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中糧家佳康食品有限公司
COFCO Joycome Foods Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01610)

**(1) CONNECTED TRANSACTION IN RELATION TO THE
SUBSCRIPTION OF SHARES UNDER SPECIFIC MANDATE;
AND
(2) APPLICATION FOR WHITEWASH WAIVER**

Financial Adviser to the Company



**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**



**CONNECTED TRANSACTION IN RELATION TO THE SUBSCRIPTION OF SHARES
UNDER SPECIFIC MANDATE**

On 11 January 2023 (after trading hours), the Company and the Subscriber entered into the Share Subscription Agreement, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, 680,000,000 Subscription Shares at the Subscription Price of HK\$2.30 per Subscription Share for a total consideration of HK\$1,564,000,000 in cash.

680,000,000 Shares will be issued at the Subscription Price per Subscription Share under the Share Subscription, which represents:

- (a) approximately 17.43% of the existing issued share capital of the Company as at the date of this announcement; and
- (b) approximately 14.84% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares immediately after completion of the Share Subscription.

The Subscription Shares shall be allotted and issued pursuant to the Specific Mandate to be sought from the Independent Shareholders at the EGM.

APPLICATION FOR LISTING

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 Subscription Shares.

APPLICATION FOR WHITEWASH WAIVER

As at the date of this announcement, the Subscriber and the parties acting in concert with it hold 1,166,681,782 Shares, representing approximately 29.90% of the issued share capital of the Company. Upon completion of the Share Subscription, the shareholding of the Subscriber and the parties acting in concert with it will increase to approximately 40.30% of the issued share capital of the Company.

As such, under Rule 26.1 of the Takeovers Code, the allotment and issuance of the Subscription Shares under the Share Subscription Agreement to the Subscriber will give rise to an obligation on the part of the Subscriber to make a mandatory general offer for all Shares and other securities of the Company (other than those already owned or agreed to be acquired by the Subscriber and parties acting in concert with it), unless the Whitewash Waiver is granted by the Executive.

The Subscriber will make an application to the Executive (on behalf of itself and parties acting in concert with it) for the Whitewash Waiver from compliance with the obligations to make a mandatory general offer for all Shares and other securities of the Company (other than those already owned or agreed to be acquired by the Subscriber and parties acting in concert with it) under Rule 26.1 of the Takeovers Code as a result of the allotment and issuance of the Subscription Shares to the Subscriber. The Whitewash Waiver, if granted, will be subject to, among other things, the approval by at least 75% of the votes cast by the Independent Shareholders by way of poll in respect of the Whitewash Waiver and more than 50% of the votes cast by the Independent Shareholders by way of poll in respect of the Share Subscription, respectively, at the EGM.

The Subscriber, its associates, and any parties acting in concert with it, and the Shareholders who are involved in or interested in the Share Subscription and/or the Whitewash Waiver, will be required to abstain from voting in respect of the resolution(s) to approve the Share Subscription and the Whitewash Waiver at the EGM.

The Executive may or may not grant the Whitewash Waiver. The Share Subscription will not proceed if the Whitewash Waiver is not granted or approved.

LISTING RULES IMPLICATIONS

The Subscriber is the sole shareholder of Mainfield International Limited, a substantial shareholder of the Company, and is therefore a connected person of the Company. Accordingly, the Share Subscription constitutes a connected transaction on the part of the Company under Chapter 14A of the Listing Rules and will be subject to announcement, reporting and the Independent Shareholders' approval requirements.

ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Pursuant to the Listing Rules and Rule 2.8 of the Takeovers Code, the Independent Board Committee (comprising all the independent non-executive Directors who have no direct or indirect interest in the Share Subscription and the Whitewash Waiver, namely Mr. Fu Tingmei, Mr. Li Michael Hankin and Dr. Ju Jiandong) has been formed to advise the Independent Shareholders on the terms of the Share Subscription and the Whitewash Waiver, and as to voting. As each of Mr. Ma Dewei and Dr. Zhao Wei (each a non-executive Director) holds certain positions in COFCO Corporation (i.e. the parent company of the Subscriber) and its subsidiaries, each of them is therefore not considered as independent for the purpose of giving advice or recommendations to the Independent Shareholders.

Somerley Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, has been appointed with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders on the terms of the Share Subscription and the Whitewash Waiver and to make recommendation as to voting.

GENERAL

The EGM will be convened to consider and, if thought fit, pass the requisite resolutions to approve, among other things: (i) the Share Subscription Agreement (including the transactions contemplated thereunder and the Specific Mandate); and (ii) the Whitewash Waiver.

Resolutions approving the Share Subscription (including the Share Subscription Agreement, the transactions contemplated thereunder and the Specific Mandate) and the Whitewash Waiver will be proposed at the EGM to be approved by the Independent Shareholders. The Whitewash Waiver will be proposed by way of a resolution to be passed by at least 75%, and the Share Subscription (including the Share Subscription Agreement, the transactions contemplated thereunder and the Specific Mandate) will be proposed by way of resolution(s) to be passed by more than 50%, of the votes cast by the Independent Shareholders that are cast either in person or by proxy, respectively, at the EGM. The voting at the EGM will be conducted by way of poll.

CONNECTED TRANSACTION IN RELATION TO THE SUBSCRIPTION OF SHARES UNDER SPECIFIC MANDATE

On 11 January 2023 (after trading hours), the Company and the Subscriber entered into the Share Subscription Agreement, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, 680,000,000 Subscription Shares at the Subscription Price of HK\$2.30 per Subscription Share for a total consideration of HK\$1,564,000,000 in cash. The principal terms of the Share Subscription Agreement are set out below.

Principal terms of the Share Subscription Agreement

Date	11 January 2023
Parties	(a) the Company (as issuer) (b) the Subscriber (as subscriber) As at the date of this announcement, the Subscriber is a connected person of the Company.
Total Subscription consideration	HK\$1,564,000,000
Subscription price per Subscription Share	HK\$2.30
Par value of Subscription Shares	USD680, with a par value of USD0.000001 each

The Subscription Shares

680,000,000 Shares will be issued at the Subscription Price per Subscription Share under the Share Subscription, which represents:

- (a) approximately 17.43% of the existing issued share capital of the Company as at the date of this announcement; and
- (b) approximately 14.84% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares immediately after completion of the Share Subscription.

The Subscription Shares shall be allotted and issued pursuant to the Specific Mandate to be sought from the Independent Shareholders at the EGM.

Ranking

The Subscription Shares, when allotted and issued, shall rank *pari passu* in all respects among themselves and with the Shares in issue.

The Subscription Price

The Subscription Price of HK\$2.30 per Subscription Share represents:

- (a) a discount of approximately 1.71% to the closing price of HK\$2.34 per Share as quoted on the Stock Exchange on the date of the Share Subscription Agreement;
- (b) a discount of approximately 2.13% to the average closing price of HK\$2.35 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Share Subscription Agreement;
- (c) a premium of approximately 4.55% to the average closing price of HK\$2.20 per Share as quoted on the Stock Exchange for the last thirty consecutive trading days immediately prior to the date of the Share Subscription Agreement;
- (d) a premium of approximately 10.05% to the average closing price of HK\$2.09 per Share as quoted on the Stock Exchange for the last sixty consecutive trading days immediately prior to the date of the Share Subscription Agreement;
- (e) a discount of approximately 13.21% to the audited consolidated net asset value per Share attributable to the Shareholders as at 31 December 2021 of approximately HK\$2.65 per Share calculated based on the audited consolidated net asset of the Group attributable to the Shareholders of approximately RMB8,460 million as at 31 December 2021 as extracted from the annual report of the Company for the year ended 31 December 2021 and 3,901,998,323 Shares then in issue (based on the exchange rate of HK\$1:RMB0.8176 as at 31 December 2021 published by the State Administration of Foreign Exchange for illustration purposes); and
- (f) a premium of approximately 2.68% to the unaudited consolidated net asset value per Share attributable to the Shareholders as at 30 June 2022 of approximately HK\$2.24 per Share calculated based on the unaudited consolidated net asset of the Group attributable to the Shareholders of approximately RMB7,486 million as at 30 June 2022 as extracted from the interim report of the Company for the six months ended 30 June 2022 and 3,901,998,323 Shares then in issue (based on the exchange rate of HK\$1:RMB0.85519 as at 30 June 2022 published by the State Administration of Foreign Exchange for illustration purposes).

The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber with reference to (i) the recent and historical market prices of the Shares; (ii) the trading liquidity of the Shares; (iii) market comparable analysis; and (iv) the amount of funds that the Company intends to raise under the Share Subscription.

Conditions precedent

Completion of the Share Subscription is conditional upon satisfaction or (if applicable) waiver of the following conditions:

- (a) the Listing Committee of the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Subscription Shares and such approval and permission remaining in full force and effect;
- (b) the approval by (i) more than 50% of the votes cast by the Independent Shareholders at the EGM in respect of the Share Subscription Agreement and the transactions contemplated thereunder and the Specific Mandate and (ii) at least 75% of the votes cast by the Independent Shareholders at the EGM in respect of the Whitewash Waiver;

- (c) the granting of the Whitewash Waiver by the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code of the obligation on the part of the Subscriber and the parties acting in concert with it to make a mandatory general offer for all the Shares and other securities of the Company (other than those already owned or agreed to be acquired by the Subscriber and its concert parties) as a result of the allotment and issue of Shares pursuant to the Share Subscription, and the Whitewash Waiver remaining in full force and effect;
- (d) the Subscriber having obtained all necessary approval, consents or filings from applicable regulatory authorities in respect of the Share Subscription, including the approval from competent state-owned assets supervision and administration authority in the PRC, and such approval, filings or registration remaining in full force and effect;
- (e) there having been no breach of any terms of the Share Subscription Agreement by the Company in any material respects;
- (f) the representations and warranties given by the Company under the Share Subscription Agreement remaining true, complete and accurate in all material respects and not misleading as at the Completion Date;
- (g) the representations and warranties given by the Subscriber under the Share Subscription Agreement remaining true, complete and accurate in all material respects and not misleading as at the Completion Date;
- (h) there having been no event which may lead to material adverse change to the business, assets, financial conditions and profits of any member of the Group since the date of the Share Subscription Agreement;
- (i) no regulatory authority having implemented or enacted any legislation, regulations or decrees to prohibit the Share Subscription, and no courts with competent jurisdiction having issued any order or injunction prohibiting or preventing the Share Subscription; and
- (j) no dividend or other distribution (whether in cash or in kind) having been declared, made or paid by the Company to the Shareholders between the date of this announcement and the Completion Date without prior written consent of the Subscriber.

As at the date of this announcement, the Company does not intend to declare, pay and/or make any dividend or other distribution between the date of this announcement up to the Completion Date.

The Subscriber shall be entitled to waive any of the conditions as set out in paragraphs (e), (f), (h) and (j) above. The Company shall be entitled to waive any of the condition as set out in paragraph (g) above. The conditions as set out in paragraphs (a) to (d) and (i) are non-waivable. As at the date of this announcement, none of the conditions as set out above has been satisfied or (if applicable) waived.

In the event Completion does not take place on or before the date which is six months after the date of the Share Subscription Agreement (or such other time and date as may be agreed by the Company and the Subscriber in writing), the Company and the Subscriber shall discuss with a view to agree on a subsequent date for the Completion. If the Company and the Subscriber is unable to agree on a subsequent date for the Completion, either the Company or the Subscriber shall be entitled to terminate the Share Subscription Agreement by written notice to the other party, upon which all rights and obligations of the parties to the Share Subscription Agreement shall terminate, save for any rights and obligations accrued prior to such termination.

Completion of the Share Subscription

Completion of the Share Subscription shall take place within 10 Business Days (or such other date and time as may be agreed by the Company and the Subscriber) upon the satisfaction or (if applicable) waiver of the conditions under the Share Subscription Agreement, upon which the Company shall allot and issue the Subscription Shares to the Subscriber and the Subscriber shall pay to the Company the total consideration for the Subscription Shares.

Termination of the Share Subscription Agreement

The Share Subscription Agreement may be terminated:

- (a) by any party upon the material breach of the Share Subscription Agreement by the other party;
- (b) by the Subscriber, if:
 - (i) the trading in the Shares on the Stock Exchange is suspended by any competent regulatory authorities for 10 trading days or more (except for any trading halt or suspension pending the approval of this announcement or the circular of the Company in respect of the Share Subscription Agreement and the Whitewash Waiver) or for any period which extends to the Completion Date, or the listing status of the Company on the Stock Exchange is revoked;
 - (ii) there exists any material adverse effect on the financial position or operational results of the Group as a result of sanctions imposed by any applicable regulatory authorities on the Company or any senior management members of the Group (other than any senior management members of the Group which were sanctioned prior to the date of the Share Subscription Agreement), as a result of any material fraudulent or inappropriate behaviour conducted by any member of the Group being discovered or alleged and proven by any applicable regulatory authorities; or
 - (iii) there exists any material adverse effect on the financial position or operational results of the Group as a result of any change in applicable laws since the date of the Share Subscription Agreement; and
- (c) in the manner as described in the paragraph “Conditions Precedent” in this announcement, or upon agreement in writing between the parties.

Information of the Subscriber

The Subscriber is a company incorporated in Hong Kong with limited liability, and is principally engaged in investment holding. As at the date of this announcement, the Subscriber is the sole shareholder of Mainfield International Limited, a substantial shareholder of the Company, and is therefore a connected person of the Company. As at the date of this announcement, the Subscriber directly and indirectly holds an aggregate of 1,166,681,782 Shares, representing approximately 29.90% of the issued share capital of the Company. As at the date of this announcement, the Subscriber is wholly-owned by COFCO Corporation.

COFCO Corporation is a state-owned company in the PRC which is principally engaged in agricultural commodities trading, agricultural products processing, food and beverages, hotel management, real estate, logistics and financial services.

INFORMATION REQUIRED UNDER THE TAKEOVERS CODE

As at the date of this announcement, the Subscriber confirms that:

- (a) save for the Share Subscription Agreement, none of the Subscriber or parties acting in concert with it has dealt in any Shares, acquired or entered into any agreement or arrangement to acquire any voting rights in the Company within the six months immediately prior to and including the date of this announcement;
- (b) other than the Share Subscription, none of the Subscriber or parties acting in concert with it will make any acquisitions or disposals of voting rights in the Company which constitute disqualifying transactions (within the meaning of the Takeovers Code) in the period between the date of this announcement and the Completion;
- (c) save as disclosed in the section headed “Effects on Shareholding Structure of the Company” in this announcement, there is no holding of voting rights in the Company or rights over any Shares which is owned, controlled or directed by the Subscriber or parties acting in concert with it;
- (d) none of the Subscriber or parties acting in concert with it holds any outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of Shares nor has entered into any outstanding derivative in respect of securities in the Company;
- (e) there is no outstanding derivative in respect of the securities of the Company which has been entered into by any of the Subscriber or parties acting in concert with it;
- (f) save for the Share Subscription Agreement, there is no arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) with any other persons in relation to the Shares or shares of the Subscriber and which might be material to the transactions contemplated under the Share Subscription Agreement and/or the Whitewash Waiver;
- (g) none of the Subscriber or parties acting in concert with it has received any irrevocable commitment from any person as to whether they will vote for or against the resolution approving the Share Subscription Agreement and the transactions contemplated thereunder, the Specific Mandate and/or the Whitewash Waiver;
- (h) save for the Share Subscription Agreement, there are no agreements or arrangements to which the Subscriber is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Share Subscription or the Whitewash Waiver;
- (i) none of the Subscriber or parties acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;

- (j) save for the subscription price for the Subscription Shares payable under the Share Subscription Agreement, none of the Subscriber or parties acting in concert with it has paid or will pay any other consideration, compensation or benefit in whatever form to the Company or any of the parties acting in concert with it in relation to the Share Subscription; and
- (k) after reasonable enquiries that could be made by the Subscriber prior to the issue of this announcement, there is no understanding, arrangement or agreement which constitutes special deal (as defined under Rule 25 of the Takeovers Code) between the Subscriber or parties acting in concert with it on the one hand and any of the Shareholders on the other hand.

There is no understanding, arrangement or agreement which constitutes special deal (as defined under Rule 25 of the Takeovers Code) between the Company, its subsidiaries or associated companies on the one hand and any of the Shareholders on the other hand.

REASONS FOR AND BENEFITS OF THE SHARE SUBSCRIPTION AND USE OF PROCEEDS

The Company is principally engaged in feed production, hog production, slaughtering and cutting, production, distribution and sale of fresh pork and processed meat products and the import and sale of frozen meat products in the PRC.

The maximum gross proceeds from the Share Subscription will be approximately HK\$1,564 million. The maximum net proceeds (after deducting placing commission and other relevant costs and expenses) from the Share Subscription will be approximately HK\$1,551 million and the net subscription price of each Subscription Share will be approximately HK\$2.28.

The net proceeds from the Share Subscription are intended to be used as to (i) approximately 70% of the net proceeds (being approximately HK\$1,086 million) for expanding production capabilities and enhancing the branded fresh meat distribution; and (ii) approximately 30% of the net proceeds (being approximately HK\$465 million) for repaying the short term loan and replenishing the general working capital.

(i) Expanding the Company's production and distribution scale, improving its industry competitiveness and meeting the Company's long-term development fund needs

The "Outline of the Fourteenth Five-Year Plan for the National Economic and Social Development and the Long-Range Objectives Through the Year 2035" (《中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要》) published by the PRC Government in 2021 has specifically emphasized the importance of assuring the food supply safety of agricultural products from the perspective of the PRC Government. The Ministry of Agriculture and Rural Affairs of the PRC has thereafter also issued the "14th Five-Year Plan on National Animal Husbandry and Veterinary Industry Development" (《“十四五”全國畜牧獸醫行業發展規劃》), listing the promotion of concentration and expansion of animal farming as one of the nine key tasks of the 14th Five-Year Plan for animal husbandry.

The Company is one of the leading meat enterprises in the PRC whose business and operation cover the entire industry chain with feed production, hog breeding, farming, slaughtering and processing capability and will expect to have more role to play in the relevant industry under the foregoing PRC policies.

The Company intends to further expand the scale of hog industry chain, including the scale of hog stock, and to strengthen the distribution of downstream branded fresh meat. The Share Subscription will provide necessary funding to the Company for constructing more hog farms (including environmental protection facilities), introducing and breeding high quality purebred hogs, promoting the branded fresh pork products. These will be beneficial to the Company on improving its operation scale and industry ranking, realizing its growth potential and long-term competitiveness.

(ii) Improving the Company's capital structure, reducing its financial risk

The repayment of the short-term loan can effectively reduce the impact of the rising financing costs and improve the capital structure of the Company. The replenishment of the working capital can provide more resources to conduct further business expansion and enhance the Company's overall financial position and liquidity.

As of 30 June 2022, the assets-to-liabilities ratio (i.e. total liabilities/total assets) of the Company has reached 61.2% compared to 52.3% as of 31 December 2021. Upon the Completion, the assets-liabilities ratio of the Company is expected to be reduced to approximately 57.3%, which can optimize the capital structure, lower the assets-liabilities ratio and reduce the financial risk of the Company. The issuance of new shares can effectively broaden the capital reserve channels to deal with possible industry fluctuations.

(iii) Further support from the Subscriber is favorable to the Company's long-term development

Upon Completion, the shareholding percentage of the Subscriber and parties acting in concert with it in the Company is expected to increase from 29.90% to approximately 40.30%, and the interest of the Subscriber will be further aligned with the performance of the Company. The Share Subscription will allow the Subscriber more flexibility and higher efficiency in supporting the long-term business development of the Company, which in turn facilitates the Company to realize its own long-term development strategy. The increase in the Subscriber's shareholding in the Company also indicates confidence in the continued long-term growth of the Company from the Subscriber.

The Company has also examined various options to finance the above expansion plan, including but not limited to debt financing and various means of equity issuance. Among the possible alternatives available to the Company, the Company considers that the Share Subscription is an appropriate and cost effective fundraising method to the Company. Comparing to debt financing, the Share Subscription is lower in finance cost and able to optimize the capital structure of the Company. Comparing to other equity issuance methods, such as rights issue, open offer and placing new shares to an independent third party, the Share Subscription is lower in issuance cost and is less time consuming.

The Directors (excluding the members of the Independent Board Committee, whose view will be given in the letter from the Independent Board Committee to be included in the circular of the Company in respect of the Share Subscription and the Whitewash Waiver, after considering the advice of the independent financial adviser) consider that the terms and conditions of the Share Subscription Agreement (including the Subscription Price) are fair and reasonable, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole.

FUTURE INTENTIONS OF THE SUBSCRIBER REGARDING THE GROUP

Upon Completion, the Subscriber will become a controlling shareholder (within the meaning of the Listing Rules) of the Company. The Subscriber considers and confirms that:

- (a) it is intended that the Group will continue its existing business following the Completion;
- (b) it shares the view of the Company that the Share Subscription is in the interests of the Group, as disclosed in the paragraph headed "Reasons for and the benefits of the Share Subscription and use of proceeds" above; and
- (c) there is no intention to introduce any major changes to the existing business of the Group or the continued employment of the Group's employees, and there is no intention to redeploy the fixed assets of the Group other than in its ordinary course of business.

FUND-RAISING ACTIVITIES OF THE COMPANY DURING THE PAST TWELVE MONTHS

The Company had not conducted any fund-raising activities involving the issue of its equity securities in the twelve months immediately preceding the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (a) as at the date of this announcement; and (b) immediately after completion of the Share Subscription, assuming that there is no other change to the share capital and shareholding structure of the Company from the date of this announcement up to the Completion Date, are set out below:

	As at the date of this announcement		Immediately after Completion	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Non-public Shareholders				
The Subscriber	88,304,000	2.26%	768,304,000	16.77%
Mainfield International Limited (<i>Note 1</i>)	1,078,377,782	27.64%	1,078,377,782	23.54%
The Subscriber and parties acting in concert with it	1,166,681,782	29.90%	1,846,681,782	40.30%
Public Shareholders				
Public shareholders (<i>Note 2</i>)	2,735,316,541	70.10%	2,735,316,541	59.70%
Total	3,901,998,323	100%	4,581,998,323	100%

Notes:

- (1) Mainfield International Limited is a wholly-owned subsidiary of the Subscriber.
- (2) Such Shares include 15,250,826 Shares held by Acheson Limited, the trustee of the Share Incentive Scheme for the purposes of satisfying the options granted under the Share Incentive Scheme. Shares held by Acheson Limited for the purposes of the Share Incentive Scheme were contributed by the then Shareholders and the Share Incentive Scheme does not involve the grant of option to subscribe for new Shares. As at the date of this announcement, none of the options under the Share Incentive Scheme are granted to any Directors.
- (3) The percentage figures as set out above are subject to rounding adjustments.

As at the date of this announcement, other than the 3,901,998,323 Shares in issue, the Company has no other convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

APPLICATION FOR LISTING

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 Subscription Shares.

APPLICATION FOR WHITEWASH WAIVER

As at the date of this announcement, the Subscriber and the parties acting in concert with it hold 1,166,681,782 Shares, representing approximately 29.90% of the issued share capital of the Company. Upon completion of the Share Subscription, the shareholding of the Subscriber and the parties acting in concert with it will increase to approximately 40.30% of the issued share capital of the Company.

As such, under Rule 26.1 of the Takeovers Code, the allotment and issuance of the Subscription Shares under the Share Subscription Agreement to the Subscriber will give rise to an obligation on the part of the Subscriber to make a mandatory general offer for all Shares and other securities of the Company (other than those already owned or agreed to be acquired by the Subscriber and parties acting in concert with it), unless the Whitewash Waiver is granted by the Executive.

The Subscriber will make an application to the Executive (on behalf of itself and parties acting in concert with it) for the Whitewash Waiver from compliance with the obligations to make a mandatory general offer for all Shares and other securities of the Company (other than those already owned or agreed to be acquired by the Subscriber and parties acting in concert with it) under Rule 26.1 of the Takeovers Code as a result of the allotment and issuance of the Subscription Shares to the Subscriber. The Whitewash Waiver, if granted, will be subject to, among other things, the approval by at least 75% of the votes cast by the Independent Shareholders by way of poll in respect of the Whitewash Waiver and more than 50% of the votes cast by the Independent Shareholders by way of poll in respect of the Share Subscription, respectively, at the EGM.

The Subscriber, its associates, and any parties acting in concert with it, and the Shareholders who are involved in or interested in the Share Subscription and/or the Whitewash Waiver, will be required to abstain from voting in respect of the resolution(s) to approve the Share Subscription and the Whitewash Waiver at the EGM.

The Executive may or may not grant the Whitewash Waiver. The Share Subscription will not proceed if the Whitewash Waiver is not granted or approved.

As at the date of this announcement, the Company does not believe that the Share Subscription gives rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the release of this announcement, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the circular in respect of the Whitewash Waiver. The Company notes that the Executive may not grant the Whitewash Waiver if the Share Subscription does not comply with other applicable rules and regulations.

LISTING RULES IMPLICATIONS

As described in the section headed “Information of the Subscriber” in this announcement, the Subscriber is the sole shareholder of Mainfield International Limited, a substantial shareholder of the Company, and is therefore a connected person of the Company. Accordingly, the Share Subscription constitutes a connected transaction on the part of the Company under Chapter 14A of the Listing Rules and will be subject to announcement, reporting and the Independent Shareholders’ approval requirements.

ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Pursuant to the Listing Rules and Rule 2.8 of the Takeovers Code, the Independent Board Committee (comprising all the independent non-executive Directors who have no direct or indirect interest in the Share Subscription and the Whitewash Waiver, namely Mr. Fu Tingmei, Mr. Li Michael Hankin and Dr. Ju Jiandong) has been formed to advise the Independent Shareholders on the terms of the Share Subscription and the Whitewash Waiver, and as to voting. As each of Mr. Ma Dewei and Dr. Zhao Wei (each a non-executive Director) holds certain positions in COFCO Corporation (i.e. the parent company of the Subscriber) and its subsidiaries, each of them is therefore not considered as independent for the purpose of giving advice or recommendations to the Independent Shareholders.

Somerley Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, has been appointed with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders on the terms of the Share Subscription and the Whitewash Waiver and to make recommendation as to voting.

GENERAL

The EGM will be convened to consider and, if thought fit, pass the requisite resolutions to approve, among other things: (i) the Share Subscription Agreement (including the transactions contemplated thereunder and the Specific Mandate); and (ii) the Whitewash Waiver.

Resolutions approving the Share Subscription (including the Share Subscription Agreement, the transactions contemplated thereunder and the Specific Mandate) and the Whitewash Waiver will be proposed at the EGM to be approved by the Independent Shareholders. The Whitewash Waiver will be proposed by way of a resolution to be passed by at least 75%, and the Share Subscription (including the Share Subscription Agreement, the transactions contemplated thereunder and the Specific Mandate) will be proposed by way of resolution(s) to be passed by more than 50%, of the votes cast by the Independent Shareholders that are cast either in person or by proxy, respectively, at the EGM. The voting at the EGM will be conducted by way of poll.

ANNOUNCEMENTS CONTAINING UNAUDITED FINANCIAL INFORMATION

Reference is made to the September Operation Briefings Announcement and the Profit Warning Announcement. Upon the publication of this announcement in relation to the Share Subscription and the Whitewash Waiver, the unaudited net loss before biological assets fair value adjustments for the period from July to September 2022 (the “**Q3 Net Loss**”) contained in the September Operation Briefings Announcement and the unaudited net loss attributable to owners of the Company before biological assets fair value adjustment for the year ended 31 December 2022 (the “**FY Net Loss**”) contained in the Profit Warning Announcement now constitute profit forecasts under Rule 10 of the Takeovers Code, and accordingly, must be reported on in accordance with Rule 10 of the Takeovers Code unless the annual results announcement of the Company for the year ended 31 December 2022 has been published prior to the next document to be sent to the Shareholders in relation to the Share Subscription and the Whitewash Waiver.

The Company has encountered genuine practical difficulties in meeting the reporting requirements as set out in Rule 10 of the Takeovers Code in respect of the September Operation Briefings Announcement and the Profit Warning Announcement. These announcements did not fully comply with Rule 10 of the Takeovers Code, including but not limited to the requirement for the information in such announcements to be separately reported on by its auditors or accountants and financial advisers or independent financial advisers.

Given that (a) FY Net Loss covers the full financial year ended 31 December 2022 (including the three-month period from July to September 2022 as represented by Q3 Net Loss); and (b) compliance of the reporting on obligations under Rule 10 of the Takeovers Code for both the FY Net Loss and the Q3 Net Loss may be confusing to the Shareholders and will be unduly burdensome to the Company, compliance of the reporting on obligations for the FY Net Loss as disclosed in the Profit Warning Announcement will also constitute compliance with the reporting on obligations for the Q3 Net Loss set out in the September Operation Briefings Announcement in accordance with Rule 10 of the Takeovers Code. Accordingly, the FY Net Loss (being the profit forecast as set out in the Profit Warning Announcement) will be reported on in accordance with Rule 10 of the Takeovers Code as soon as practicable and the relevant reports will be set out in the next document to be sent to the Shareholders in relation to the Share Subscription and the Whitewash Waiver, unless the annual results announcement of the Company for the year ended 31 December 2022 has been published prior to the next document to be sent to the Shareholders in relation to the Share Subscription and the Whitewash Waiver.

Shareholders and potential investors of the Company should also note that the September Operation Briefings Announcement and the Profit Warning Announcement do not meet the standard required by Rule 10 of the Takeovers Code and have not been reported on in accordance with the Takeovers Code. Therefore, the information contained in the September Operation Briefings Announcement and the Profit Warning Announcement should not be relied upon as a forecast of any financial position of the Company. Shareholders and potential investors of the Company should therefore exercise caution in placing reliance on the September Operation Briefings Announcement and the Profit Warning Announcement in assessing the merits and demerits of the Share Subscription and/or when dealing in the securities of the Company.

DESPATCH OF CIRCULAR

A circular containing, among other things, (i) details of the Share Subscription (including the Share Subscription Agreement, the transactions contemplated thereunder and the Specific Mandate); (ii) the Whitewash Waiver; (iii) a letter of advice from the Independent Board Committee on the Share Subscription (including the Specific Mandate and the Share Subscription Agreement) and the Whitewash Waiver; (iv) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the Share Subscription (including the Share Subscription Agreement, the transactions contemplated thereunder and the Specific Mandate) and the Whitewash Waiver; and (v) a notice of EGM together with the form of proxy, is expected to be despatched to Shareholders within 15 business days from the date of this announcement pursuant to Rule 14A.68 of the Listing Rules or 21 days from the date of this announcement pursuant to Rule 8.2 of the Takeovers Code, whichever is the earlier.

The Company will seek the Executive's consent if it becomes clear that the circular may not be able to be issued within 21 days from the date of this announcement and will apply to the Executive for an extension for the despatch of the circular. Further announcement(s) will be made by the Company as and when appropriate.

Since the Completion is subject to the fulfilment or waiver (as applicable) of the conditions precedent as set out in the Share Subscription Agreement, the Share Subscription may or may not proceed.

The Whitewash Waiver may or may not be granted by the Executive and if granted, will, among others things, be subject to the approval by at least 75% of the votes cast by the Independent Shareholders by way of poll in respect of the Whitewash Waiver and more than 50% of the votes cast by the Independent Shareholders by way of poll in respect of the Share Subscription, respectively, at the EGM. Completion of the Share Subscription is conditional upon, among other things, the Whitewash Waiver being granted by the Executive and approved by the Independent Shareholders.

Shareholders and potential investors are reminded to exercise caution when dealing in the Shares, and are recommended to consult their stockbroker, bank manager, solicitor or other professional adviser if they are in any doubt about their position and as to actions that they should take.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (not being a Saturday, Sunday or public holiday in Hong Kong or the PRC and a day on which typhoon signal no.8 or a black rainstorm warning is hoisted at any time in Hong Kong) on which licensed banks in Hong Kong and PRC are generally open for business throughout their normal business hours and the Stock Exchange is open for the transaction of business
“Company”	COFCO Joycome Foods Limited (中糧家佳康食品有限公司) (formerly known as COFCO Meat Holdings Limited (中糧肉食控股有限公司) and Charm Thrive Investments Limited (燦旺投資有限公司)), a company incorporated in the British Virgin Islands with limited liability on 11 March 2014 and re-domiciled to the Cayman Islands as an exempted company with limited liability on 4 May 2016
“Completion”	the completion of the Share Subscription pursuant to the terms and conditions of the Share Subscription Agreement
“Completion Date”	the date on which the Completion takes place pursuant to the terms and conditions of the Share Subscription Agreement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company

“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among other things, the Share Subscription Agreement (including the transactions contemplated thereunder and the Specific Mandate) and the Whitewash Waiver
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegate(s)
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the Company comprising all the independent non-executive Directors who have no direct or indirect interest in the Share Subscription and the Whitewash Waiver (namely Mr. Fu Tingmei, Mr. Li Michael Hankin and Dr. Ju Jiandong), which is formed in accordance with the Listing Rules and the Takeovers Code to advise the Independent Shareholders on the Share Subscription and the Whitewash Waiver
“Independent Shareholders”	Shareholders other than (i) the Subscriber, its associates, and any parties acting concert with it; and (ii) all other Shareholders who are interested or involved in the Share Subscription and/or the Whitewash Waiver (if any)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Profit Warning Announcement”	the announcement of the Company dated 6 January 2023 pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the SFO
“September Operation Briefings Announcement”	the voluntary announcement of the Company dated 10 October 2022 containing the unaudited net loss before biological assets fair value adjustments of the Group for the period from July to September 2022
“SFC”	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 USD0.000001 each in the share capital of the Company

“Shareholder(s)”	holder(s) of the Share(s)
“Share Incentive Scheme”	the share incentive scheme of the Company adopted on 27 March 2015 and amended on 27 March 2017 by the Company and the then Shareholders of the Company
“Share Subscription Agreement”	the conditional subscription agreement dated 11 January 2023 and entered into between the Company and the Subscriber in relation to the Share Subscription
“Share Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the terms and conditions of the Share Subscription Agreement
“Specific Mandate”	the specific mandate to be sought from the Independent Shareholders at the EGM to grant the authority to the Board for the allotment and issue of the Subscription Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	COFCO (Hong Kong) Limited (中糧集團(香港)有限公司), a company incorporated in Hong Kong with limited liability, a connected person of the Company as at the date of this announcement and is wholly-owned by COFCO Corporation
“Subscription Price”	HK\$2.30 per Subscription Share
“Subscription Shares”	680,000,000 new Shares to be issued by the Company to the Subscriber pursuant to the Share Subscription
“substantial Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	The Code on Takeovers and Mergers (as amended, modified and supplemented from time to time)
“United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“USD”	United State dollars, the lawful currency for the time being of the United States

“Whitewash Waiver” the whitewash waiver from the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of any obligation of the Subscriber (and parties acting in concert with it) to make a mandatory general offer for all the issued Shares and other securities of the Company (other than those already owned or agreed to be acquired by the Subscriber and parties acting in concert with it) which might otherwise arise as a result of the Subscriber subscribing for the Subscription Shares under the Share Subscription Agreement

“%” per cent.

By order of the Board
COFCO Joycome Foods Limited
Jiang Guojin
Chairman, executive director and general manager

Beijing, PRC, 11 January 2023

For the purposes of this announcement, unless the context otherwise requires, conversion of Renminbi into Hong Kong dollars is based on the approximate exchange rate of HK\$1 to RMB0.86585. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in Hong Kong dollars or Renminbi have been, could have been or may be converted at such or any other rate or at all.

As at the date of this announcement, the Board comprises Mr. Jiang Guojin as the chairman of the Board, executive director and general manager, Mr. Ma Dewei and Dr. Zhao Wei as non-executive directors, and Mr. Fu Tingmei, Mr. Li Michael Hankin and Dr. Ju Jiandong as independent non-executive directors.

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