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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 (Primary Listing): 834)

(Singapore Stock Code (Secondary Listing): P74)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent

Wanhai Securities (HK) Limited

THE PLACING

On 25 June 2024 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent has conditionally agreed, as agent of the Company, to procure, on a best effort basis, not less than six Placees who and whose ultimate beneficial owners and parties acting in concert with them shall be Independent Third Parties to subscribe for a maximum of 86,589,600 Placing Shares at the Placing Price of HK\$0.25 per Placing Share.

The Placing Shares represent: (a) 20.00% of the total number of existing issued Shares as at the date of this announcement; and (b) approximately 16.67% of the total number of issued Shares as enlarged by the allotment and issue of the Placing Shares (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the Completion Date other than the issue of the Placing Shares).

The Placing Price of HK\$0.25 per Placing Share represents (i) a premium of approximately 25.00% to the closing price of HK\$0.200 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a premium of approximately 23.15% to the average closing price of approximately HK\$0.203 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately preceding the date of the Placing Agreement.

Assuming that all Placing Shares are placed, the gross proceeds from the Placing are expected to be approximately HK\$21.6 million, and the net proceeds from the Placing (after deduction of the placing commission in respect of the Placing and other related expenses including, among others, the professional fees) are expected to be approximately HK\$21.5 million, representing a net issue price of approximately HK\$0.249 per Placing Share.

The Placing Shares will be allotted and issued pursuant to the General Mandate and is not subject to further Shareholders' approval. An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

WARNING

As Completion is conditional upon fulfilment of the Conditions set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

On 25 June 2024 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent has conditionally agreed, as agent of the Company, to procure, on a best effort basis, not less than six Placees who and whose ultimate beneficial owners and parties acting in concert with them shall be Independent Third Parties to subscribe for a maximum of 86,589,600 Placing Shares at the Placing Price of HK\$0.25 per Placing Share.

The principal terms and conditions of the Placing Agreement are as follows:

Date

25 June 2024 (after trading hours)

Parties

- (1) the Company; and
- (2) the Placing Agent.

The Placing Agent

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

Pursuant to the terms of the Placing Agreement, the Placing Agent will receive a placing fee of HK\$100,000 in accordance with the Placing Agreement.

The placing commission in respect of the Placing was negotiated on arm's length basis between the Company and the Placing Agent and was determined with reference to, among other things, the prevailing commission rate charged on the market, the size of the Placing and the price performance of the Shares.

The Directors consider that the placing commission in respect of the Placing is fair and reasonable based on current market conditions.

Number of the Placing Shares

The Placing Agent has conditionally agreed to act as agent of the Company to procure, on a best effort basis, not less than six Placees who and whose ultimate beneficial owners and parties acting in concert with them shall be Independent Third Parties to subscribe for up to 86,589,600 new Shares at the Placing Price (excluding brokerage, the SFC transaction levy, the Accounting and Financial Reporting Council transaction levy, the Stock Exchange trading fee and stamp duty (if any)), upon the terms and subject to the conditions set out in the Placing Agreement.

The Placing Shares represent: (a) 20.00% of the total number of existing issued Shares as at the date of this announcement; and (b) approximately 16.67% of the total number of issued Shares as enlarged by the allotment and issue of the Placing Shares (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the Completion Date other than the issue of the Placing Shares).

Rights of the Placing Shares

The Placing Shares will rank pari passu in all respects among themselves and with the other existing Shares upon issuance.

Placees

The Placing Shares are expected to be placed to not less than six Placees, who and whose respective ultimate beneficial owners and parties acting in concert with them are Independent Third Parties.

Upon Completion, it is expected that none of the Placees will become a substantial shareholder (as defined under the Listing Rules) of the Company.

Placing Price

The Placing Price is HK\$0.25 per Placing Share and represents:

- (i) a premium of approximately 25.00% to the closing price of HK\$0.200 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a premium of approximately 23.15% to the average closing price of approximately HK\$0.203 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately preceding the date of the Placing Agreement.

The net Placing Price (after deducting the costs and expenses of the Placing) is approximately HK\$0.249 per Placing Share. Based on a nominal value of HK\$0.25 per Share, the aggregate nominal value of the Placing Shares is HK\$21,647,400.

The Placing Price was negotiated on an arm's length basis between the Company and the Placing Agent after taking into account factors including the recent market price of the Shares and current market conditions.

Conditions of the Placing

The Completion is conditional upon the satisfaction of the following Conditions:

- (a) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the Placing Shares on the Stock Exchange (and such listing approval not subsequently being revoked prior to the Completion);
- (b) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained; and
- (c) the Placing Agreement not having been terminated in accordance with the terms of the Placing Agreement.

All of the Conditions are incapable of being waived. In the event any of the Conditions is not fulfilled on or before 24 July 2024 (or such later date as may be agreed between the Company and the Placing Agent in writing), all rights, obligations and liabilities of the parties hereto shall cease and terminate, and none of the parties to the Placing Agreement shall have any claim against the other save for any antecedent breach of any right or obligation under the Placing Agreement prior to such termination.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Placing Shares.

Completion

The completion of the Placing shall take place within three (3) Business Days after the day on which the Conditions as set out in the paragraph headed "**Conditions of the Placing**" above are fulfilled (or another time or date as the Company and the Placing Agent shall agree in writing).

Termination

The Placing Agent may terminate the Placing Agreement, by giving a written notice to the Company, at any time prior to the Completion Date, provided that such notice is received prior to 8:00 a.m. on the Completion Date, if there develops, occurs or comes into force the following:

- (i) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of the Placing Agreement) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or which may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the Placing Agent's absolute opinion would adversely affect the success of the Placing; or
- (ii) the imposition of any moratorium, suspension (for more than seven (7) trading days) or restriction on trading in the securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which in the Placing Agent's absolute opinion, would adversely affect the success of the Placing; or
- (iii) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group, and if in the Placing Agent's absolute opinion, any such new law or regulation or change may adversely affect the business or financial prospects of the Group and/or the success of the Placing; or
- (iv) any litigation or claim being instigated against any member of the Group, which has or may have an adverse effect on the business or financial position of the Group and which in the Placing Agent's absolute opinion, would adversely affect the success of the Placing; or
- (v) any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole; or
- (vi) any breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Completion Date which if had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect or there has been a breach by the Company of any other provision of the Placing Agreement; or

(vii) there is any material change (whether or not forming part of a series of changes) in market conditions which in the absolute opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.

Upon termination of the Placing Agreement, the Placing Agreement shall thereupon cease to have effect, and none of the parties shall have any rights or claims by reason thereof save for any rights or obligations which may accrue under the Placing Agreement prior to such termination.

GENERAL MANDATE TO ISSUE THE PLACING SHARES

As disclosed in the Company's poll results announcement dated 21 June 2023, the grant of the General Mandate was approved by the Shareholders at the annual general meeting of the Company held on 21 June 2023. Under the General Mandate, the Company is authorized to allot and issue up to 86,589,600 new Shares. As of the date of this announcement, no new Share has been allotted and issued under the General Mandate. The Placing Shares will be allotted and issued pursuant to the General Mandate and is not subject to further Shareholders' approval.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in the production and sales of foods.

Assuming that all Placing Shares are placed, the gross proceeds from the Placing are expected to be approximately HK\$21.6 million, and the net proceeds from the Placing (after deduction of the placing commission in respect of the Placing and other related expenses including, among others, the professional fees) are expected to be approximately HK\$21.5 million, representing a net issue price of approximately HK\$0.249 per Placing Share.

The Company intends to apply the net proceeds from the Placing for the provision of general working capital. The Directors consider that the Placing represents an opportunity to raise additional funding to support the business development and operations of the Group, including but not limited to implementing the Group's business projects, as well as strengthening the Group's financial position, and enlarging Shareholders' base of the Company which may in turn enhance the liquidity of the Shares.

The Board has considered other alternative fund-raising methods such as debt financing, rights issue or open offer. The Board considered that debt financing, amidst the current high interest rate environment, may incur undue interest burden on the Group and may be subject to lengthy due diligence and negotiations with the banks given the Group's financial position and the then financial market condition and hence the entire process may be relatively uncertain and time-consuming. On the other hand, a rights issue or open offer may also involve relatively substantial time and cost to complete. Hence, after duly considered relevant market and other factors pertinent to the Company, the Board considers the equity financing through issue of new Shares under the General Mandate to be most appropriate fund-raising option for the Company at this juncture.

The Directors consider that the Placing Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Placing Agent, and the terms of the Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon the Completion (assuming that all of the 86,589,600 Placing Shares will be placed in full and there will be no change in the issued share capital of the Company between the date of this announcement and the Completion) are set out below:

Shareholders	(i) As at the date of this announcement		(ii) Immediately upon the Completion	
	<i>Number of Shares</i>	<i>Approximate % of the interest held</i>	<i>Number of Shares</i>	<i>Approximate % of the interest held</i>
ZENITH HOPE LIMITED				
<i>(Note 1)</i>	324,708,066	75.00	324,708,066	62.50
The Places	–	–	86,589,600	16.67
Other Public Shareholders	<u>108,239,934</u>	<u>25.00</u>	<u>108,239,934</u>	<u>20.83</u>
Total	<u><u>432,948,000</u></u>	<u><u>100.00</u></u>	<u><u>519,537,600</u></u>	<u><u>100.00</u></u>

Note:

- Information was provided by substantial shareholder

EQUITY FUND-RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company had not conducted any equity fund-raising activities during the past twelve (12) months immediately preceding the date of this announcement.

WARNING

As Completion is conditional upon fulfilment of the Conditions set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

DEFINITION

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

“Board”	the board of Directors
“Business Day(s)”	any day (excluding Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“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 Exchange (Stock Code: P74)
“Completion”	the completion of the Placing in accordance with the terms and conditions of the Placing Agreement
“Completion Date”	within three (3) Business Day after the fulfillment of the Conditions (or such other date and time as the Company and the Placing Agent may agree in writing)
“Condition(s)”	the conditions precedent set out in the Placing Agreement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules

“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors pursuant to an ordinary resolution of the Company passed at the Company’s annual general meeting held on 21 June 2023 to allot, issue and otherwise deal with up to 20% of the then total number of issued Shares
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons and not acting in concert with any of the connected persons of the Company
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on Main Board of the Stock Exchange
“Placees”	any person or entity procured by the Placing Agent or its agent(s) to subscribe for any Placing Shares pursuant to the Placing Agreement
“Placing”	the placing, on a best effort basis, of up to 86,589,600 Placing Shares on and subject to the terms and conditions set out in the Placing Agreement
“Placing Agent”	Wanhai Securities (HK) Limited, a licensed corporation to carry out businesses in Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement dated 25 June 2024 (after trading hours) entered into between the Company and the Placing Agent in relation to the Placing

“Placing Price”	HK\$0.25 per Placing Share (exclusive of any brokerage, the SFC transaction levy, the Accounting and Financial Reporting Council transaction levy, the Stock Exchange trading fee and stamp duty as may be payable)
“Placing Share(s)”	a total of up to 86,589,600 new Shares to be placed pursuant to the Placing Agreement and to be issued under the General Mandate, each a “ Placing Share ”
“PRC”	The People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.25 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Singapore Exchange”	The Singapore Exchange Securities Trading Limited
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

By order of the Board
China Kangda Food Company Limited
Lang Ying
Executive Director

Hong Kong and Singapore, 25 June 2024

As at the date of this announcement, the Executive Directors are Ms. Lang Ying, Mr. Gao Yanxu and Mr. An Fengjun; and the Independent Non-Executive Directors are Mr. Hua Shi, Ms. Li Ying and Mr. Wang Cheng.