchange and the Singapore Stock Exchange with effect from 9:00 a.m. on 3 July 2019.

WARNING

The making of the Offer is subject to Completion taking place, which in turn is conditional on the fulfillment of the conditions precedent or waiver thereof as appropriate. Accordingly, the Offer may or may not be made, and the issue of this joint announcement does not imply that the Offer will be made or will be completed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares during the Offer Period. If the Shareholders and potential investors are in any doubt about their position, they should consult their stockbroker, bank manager, solicitor or other professional advisers.

This joint announcement is made by the Company and the Offeror pursuant to the Takeovers Code and (in case of the Company) pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the SFO.

The Company has been informed that on 26 June 2019 (after trading hours), the Vendor and the Offeror entered into the Share Purchase Agreement pursuant to which the Offeror has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the Sale Shares at an aggregate consideration of HK\$240,592,000, equivalent to HK\$0.8 per Sale Share. Details of the Share Purchase Agreement are set out below.

SHARE PURCHASE AGREEMENT

Date:

26 June 2019 (after trading hours)

Parties:

1. Vendor: Tian Yuan Manganese Limited
2. Offeror: Zenith Hope Limited
3. Guarantors: Mr. Jia Tianjiang (賈天將) ; and
NingXia Tianyuan Manganese Industry Co., Ltd.

The Offeror, its ultimate beneficial owner(s) and parties acting in concert with any of them are third parties independent of and not connected with the Company and the Company's connected persons.

Subject of the Share Purchase Agreement

Pursuant to the Share Purchase Agreement, the Vendor has conditionally agreed to sell, and the Offeror has conditionally agreed to purchase, the Sale Shares, being 300,740,000 Shares, representing approximately 69.46% of the entire issued share capital of the Company as at the date of this joint announcement, free from all Encumbrances and together with all rights attaching to them, including all rights to any dividend or other distribution declared, made or paid on or after the Completion Date. The Offeror shall not be obliged to complete the purchase of any of the Sale Shares unless the sale of all of the Sale Shares is completed simultaneously.

Consideration for the Sale Shares

The total consideration for the Sale Shares is HK\$240,592,000 (representing HK\$0.8 per Sale Share) which was agreed between the Offeror and the Vendor after arm's length negotiations and is payable in cash by the Offeror upon Completion.

Conditions

Completion is subject to the following conditions having been fulfilled (or waived by the Offeror in writing as appropriate):

- (a) the publication of this joint announcement on the website of the Stock Exchange;
- (b) the trading of the Shares not having been suspended for more than 15 consecutive trading days, save for any temporary suspension required by relevant regulatory authority(ies) in connection with the transactions contemplated under the Share Purchase Agreement or other matters related thereto;
- (c) the listing status of the Shares not having been cancelled or withdrawn, and there being no indication from the Stock Exchange or the SFC to suspend, cancel or withdraw the trading of the Shares on the Stock Exchange or to oppose the continuing listing status of the Shares after Completion;
- (d) the Vendor remaining the beneficial and (if the Sale Shares are registered in the Vendor's name) registered owner of the Sale Shares at Completion with power to procure the transfer of the Sale Shares to the Offeror by its designated CCASS participant(s) through CCASS (where applicable), free from all Encumbrances and any other third party rights (including but not limited to the existing security interest over the Sale Shares in favour of Prudential Brokerage Limited);
- (e) the warranties, representations and undertakings given by the Vendor and the Guarantors remaining true, accurate and not misleading in all material respects at Completion, as if repeated at Completion and at all times between the date of the Share Purchase Agreement and the Completion Date;
- (f) no material adverse effect on the financial conditions, business, assets or business performance of the Company or its listing status or the transactions contemplated under the Share Purchase Agreement having been or might or is likely to be occurred;

- (g) all necessary agreements, confirmations, permits, approvals, licenses, waivers and authorisations for entering into the Share Purchase Agreement and consummation of the transactions contemplated thereunder have been obtained by the Vendor, the Offeror and the Guarantors (including but not limited to any bank's consent or waiver, agreeing not to enforce any right or remedy under any bank facility provided to the Company in respect of any change of control in the Company as a result of the entering into of the Share Purchase Agreement and the transactions contemplated thereunder);
- (h) no applicable law or regulation might or is likely to prohibit or restrict the transactions contemplated by the Share Purchase Agreement; and
- (i) the Vendor having delivered or procured to be delivered a legal opinion issued by PRC legal advisor(s) in such form and substance to the Offeror's satisfaction, confirming the legality of the transactions contemplated by the Share Purchase Agreement and the validity of the execution of the documents relating thereto.

The Vendor and the Guarantors shall use their best efforts to procure the fulfillment of all the conditions above on or before the Long Stop Date. The Offeror may at its absolute discretion at any time waive in writing all the conditions above either in whole or in part (save for condition (a) above). The Offeror shall not hinder the due fulfillment of the conditions above and shall provide the Vendor with reasonable facilitation if requested.

If any of the conditions above has not been fulfilled by the Vendor and the Guarantors (or waived by the Offeror, as the case may be) on or before the Long Stop Date, the sale and purchase of the Sale Shares contemplated under the Share Purchase Agreement will not be proceeded with and the Vendor shall procure the Deposit be returned to the Offeror unless the non-fulfilment of such condition is, to a material extent, caused by the Offeror in which case the Deposit may be forfeited by the Vendor. As at the date of this announcement, the Vendor and the Offeror have agreed and arranged for the refund of the Deposit to the Offeror.

As at the date of this joint announcement, with respect to condition (h), none of the parties to the Share Purchase Agreement is aware of any applicable law or regulation which might or is likely to prohibit or restrict the transactions contemplated by the Share Purchase Agreement, and with respect to other conditions, save for conditions (a) and (g) none of the above conditions has been fulfilled.

Completion

Subject to the conditions precedent under the Share Purchase Agreement as set out in the subsection headed “SHARE PURCHASE AGREEMENT – Conditions” in this joint announcement above being satisfied or waived, Completion is expected to take place on Completion Date (or such other date as may be agreed in writing among the parties to the Share Purchase Agreement).

POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER

As at the date of this joint announcement, the Offeror and parties acting in concert with it do not hold, own, control or have direction over any Shares or voting rights of the Company or any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code). Immediately after Completion, the Offeror and parties acting in concert with it will be interested in 300,740,000 Shares, representing approximately 69.46% of the entire issued share capital of the Company (assuming no change to the issued share capital of the Company from the date of this joint announcement to the date of Completion).

Pursuant to Rule 26.1 of the Takeovers Code, subject to and upon Completion, the Offeror will be required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror and/or parties acting in concert with it). As the Company’s primary listing is not on the Singapore Exchange and as it is not a Singapore incorporated public company, the Singapore Takeovers Code will not apply.

As at the date of this joint announcement, the Company has 432,948,000 Shares in issue. The Company does not have any outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

Principal terms of the Offer

Subject to and upon Completion, First Capital, on behalf of the Offeror and in compliance with the Takeovers Code, will make the Offer on the terms to be set out in the Composite Document to be issued in accordance with the Takeovers Code on the following basis:

For each Offer ShareHK\$0.8 in cash

The Offer Price of HK\$0.8 per Offer Share is equal to the purchase price per Sale Share payable by the Offeror under the Share Purchase Agreement. The purchase price per Sale Share was arrived at after arm's length negotiations between the Vendor and the Offeror with reference to the recent prices of the Shares traded on the Stock Exchange, the financial conditions of the Group and the current market conditions. The Offer Shares to be acquired under the Offer shall be fully paid and free from all Encumbrances and together with all rights attaching to them, including all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of the despatch of the Composite Document.

The Offer will also be open for acceptance by Independent Shareholders whose Shares are traded on the Singapore Stock Exchange, and a copy of this joint announcement is available on the website of the Singapore Stock Exchange at www.sgx.com.

Comparisons of value

The Offer Price of HK\$0.8 per Offer Share represents:

- (a) a premium of approximately 23.08% to the closing price of HK\$0.650 per Share as quoted on the Stock Exchange on 26 June 2019, being the Last Trading Day;
- (b) a premium of approximately 25.00% to the average closing price of approximately HK\$0.640 per Share as quoted on the Stock Exchange for the 5 consecutive trading days immediately prior to and including the Last Trading Day;
- (c) a premium of approximately 24.42% to the average closing price of approximately HK\$0.643 per Share as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;

- (d) a premium of approximately 19.76% to the average closing price of approximately HK\$0.668 per Share as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day; and
- (e) a discount of approximately 52.04% to the audited consolidated net asset value attributable to Shareholders as at 31 December 2018 of approximately HK\$1.668 (which was calculated by dividing the sum of the audited consolidated net asset value attributable to Shareholders as at 31 December 2018 (being the date to which the latest audited financial statements of the Company were made up) of approximately RMB639.1 million (equivalent to approximately HK\$722.2 million) by 432,948,000 Shares in issue as at the date of this joint announcement).

Highest and lowest Share prices

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the six-month period ended on the Last Trading Day were HK\$0.84 per Share on 29 January 2019 and HK\$0.465 per Share on 4 January 2019, respectively.

Value of the Offer

As at the date of this joint announcement, there are 432,948,000 Shares in issue. Based on the Offer Price of HK\$0.8 per Offer Share, the entire issued share capital of the Company is valued at HK\$346,358,400 and the Offer Shares are valued at HK\$105,766,400. Assuming the Offer is accepted in full by the Independent Shareholders and based on 132,208,000 Offer Shares, the total amount of cash required to effect the Offer in full will be HK\$105,766,400.

Confirmation of financial resources

The Offeror shall finance and satisfy the consideration payable under the Share Purchase Agreement with the SPA Facility. The Offeror intends to finance and satisfy the consideration payable under the Offer in full with the Offer Facility.

Donvex Capital, being the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are available to the Offeror to satisfy the amount of funds required for the Share Purchase Agreement and full acceptance of the Offer.

Effect of accepting the Offer

By accepting the Offer, the Independent Shareholders will sell their Shares to the Offeror free from all Encumbrances and together with all rights attaching to them, including all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of despatch of the Composite Document.

Stamp duty

The seller's Hong Kong ad valorem stamp duty on acceptance of the Offer at a rate of 0.1% of the consideration payable in respect of the relevant acceptance by the Independent Shareholder or if higher, the value of the Offer Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong), will be deducted from the amount payable to the Independent Shareholder who accepts the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Independent Shareholder who accepts the Offer. The Offeror will bear the buyer's ad valorem stamp duty.

Stamp duty and transfer fees (if any) resulting from acceptances of the Offer by Independent Shareholders whose Shares are traded on the Singapore Stock Exchange will be paid by the Offeror.

Payment

Payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event within seven business days (as defined in the Takeovers Code) of the date on which the duly completed acceptance of the Offer and the relevant documents of title in respect of such acceptance are received by the Offeror (or the branch share registrar and transfer office of the Company in Hong Kong, the share transfer agent of the Company in Singapore, or The Central Depository (Pte) Limited of Singapore) (as the case may be) to render each such acceptance complete and valid.

Taxation advice

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with the Offeror, the Company, Donvex Capital and their respective ultimate beneficial owner(s), directors, officers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

Overseas Shareholders

The Offer will be in respect of securities of a company incorporated in Bermuda and will be subject to the procedural and disclosure requirements of Hong Kong and Singapore, which may be different from other jurisdictions.

The availability of the Offer to any Overseas Shareholders may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas Shareholders should observe any applicable legal and regulatory requirements and, where necessary, consult their own professional advisers. It is the responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders in respect of such jurisdictions). If any Overseas Shareholder is in any doubt about his position, he should consult his professional adviser in the relevant jurisdiction.

INFORMATION ON THE COMPANY AND THE GROUP

The Company is incorporated in Bermuda with limited liability and its Shares are primarily listed on the Main Board of the Stock Exchange and secondarily listed on the Main Board of the Singapore Stock Exchange. A copy of this joint announcement will be made on SGXNET and available on the website of the Singapore Stock Exchange at www.sgx.com and the Offer will be extended to Independent Shareholders whose Shares are traded on the Singapore Stock Exchange.

The Group is principally engaged in production and trading of food products and breeding and sale of livestock, poultry and rabbits.

Set out below is a summary of certain audited consolidated financial information of the Company for the financial years ended 31 December 2017 and 2018 extracted from its annual reports for the years ended 31 December 2017 and 2018:

	For the year ended	
	31 December	
	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	1,403,673	1,335,667
Profit/(Loss) before taxation	7,053	(9,464)
Profit/(Loss) for the year	5,713	(12,754)
	As at 31 December	
	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
Consolidated net asset value attributable to owners of the Company	639,071	635,060

INFORMATION ON THE OFFEROR

The Offeror is an investment holding company incorporated in the British Virgin Islands with limited liability on 6 July 2018. As at the date of this joint announcement, the Offeror is wholly owned by Eternal Myriad Limited, an investment holding company incorporated in the British Virgin Islands with limited liability on 10 August 2018, which is beneficially and ultimately wholly-owned Mr. Wu Jiming (吳繼明) (“**Mr. Wu**”). The sole director of the Offeror is Mr. Peng Haochen (彭浩宸) (“**Mr. Peng**”), who is the assistant to Mr. Wu and the sole director of Eternal Myriad Limited.

Mr. Wu, age 59, has approximately 20 years of experience in the areas of chemical industry, financial services and media industry in the PRC.

Mr. Wu is the controlling shareholder and the chairman of the board of directors of Shanxi Light Industry Plastic Company Limited* (山西輕工塑膠有限公司) since 2001 whose principally engages in the distribution of plastic chemical products, plastic chemical raw materials and metal materials. He is also a director of Shanxi Radio, Film and Television New Media Company Limited* (山西廣電新媒體有限公司) since 2011 whose principally engages in providing services in internet protocol television, digital terrestrial television, mobile television and internet audio-visual programming.

Being an investor in different industries, Mr. Wu always looks for any potential investment opportunity in the market. He realised that the living pace of the people in PRC is fast. Instead of spending time in consuming food in the wet market, people would buy processed and/or frozen food in supermarket which are safe and nutrients. Mr. Wu is of the view that the growth of the market of the processed and/or frozen food products is substantial as long as people in PRC have a busy city life nowadays. Having considered the above reasons, Mr. Wu is of the view that the acquisition of the Sale Shares would allow him to enter into the market of consumable food products with the production plant and distribution channel readily available for the development of the processed and/or frozen food market. As Mr. Wu is aware that he may not have relevant experience in the processed and/or food market, he intends to retain the Directors, the management and experienced staff of the Group to leverage on their expertise in food processing industry to support the operation of the Group upon Completion.

Mr. Wu and Mr. Peng have not held any directorships in any publicly listed companies in the three years preceding the date of this joint announcement.

As at the date of this joint announcement, none of the Offeror and parties acting in concert with it owns any Shares, convertible securities, options, warrants or derivatives in the Company or any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) and all of them are third parties independent of the Group and its connected persons.

Dealing and interests in the Company's securities

Save for the sale and purchase of the Sale Shares pursuant to the Share Purchase Agreement, none of the Offeror, its ultimate beneficial owner(s), nor parties acting in concert with any of them has dealt in any Shares, options, derivatives, warrants or other securities convertible into Shares during the six-month period prior to the date of immediately preceding 29 January 2019 (being the date of commencement of the offer period pursuant to Rule 3.7 of the Takeovers Code) and up to the date of this joint announcement.

As at the date of this joint announcement, the Offeror and parties acting in concert with it have not entered into any arrangements or contracts in relation to the derivatives in respect of securities in the Company nor have any of them borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

As at the date of this joint announcement, save for the sale and purchase of the Sale Shares pursuant to the Share Purchase Agreement, the Offeror and parties acting in concert with it do not hold, own or control any Shares, options, derivatives, warrants or other securities which may confer rights to the Offeror and parties acting in concert with it to subscribe for, convert or exchange into Shares.

Shareholding structure of the Company

The table below sets out the shareholding structure of the Company (i) as at the date of this joint announcement; and (ii) immediately after Completion (assuming there is no change in the issued share capital or shareholding structure of the Company).

Shareholders	(i) As at the date of this joint announcement		(ii) Immediately after Completion but before the Offer is made	
	<i>Approximate</i>		<i>Approximate</i>	
	<i>Number of shares</i>	<i>% of the interest held (Note)</i>	<i>Number of shares</i>	<i>% of the interest held</i>
The Vendor	300,740,000	69.46	—	—
The Offeror and parties acting in concert with it	—	—	300,740,000	69.46
Public Shareholders	132,208,000	30.54	132,208,000	30.54
Total	<u>432,948,000</u>	<u>100.00</u>	<u>432,948,000</u>	<u>100.00</u>

Other arrangements

The Offeror confirms that as at the date of this joint announcement:

- (i) the Offeror, its ultimate beneficial owner(s), and/or parties acting in concert with any of them have not received any irrevocable commitment to accept the Offer;
- (ii) there is no outstanding derivative in respect of securities in the Company which has been entered into by the Offeror, its ultimate beneficial owner(s) and/or any person acting in concert with any of them;
- (iii) save for the SPA Facility and the Offer Facility, there is no arrangement (whether by way of option, indemnity or otherwise) of any kind in relation to the shares of the Offeror or the Shares and which may be material to the Offer (as referred to in Note 8 to Rule 22 of the Takeovers Code);
- (iv) save for the sale and purchase of the Sale Shares pursuant to the Share Purchase Agreement, none of the Offeror, its ultimate beneficial owner(s) and/or parties acting in concert with any of them owns or has any control or direction over any voting rights or rights over the Shares or convertible securities, options, warrants or derivatives in respect of such securities of the Company;
- (v) other than the Share Purchase Agreement, the SPA Facility and the Offer Facility, there is no agreement or arrangement to which the Offeror, its ultimate beneficial owner(s) and/or parties acting in concert with any of them is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer; and
- (vi) there are no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror, its ultimate beneficial owner(s), and/or any person acting in concert with any of them has borrowed or lent.

Pursuant to the arrangements under the SPA Facility and the Offer Facility, the Offeror shall charge all the Sale Shares and other securities unrelated to the Company (the “**Charged Shares**”) in favour of First Capital Finance Ltd. if the SPA Facility and the Offer Facility are drawn by the Offeror to satisfy the consideration payable under the Share Purchase Agreement and under the Offer in full. Such arrangements will not result in a change of the voting rights of the Company before the enforcement of the relevant charges. As at the date of this joint announcement, the possibility of the enforcement of any relevant charges is low. The Charged Shares shall be released to the Offeror immediately upon full repayment of all the outstanding amounts of the SPA Facility and the Offer Facility and the interests thereon.

The Vendor, the Offeror and Mr. Wu confirmed that:

- (i) apart from the consideration for the Sale Shares, there is no other consideration, compensation or benefit in whatever form paid or to be paid by the Offeror and/or parties acting in concert with it to the Vendor and/or parties acting in concert with it;
- (ii) save for the Share Purchase Agreement, there are no understanding, arrangement, agreement or special deal between the Offeror and/or parties acting in concert with it on the one hand, and any of the Vendor and/or parties acting in concert with it; and
- (iii) there are no understanding, arrangement or special deal between (1) any Shareholder; and (2) (a) the Offeror and/or parties acting in concert with it, or (b) the Company, its subsidiaries or associated companies.

FUTURE INTENTIONS OF THE OFFEROR REGARDING THE GROUP

Immediately following the Completion, the Offeror will become the controlling shareholder of the Company. It is the intention of the Offeror that the Group will continue with its existing principal businesses after the close of the Offer and will maintain the listing status of the Company on the Stock Exchange and the Singapore Stock Exchange. The existing principal business of the Group includes production and trading of food products and breeding and sale of livestock, poultry and rabbits. The Offeror will conduct a review on the existing principal businesses and the financial position of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. In this regard, the Offeror may look into business opportunities and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Company. Should such corporate actions materialise, further announcement(s) will be made in accordance with the Listing Rules as and when appropriate.

Save for the Offeror's intention regarding the Group as set out above, the Offeror has no intention to (i) discontinue the employment of any employees of the Group (save for changes in the composition of the board of directors of the Group as set out below); or (ii) re-deploy the fixed assets of the Group other than those in its ordinary and usual course of business.

Proposed change of Board composition

As at the date of this joint announcement, the Board comprises Mr. Fang Yu (Chief Executive Officer and Chairman), Mr. An Fengjun, Mr. Gao Yanxu, Mr. Luo Zhenwu, Mr. Wang Yuan and Mr. Li Wei as executive Directors, and Mr. Lau Choon Hoong, Mr. Song Xuejun and Mr. Lu Zhiwen as independent non-executive Directors.

The Offeror did not propose to nominate any new Directors to the Board. Meanwhile, the Offeror has no present intention to make any change to the composition of the Board as at the date of this joint announcement.

PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror intends to maintain the listing of the Shares on the Main Board of the Stock Exchange and on the Singapore Stock Exchange after the close of the Offer. In the event that the public float of the Company falls below 25% following the close of the Offer, the director of the Offeror will undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares following the close of the Offer.

If, upon closing of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25%, of the issued Shares are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, the Stock Exchange may exercise its discretion to suspend trading in the Shares. In such event, trading in the Shares on the Singapore Stock Exchange may also be suspended.

DEALINGS DISCLOSURE

In accordance with Rule 3.8 of the Takeovers Code, associates of the Company or the Offeror (including persons holding, owning or controlling 5% or more of any class of relevant securities of the Company or the Offeror) are reminded to disclose their dealings in the securities of the Company pursuant to the Takeovers Code.

The full text of Note 11 of Rule 22 of the Takeovers Code is reproduced below pursuant to Rule 3.8 of the 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 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.”

ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee, comprising all independent non-executive Directors, namely, Mr. Lau Choon Hoong, Mr. Song Xuejun and Mr. Lu Zhiwen, has been formed to advise the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

Messis Capital Limited has been appointed by the Company with the approval of the Independent Board Committee as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer and, in particular, as to whether the Offer is, or is not, fair and reasonable and as to acceptance of the Offer.

COMPOSITE DOCUMENT

Pursuant to Rule 8.2 of the Takeovers Code, the Offeror is required to despatch an offer document containing the terms of the Offer, together with the relevant form(s) of acceptance and transfer, to the Shareholders within 21 days after the date of this joint announcement, or such later date as the Executive may approve. If Completion does not take place within the 21-day period, the Offeror will apply to the Executive for a waiver pursuant to Note 2 to Rule 8.2 of the Takeovers Code.

If the Offer materialises, it is the intention of the Offeror and the Company to combine the offer document and the offeree board circular into the Composite Document. Accordingly, the Composite Document containing, among other things, (i) the details of the Offer (including the expected timetable and terms of the Offer); (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Offer; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in relation to the Offer, together with the relevant form(s) of acceptance and transfer, will be issued and despatched by the Offeror and the Company jointly to the Shareholders (including those whose Shares are traded on the Singapore Stock Exchange) in accordance with the Takeovers Code, within 21 days from the date of this joint announcement or such later date as the Executive may approve. The Independent Shareholders are encouraged to read the Composite Document carefully, including the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the letter of recommendation from the Independent Board Committee to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer, before deciding whether or not to accept the Offer. Further announcement(s) will be made when the Composite Document is despatched.

RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange and on the Singapore Stock Exchange was halted with effect from 9:00 a.m. on 27 June 2019 pending the release of this joint announcement and application has been made by the Company for resumption of trading in the Shares on the Stock Exchange and on the Singapore Stock Exchange with effect from 9:00 a.m. on 3 July 2019.

WARNING

The making of the Offer is subject to Completion taking place, which in turn is conditional on the fulfilment of the conditions precedent or waiver thereof as appropriate. Accordingly, the Offer may or may not be made, and the issue of this joint announcement does not imply that the Offer will be made or will be completed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares during the Offer Period. If the Shareholders and potential investors are in any doubt about their position, they should consult their stockbroker, bank manager, solicitor or other professional advisers.

DEFINITION

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

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associate”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday, Sunday, public holidays and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed commercial banks in Hong Kong are open for business
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“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”	completion of the sale and purchase of the Sale Shares pursuant to the Share Purchase Agreement

“Completion Date”	the date on which Completion takes place, being the third Business Day immediately after all conditions precedent are fulfilled or waived in accordance with the terms and conditions of the Share Purchase Agreement (or such other date as the parties thereto shall agree in writing)
“Composite Document”	the composite offer and response document proposed to be jointly issued by or on behalf of the Offeror and the Company to the Shareholders in accordance with the Takeovers Code in respect of the Offer containing, among other things, the details of the Offer (accompanied by the acceptance and transfer forms) and the respective letters of advice from the Independent Financial Adviser and the Independent Board Committee
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Deposit”	the deposit of (i) HK\$40,000,000 which has been paid by the Offeror to the Offeror’s solicitors upon signing of a memorandum of understanding dated 25 January 2019; and (ii) HK\$160,000,000 which has been paid by the Offeror to the Offeror’s solicitors upon signing of an extension agreement dated 3 May 2019, in respect of the sale and purchase of the Sale Shares entered into among the Vendor and the Offeror
“Director(s)”	the director(s) of the Company
“Donvex Capital”	Donvex Capital Limited, a licensed corporation permitted to carry out Type 6 (advising on corporate finance) regulated activity as defined under the SFO, which is the financial adviser to the Offeror in respect of the Offer

“Encumbrances”	any mortgage, charge, pledge, lien (otherwise than arising by statute or operation of law), hypothecation or other encumbrance, priority or security interest or other third party right, deferred purchase, title retention, leasing, sale-and-repurchase or sale-and-leaseback or trust arrangement whatsoever over or in any property, assets or rights of whatsoever nature and includes any agreement for any of the same
“Executive”	Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Group”	the Company and its subsidiaries
“Guarantors”	Mr. Jia Tianjiang (賈天將) and NingXia Tianyuan Manganese Industry Co., Ltd.
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board, comprising all independent non-executive Directors, formed to advise the Independent Shareholders in respect of the Offer
“Independent Financial Adviser”	Messis Capital Limited, a licensed corporation to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, who has been appointed as the independent financial adviser with the approval by the Independent Board Committee to advise the Independent Board Committee in respect of the Offer
“Independent Shareholders”	Shareholders other than the Offeror and parties acting in concert with it
“Last Trading Day”	26 June 2019, being the last trading day of the Shares immediately prior to the suspension of trading in the Shares on the Stock Exchange and on the Singapore Stock Exchange pending the publication of this joint announcement

“Listing Rules”	the Rules Governing the Listing of Securities on the SEHK
“Long Stop Date”	4:00 p.m. on 31 August 2019 or such other date as parties to the Share Purchase Agreement may agree in writing
“Offer”	the possible mandatory unconditional cash offer to be made by First Capital for and on behalf of the Offeror for all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror and/or parties acting in concert with it) pursuant to Rule 26.1 of the Takeovers Code
“Offer Facility”	a loan facility of up to HK\$140,000,000 granted by First Capital Finance Ltd. to the Offeror to finance the amount payable upon acceptance of the Offer
“Offer Period”	has the meaning ascribed to it under the Takeovers Code and has commenced from 29 January 2019, being the date of commencement of the offer period pursuant to Rule 3.7 of the Takeovers Code
“Offer Price”	the price at which the Offer will be made, being HK\$0.8 per Offer Share
“Offer Share(s)”	Share(s) other than those already owned and/or agreed to be acquired by the Offeror and/or parties acting in concert with it

“Offeror”	Zenith Hope Limited, a company incorporated in the British Virgin Islands with limited liability on 6 July 2018
“Overseas Shareholder(s)”	Independent Shareholder(s) whose addresses, as shown on the register of members of the Company, are outside Hong Kong
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan for the purpose of this joint announcement
“First Capital”	First Capital Securities Limited, a licensed corporation permitted to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
“Sale Shares”	an aggregate of 300,740,000 Shares beneficially owned by the Vendor immediately before Completion, representing approximately 69.46% of the entire issued share capital of the Company as at the date of this joint announcement
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.25 each in the share capital of the Company
“Share Purchase Agreement”	the share purchase agreement dated 26 June 2019 entered into among the Vendor and the Offeror in respect of the Sale Shares
“Shareholder(s)”	holder(s) of the issued Share(s)
“Singapore Exchange”	The Singapore Exchange Securities Trading Limited

“Singapore Takeovers Code”	The Singapore Code on Take-overs and Mergers
“SPA Facility”	a loan facility of up to HK\$260,000,000 granted by First Capital Finance Ltd. to the Offeror to finance the consideration payable under the Share Purchase Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers published by the SFC, as amended, supplemented or otherwise modified from time to time
“Vendor”	Tian Yuan Manganese Limited* (天元錳業有限公司) (formally known as China Tian Yuan Manganese Limited* (中國天元錳業有限公司)), a company incorporated in the Cayman Islands with limited liability on 5 January 2015 and directly wholly owned by Ningxia Tianyuan Manganese Industry Co., Ltd.* (寧夏天元錳業集團有限公司) (formerly known as Ningxia Tianyuan Manganese Industry Co., Ltd.* (寧夏天元錳業有限公司)) which is one of the Guarantors and is controlled by Mr. Jia Tianjiang, the other Guarantor
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

Unless stated otherwise, in this joint announcement, amounts denominated in RMB have been translated into HK\$ at the exchange rate of RMB1.00 to HK\$1.13. No representation is made that the HK\$ amounts could have been or could be converted into RMB at such rate or any other rate or at all. Certain amounts and percentage figures in this joint announcement have been subject to rounding adjustments.

By order of the Sole Director
Zenith Hope Limited
Peng Haochen
Sole Director

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

Hong Kong, 2 July 2019

As at the date of this joint 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 joint announcement (other than the information relating to the Offeror, its associates and/or parties acting in concert with any of them), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than the opinions expressed by the Offeror, its associates and/or parties acting in concert with any of them) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement contained in this joint announcement misleading.

As at the date of this joint announcement, the Offeror is wholly owned by Eternal Myriad Limited, which is beneficially and ultimately wholly-owned by Mr. Wu Jiming (吳繼明). The sole director of the Offeror is Mr. Peng Haochen (彭浩宸).

The sole director of the Offeror, Mr. Peng Haochen (彭浩宸), and Mr. Wu Jiming (吳繼明) jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Group), and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this joint announcement (other than the opinion expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement contained in this joint announcement misleading.

The English text of this joint announcement shall prevail over its Chinese text in case of inconsistency.

* for identification purposes only