

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this 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 announcement.



**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)**

**MAJOR TRANSACTION AND CONNECTED TRANSACTION:  
ACQUISITION OF THE TARGET COMPANY  
AND  
CONTINUING CONNECTED TRANSACTIONS:  
(1) MUTUAL SUPPLY AGREEMENT;  
(2) FINANCIAL SERVICES AGREEMENT;  
(3) PROPERTY LEASING AND PROPERTY MANAGEMENT AGREEMENT;  
AND  
(4) ADMINISTRATIVE SERVICES AGREEMENT**

**Financial Adviser to the Company**



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



**ACQUISITION OF THE TARGET COMPANY**

On 21 October 2024 (after trading hours), the Company and COFCO Industry Investment entered into the Acquisition Agreement, pursuant to which COFCO Industry Investment agreed to sell and the Company agreed to acquire 100% equity interest in COFCO Jiahua (being the Target Company). COFCO Jiahua (being the Target Company) is principally engaged in investment holding and holds 100% equity interest in COFCO Feed. COFCO Feed is committed to providing customers with comprehensive animal nutrition solutions, and its core business covers research and development, production, sales and supporting technical services of feed products such as pig feed, ruminant feed, poultry feed, aquatic feed and premix. The Acquisition is in line with the development strategy of the Group and will be beneficial to the Group in further improving the strategic layout of the entire value chain, reducing breeding costs, optimizing business structure, and enhancing risk resistance capability.

## **ENTERING INTO THE CONTINUING CONNECTED TRANSACTIONS AGREEMENT**

References are made to the Company's announcement dated 16 November 2021 and circular dated 23 December 2021, in relation to, inter alia, the continuing connected transactions regarding the Existing Agreements. As the Existing Agreements will expire on 31 December 2024, the Company intends to enter into the New Agreements to carry out relevant transactions for a term of three years. Accordingly, the Company entered into the New Agreements with COFCO and COFCO Finance on 21 October 2024 (after trading hours).

## **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, each of Mainfield and COFCO (HK) is a substantial shareholder of the Company, directly holding approximately 23.54% and 16.77% of the Shares of the Company, respectively. Both Mainfield and COFCO (HK) are wholly-owned by COFCO, therefore COFCO together with COFCO Industry Investment and COFCO Finance, which are subsidiaries of COFCO, are connected persons of the Company pursuant to Chapter 14A of the Listing Rules. The transactions between the Group and such parties constitute connected transactions under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the transaction contemplated under the Acquisition Agreement are more than 5%, the transaction contemplated under the Acquisition Agreement is subject to the Independent Shareholders' approval, reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the transaction contemplated under the Acquisition Agreement are higher than 25% but lower than 100%, the transaction contemplated under the Acquisition Agreement constitutes a major transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the Shareholders' approval, reporting, annual review and announcement requirements under Chapter 14 of the Listing Rules.

As one or more of the applicable percentage ratios for the proposed annual caps of the provision of products and services by COFCO Group to the Group under the 2024 Mutual Supply Agreement and the Proposed Deposit Cap of the Deposit Services under the 2024 Financial Services Agreement exceed 5%, the provision of products and services by COFCO Group to the Group under the 2024 Mutual Supply Agreement and the Deposit Services under the 2024 Financial Services Agreement will be subject to the Independent Shareholders' approval, reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios for the Proposed Deposit Cap of the Deposit Services under the 2024 Financial Services Agreement are higher than 25% but lower than 100%, the Deposit Services under the 2024 Financial Services Agreement also constitute major transactions of the Company under Chapter 14 of the Listing Rules. Notwithstanding that the applicable percentage ratios for the proposed annual caps of the provision of products and services by COFCO Group to the Group under the 2024 Mutual Supply Agreement also exceed 5%, pursuant to Rule 14.04(1)(g) of the Listing Rules, the transactions contemplated under the 2024 Mutual Supply Agreement do not constitute notifiable transactions of the Company since these are transactions of revenue nature in the ordinary and usual course of business of the Company.

Since the Loan Services under the 2024 Financial Services Agreement are on normal commercial terms (or better to the Group) where no security over the assets of the Group will be granted in respect of the financial assistance given by COFCO Finance, the Loan Services under the 2024 Financial Services Agreement are exempt from the reporting, announcement and the Independent Shareholders' approval requirements under the Listing Rules pursuant to Rule 14A.90 of the Listing Rules.

As each of the applicable percentage ratios in respect of the handling fees in connection with the Entrustment Loan Services under the 2024 Financial Services Agreement is on an annual basis less than 0.1%, the Entrustment Loan Services are exempt from the reporting, announcement, annual review and the Independent Shareholders' approval requirements under the Listing Rules.

As one or more of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules for the proposed annual caps of the provision of products and services by the Group to COFCO Group under the 2024 Mutual Supply Agreement and the transactions contemplated under the 2024 Property Leasing and Property Management Agreement and the 2024 Administrative Services Agreement are more than 0.1% but less than 5%, the provision of products and services by the Group to COFCO Group under the 2024 Mutual Supply Agreement, the 2024 Property Leasing and Property Management Agreement and the 2024 Administrative Services Agreement (including their respective annual caps) will be subject to the reporting, annual review and announcement requirements, but are exempt from the Independent Shareholders' approval requirements, under Chapter 14A of the Listing Rules.

#### **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

An Independent Board Committee comprising Mr. Fu Tingmei, Mr. Li Michael Hankin and Dr. Ju Jiandong, being all independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the Acquisition, the proposed annual caps of the provision of products and services by COFCO Group to the Group under the 2024 Mutual Supply Agreement, and the Proposed Deposit Cap of the Deposit Services under the 2024 Financial Services Agreement.

The Company has appointed Somerley as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, the proposed annual caps of the provision of products and services by COFCO Group to the Group under the 2024 Mutual Supply Agreement, and the Proposed Deposit Cap of the Deposit Services under the 2024 Financial Services Agreement.

A circular containing, among other things, details of the Acquisition, the proposed annual caps of the provision of products and services by COFCO Group to the Group under the 2024 Mutual Supply Agreement, and the Proposed Deposit Cap of the Deposit Services under the 2024 Financial Services Agreement, a letter from the Independent Board Committee to the Independent Shareholders, a letter from the Independent Financial Adviser, such other information as required under the Listing Rules and a notice of the EGM is expected to be despatched to the Shareholders on or before 25 November 2024, so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

## I. ACQUISITION OF THE TARGET COMPANY

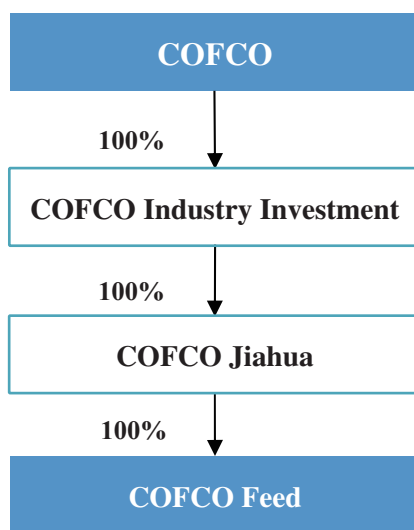
On 21 October 2024 (after trading hours), the Company and COFCO Industry Investment entered into the Acquisition Agreement, pursuant to which COFCO Industry Investment agreed to sell and the Company agreed to acquire 100% equity interest in COFCO Jiahua (being the Target Company). Further details of the Acquisition are set out below.

### Information on the Target Company

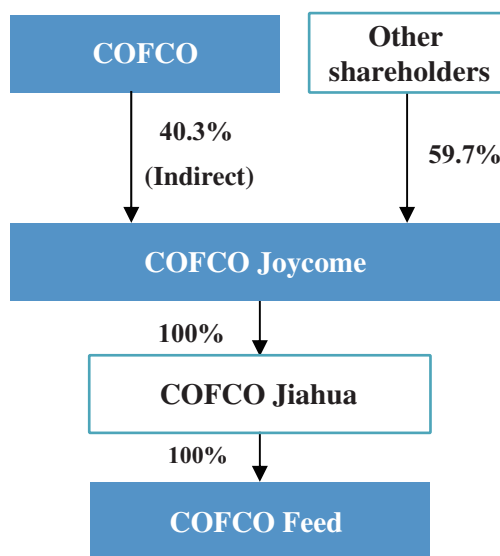
COFCO Jiahua is a company established in the PRC in January 2018 with limited liability and an indirect wholly-owned subsidiary of COFCO. COFCO Jiahua is principally engaged in investment holding and holds 100% equity interest in COFCO Feed. COFCO Feed is committed to providing customers with comprehensive animal nutrition solutions. Its core business covers research and development, production, sales and supporting technical services of feed products such as pig feed, ruminant feed, poultry feed, aquatic feed and premix, and has developed into a national animal nutrition solution provider.

### Shareholding Structure of the Target Company

#### (a) Immediately before the completion of the Acquisition



#### (b) Immediately after the completion of the Acquisition



### ***Financial Information of the Target Company***

The audited financial information of the Target Company for the two years ended 31 December 2023 and 2022, prepared in accordance with the Hong Kong Financial Reporting Standards, is as follows:

	<b>For the year ended 31 December 2023</b>	<b>For the year ended 31 December 2022</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	8,496,194	7,679,488
Profit before tax	202,138	123,678
Profit after tax	154,932	95,802
Total assets	2,662,775	2,619,089
Net assets	1,419,288	1,235,949

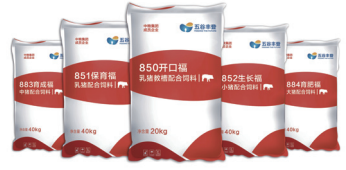




### ***Business Information of the Target Company***

COFCO Feed is committed to providing customers with comprehensive animal nutrition solutions. Its core business covers research and development, production, sales and supporting technical services of feed products such as pig feed, ruminant feed, poultry feed, aquatic feed and premix. With high-quality products, sound technical services and corporate reputation, the core brands of COFCO Feed, “FEEDING THE FUTURE (五穀豐登)” and “RANKING (銳科)”, have gained increasing brand influence and steadily expanding market scale. COFCO Feed has developed into a national animal nutrition solution provider.

In terms of production capacity layout, as at the end of 2023, COFCO Feed had 21 feed processing plants in the PRC. The extensive production capacity layout enabled COFCO Feed to better serve many leading breeding groups in the PRC. In terms of research and development capabilities, COFCO Feed has a professional feed research and development team capable of tailoring scientific animal nutrition solutions to the needs of breeding customers. In terms of market competitiveness, building on favorable word of mouth from customers accumulated over the years, COFCO Feed produced and sold more than 2 million tons of feed in 2023, steadily escalating its industry ranking.

In the future, COFCO Feed will continue to uphold its strategic core. Internally, it will strengthen its production capacity layout rationally, enhance research and development capabilities, expand its brand recognition, and strengthen group synergies to craft “good products and good services” with high standard. Externally, the focus will be on market cultivation, exploring innovative collaboration models, increasing marketing efforts, and rapidly expanding its size and market influence to achieve “high turnover, high production output and high efficiency”.

The main feed products of COFCO Feed are as follows:

Product category	Breeding targets	Product overview	Product illustration
Pig feed	Meat pigs, breeding pigs, etc.	Mainly representing the whole-stage compound feed of meat pigs and breeding pigs	
Ruminant feed	Beef cattle, dairy cattle, sheep, etc.	Mainly representing concentrate supplement and concentrate feed for ruminants	
Poultry feed	Broilers, meat breeding chicken, egg-laying hens, quails, meat geese, meat ducks, meat breeding ducks, laying ducks, egg-laying breeding ducks, etc.	Mainly representing the whole-stage compound feed for egg-laying and meat poultry	
Aquatic feed	Freshwater fish, marine fish, shrimp and crab crustaceans, amphibians, etc.	Mainly representing compound feed for aquaculture animals	
Premix	Pigs, poultry, aquaculture, ruminants, etc.	Mainly representing an additive premixed feed for livestock, poultry and aquatic animals, which is an intermediate type of compound feed produced by mixing one or more trace elements with a diluent or carrier in a required proportion	

## Acquisition Agreement

Date	21 October 2024 (after trading hours)
Parties	The Company (as the buyer); and  COFCO Industry Investment (as the seller)
Subject Matter	According to the terms and conditions of the Acquisition Agreement, the seller agreed to sell and the buyer agreed to acquire 100% equity interest in the Target Company.
Consideration	According to the valuation results in the Asset Valuation Report issued by Zhongqihua with 30 June 2024 as the valuation reference date, the consideration for the buyer to acquire 100% equity interest in the Target Company was RMB1,569.0707 million, which was determined after arm's length and amicable negotiation between the parties and on normal commercial terms.
Conditions Precedent to the Closing	<p>The closing shall be conditional upon the following conditions precedent to the closing having been satisfied on or before the date falling 3 months from the date of execution of the Acquisition Agreement (the “<b>Long Stop Date</b>”, subject to extension by the parties in writing), provided that the buyer shall have the right, at its sole discretion, to waive in writing any of the conditions precedent to the closing set out in (ii) and (iii) at any time on or before the Long Stop Date:</p> <ul style="list-style-type: none"><li>(i) The applicable laws do not prohibit or prevent the completion of this transaction, and no competent government authority has issued a final and non-appealable ruling that prohibits or prevents any party from completing this transaction;</li><li>(ii) All the seller warranties made by the seller shall be true, accurate, and not misleading in all material respects as of the execution date and the closing date (which shall be the fifth business day following the date on which all conditions precedent to the closing are satisfied or (if applicable) waived by the relevant parties, or such other date as agreed by the parties), as well as at any time between the execution date and the closing date, as if such seller warranties were made on such dates (except for seller warranties that are specifically made as of a particular date, which shall be true and accurate only as of that date);</li><li>(iii) As of the closing date, the seller and COFCO Jiahua, COFCO Feed or their respective subsidiaries have complied with and fulfilled, in all material respects, all the agreements, undertakings, obligations, and conditions to which they are parties;</li></ul>

- (iv) All terms of the Acquisition Agreement have become effective;
- (v) The buyer has obtained an express opinion from the National Development and Reform Commission of the PRC that the transaction is not subject to foreign investment security review or the transaction has passed the foreign investment security review.

#### Payment

The arrangements for closing and payment of consideration were as follows:

The closing shall take place on the closing date at a place and time agreed by the parties in writing.

Unless otherwise agreed by the parties in writing, each party shall procure the Target Company to apply for registration of change for the equity transfer with the market supervision and administration authority as soon as possible on or after the closing date (no later than ten business days following the closing date), to register the buyer as the sole shareholder of the Target Company holding its 100% equity interest, and obtain the formal written documents issued by the market supervision and administration authority, including the business license certifying that the Target Company has been converted into a foreign-invested enterprise (the “**Business License for Foreign-Invested Enterprise**”).

The buyer shall pay the entire transaction consideration to the seller in cash within three months from the date on which the Target Company obtains the Business License for Foreign-Invested Enterprise.

#### **Basis of Determining the Consideration**

The consideration for the Acquisition was based on the valuation results in the Asset Valuation Report issued by Zhongqihua with 30 June 2024 as the valuation reference date. The valuation results under the asset-based approach were adopted as the valuation conclusion: the appraised value of the Target Company as at the valuation reference date was RMB1,569.0707 million. The book value of the Target Company’s combined net assets attributable to the parent company as at the valuation reference date was RMB1,341.5601 million.



## **Financial Impacts of the Acquisition**

Upon completion of the Acquisition, the Target Company will become a wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the financial statements of the Company.

For illustrative purpose only, assuming the Acquisition had been completed on 30 June 2024, upon completion of the Acquisition, the revenue of the Group for the six months ended 30 June 2024 would increase from RMB4,570.8 million to RMB7,483.3 million, representing an increase of approximately 63.7%; and the Group's profit after tax (after biological assets fair value adjustments) for the six months ended 30 June 2024 would increase from RMB249.3 million to RMB323.0 million, representing an increase of approximately 29.6%.

Shareholders and potential investors should note that the above-mentioned financial impacts are for reference only, the actual situation may not be ascertained until the preparation of the consolidated financial statements of the Company, and shall make reference to, among other things, the actual costs and expenses in relation to the Acquisition.

## **Information on the Parties**

### ***The Company***

The Company is a meat business platform under COFCO, and its main businesses include feed production, hog production, slaughtering and cutting, production, distribution and sale of fresh pork and processed meat products, import and distribution of meat products (including pork, beef, poultry and mutton).

### ***COFCO Industry Investment***

COFCO Industry Investment is a company established in the PRC in June 2023 with limited liability and a wholly-owned subsidiary of COFCO. COFCO Industry Investment is principally engaged in the investment and corporate management consulting businesses and holds 100% equity interest in COFCO Jiahua.

## **Reasons for and Benefits of the Acquisition**

The Group has strived to improve its strategic layout, adhering to the core strategic directions on cost dominance, technology-driven and brand leadership, and is committed to building a more competitive meat conglomerate with a comprehensive industry value chain. The Acquisition of the Target Company will enable the Group to enhance its value chain, including the feed business, and accelerate the strategic objectives implementation. The specific benefits are set out below:

***(i) Align with the Group's development strategy to help further enhance its core competitiveness***

The Acquisition is highly aligned with the Group's long-term development strategy. In terms of costs, feed is one of the major components in hog production. The Acquisition will increase the Group's self-sufficiency rate in feed, lowering feed procurement costs and intermediaries expenses, and integrate COFCO Group's sector resources in an in-depth manner, fully leveraging its strengths to realize industrial synergies through market analysis and raw material procurement, thereby effectively reducing breeding costs. In terms of research and development, COFCO Feed has a professional research and development team capable of tailoring scientific animal nutrition solutions to the needs of breeding customers. The Acquisition will integrate the research and development resources of both parties and further optimize the Group's farming feeds formula by utilizing the research and development experience of COFCO Feed, thereby improving breeding efficiency.

Accordingly, the Acquisition will help enhance the core competitiveness of the Group.

***(ii) Optimize business structure to enhance the business risk-resilient capability***

Before the completion of the Acquisition, the Group's revenue was mainly generated from hogs, fresh pork, processed meat products and imported meat products, which were largely impacted by the cyclical fluctuations of the hog production industry. On the other hand, COFCO Feed's products are diversified, covering various feed categories such as hog, ruminant, poultry and aquatic feeds, and serving many leading breeding groups in the PRC, including Mengniu Dairy, in addition to the Group.

Upon the Acquisition, the Group will be able to further enhance the diversity of its revenue composition. From one end, utilizing different fluctuation cycles of the feed industry and the hog production industry, the Group can effectively reduce the impact of sector cyclicity; on the other end, through the expansion of breeding coverage apart from hog production, such as ruminants, poultry and aquaculture, the Group will further diversify its operational risks and enhance its overall risk-resistant capability.

***(iii) Optimize financial indicators and improve profitability***

Over the past three years, the annual profit after tax of the Target Company remained within a range of approximately RMB95 million to RMB155 million, with return on equity ranging from 8.1% to 12.1%. Hence, the Acquisition will enhance the profitability of the Group. For illustrative purpose only, upon completion of the Acquisition, the Group's earnings per share (after annualization) and return on equity (after annualization) for the six months ended 30 June 2024 will increase from RMB0.11 to RMB0.14 and from 5.3% to 7.0%, respectively. In addition, the net cash generated from operating activities of the Target Company for the past three years amounted to RMB414 million, RMB145 million and RMB278 million, respectively, maintaining a continuous cash inflow. The Acquisition will further improve the cash flow status of the Group.

Upon completion of the Acquisition, the Target Company will become a wholly-owned subsidiary of the Group. The integration of both parties will further optimize the Group's financial indicators, enhance profitability and cash flow levels, improving the Group's overall competitiveness.

***(iv) Enhance the strategic layout of the entire industry value chain, providing momentum to future developments***

With its unique advantages in raw material procurement, solid research and development capabilities, stable product quality, professional market-oriented team, good supporting technical services and corporate reputation, as well as influential core brands, namely "FEEDING THE FUTURE (五穀豐登)" and "RANKING (銳科)", COFCO Feed has steadily expanded its market size in recent years and has developed into a national animal nutrition solution provider with promising future development prospects.

Through the Acquisition, the Group will integrate upstream high-quality resources, further improve the strategic layout of the entire industry value chain, strengthen the core strategic directions on cost dominance, technology-driven and brand leadership, gain new development momentum, and accelerate the building of a more competitive meat conglomerate with a comprehensive industry value chain.

The Directors (excluding the independent non-executive Directors who will form their views after considering the advice of the Independent Financial Adviser) consider that the Acquisition Agreement and the transactions contemplated thereunder are not the ordinary and usual business of the Group, and the terms of the Acquisition Agreement are on normal commercial terms, which are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

## **Implications under the Listing Rules**

As at the date of this announcement, each of Mainfield and COFCO (HK) is a substantial shareholder of the Company, directly holding approximately 23.54% and 16.77% of the Shares of the Company, respectively. Both Mainfield and COFCO (HK) are wholly-owned by COFCO, therefore COFCO Industry Investment, which is a subsidiary of COFCO, is a connected person of the Company pursuant to Chapter 14A of the Listing Rules. The transaction between the Group and COFCO Industry Investment constitutes a connected transaction under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the transaction contemplated under the Acquisition Agreement are more than 5%, the transaction contemplated under the Acquisition Agreement is subject to the Independent Shareholders' approval, reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the transaction contemplated under the Acquisition Agreement are higher than 25% but lower than 100%, the transaction contemplated under the Acquisition Agreement constitutes a major transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the Shareholders' approval, reporting, annual review and announcement requirements under Chapter 14 of the Listing Rules.

As Dr. Gao Xiang, the chairman of the Board and an executive Director of the Company, is a director of COFCO, and Dr. Zhao Wei, a non-executive Director of the Company, also serves in COFCO Group, they are deemed to be materially interested in the Acquisition Agreement and the transaction contemplated thereunder. They have abstained from voting on the resolution in relation to considering and approving the Acquisition Agreement and the transaction contemplated thereunder at the Board meeting. Save as stated above, none of the Directors has a material interest in the Acquisition Agreement and the transaction contemplated thereunder or is required to abstain from voting on the Board resolution in relation to the Acquisition Agreement and the transaction contemplated thereunder.

## **II. ENTERING INTO THE CONTINUING CONNECTED TRANSACTIONS AGREEMENT**

References are made to the Company's announcement dated 16 November 2021 and circular dated 23 December 2021, in relation to, inter alia, the continuing connected transactions regarding the Existing Agreements. As the Existing Agreements will expire on 31 December 2024, the Company intends to enter into the New Agreements to carry out relevant transactions for a term of three years. Accordingly, the Company entered into the New Agreements with COFCO and COFCO Finance on 21 October 2024 (after trading hours).

### **2024 Mutual Supply Agreement**

#### **1. Introduction**

As the 2021 Mutual Supply Agreement will expire on 31 December 2024, on 21 October 2024 (after trading hours), the Company and COFCO entered into the 2024 Mutual Supply Agreement, details of which are set out below.

## 2. Principal Terms

### *Date*

21 October 2024 (after trading hours)

### *Parties*

- (i) The Company; and
- (ii) COFCO

### *Details of the Transactions*

Under the 2024 Mutual Supply Agreement:

1. COFCO Group provides the Group with the following products and services, including:
  - (1) COFCO Group provides the Group with feed ingredients, including but not limited to corn, soybean meal, soybean oil, wheat, grain by-products (such as rice bran meal, ground rice, bran, etc.) and other materials and/or products used for feed production; and
  - (2) COFCO Group provides the Group with meat products, warehousing and other products and services; specifically, the meat products provided by COFCO Group to the Group represent central reserved meat.
2. The Group provides COFCO Group with the following products and services, including:

The Group provides COFCO Group with meat products, agency service and other products and services; specifically, the meat products provided by the Group to COFCO Group mainly include fresh pork, frozen pork and processed meat products (such as ham, sausage and bacon), imported frozen poultry, imported frozen beef and mutton, and central reserved meat; the Group provides COFCO Group with agency purchase services, whereby the Group purchases meat products (mainly pork products and beef products, the ownership of which is vested in the principal) from overseas suppliers. After the agency purchase is completed, COFCO Group or its subsidiaries will pay the agency fee.

### *Duration*

The validity period of the 2024 Mutual Supply Agreement is from 1 January 2025 to 31 December 2027, subject to the Independent Shareholders' approval at the EGM.

### *Pricing Policy*

The prices for the provision of products and services between the Group and COFCO Group were determined with reference to the prevailing market prices of identical or similar products and services by the relevant parties on a fair and reasonable basis after arm's length negotiation.

### ***Pricing Policy for the Purchase of Products and Services by the Group from COFCO Group***

When determining the prevailing market prices of products and services provided by COFCO Group to the Group, the Group will obtain the prevailing market prices through various channels, if applicable, including (a) recent comparable transactions involving Independent Third Parties; (b) obtaining quotations on products or parts or processes composing products from suppliers (including COFCO Group and/or its associates) by making enquiries via e-procurement system, e-mail, telephone, etc.; and (c) the Group will obtain market data through channels such as Dalian Commodity Exchange ([www.dce.com.cn](http://www.dce.com.cn)), Sublime China Information ([www.sci99.com](http://www.sci99.com)), [www.boyar.cn](http://www.boyar.cn), Wind Data, and National Grain Trade Center ([www.grainmarket.com.cn](http://www.grainmarket.com.cn)). The Group will compare the quotations, product quality, service quality, technical skill level, delivery speed, qualifications and related experience of the product and service suppliers and conduct negotiation on the contract clauses with them. After comprehensive assessment, the Group will contract with the product and service suppliers who provide the best commercial terms.

In respect of the provision of central reserved meat by COFCO Group to the Group, the price is determined upon price bidding by the participating enterprises, including the Group, through the electronic system of Beijing China Merchandise Reserve Exchange and is generally not higher than the price of identical or similar products purchased from Independent Third Parties by the Group during the same period. During the price bidding process of central reserved meat, Huashang will issue an offer in relation to the main attributes of the central reserved meat and the participating enterprises, including the Group, will enter the bidding price and quantity information etc. into the bidding system. The bid winner, transaction quantity and transaction price will then be determined based on the principle of “priority being first given to the higher price and then to the time under the same conditions”.

### ***Pricing Policy for the Provision of Products and Services by the Group to COFCO Group***

The Group will sell to COFCO Group various meat products and other related products, including but not limited to fresh pork, frozen pork, processed meat products such as ham, sausages and bacon and imported frozen poultry, beef and mutton at prevailing market prices. Specifically, the Group will adopt following pricing mechanism to determine the prices for the supply of meat products and other products to all customers including COFCO Group: relevant departments of the Group will determine the pricing based on consideration of different factors including but not limited to the cost of raw materials, manufacturing costs, packing materials, exchange rates, taxes and sales expense of different kinds of customers such as the e-commerce platform and food processors. The Group also adjusts the prices based on the current market supply and the prices of identical or similar products provided by Independent Third Parties. For example, the Group will take into consideration the daily hog price to decide whether to adjust the price for supply of fresh pork by the Group. The Group will also research and consider the pricing of identical or similar products from major competitors in the sales area to decide the price adjustment.

In respect of the provision of central reserved meat by the Group to COFCO Group, there are generally two ways to purchase and store central reserved meat based on past experience: one is price bidding through the electronic system of Beijing China Merchandise Reserve Exchange; the other is through arm's length negotiation to designate specific enterprises to purchase the pork on its behalf either by direct purchasing or agency purchasing. Pursuant to the 2024 Mutual Supply Agreement, the Group will sell central reserved meat to COFCO Group at prices determined in the following two ways: (a) price bidding. The supply price of the central reserved meat provided by the Group to COFCO Group through price bidding is determined upon price bidding by the participating enterprises, including the Group, through the electronic system of Beijing China Merchandise Reserve Exchange and is generally not less than the price of identical or similar products supplied to Independent Third Parties by the Group during the same period. During the bidding process of central reserved meat, Huashang will issue an offer in relation to the main attributes of the central reserved meat and the participating enterprises, including the Group, will enter the bidding price and quantity information etc. into the bidding system. The bid winner, transaction quantity and transaction price will then be determined based on the principle of "priority being first given to the higher price and then to the time under the same conditions"; (b) arm's length negotiation. In a tight market for pork supply, COFCO Group is expected to negotiate with the Group for the Group to supply COFCO Group with central reserved meat after arm's length negotiation. The Company is of the view that it is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

In respect of the provision of agency services for purchase of meat products by the Group to COFCO Group, the agency fee payable by COFCO Group to the Group is determined based on a certain percentage of the agency purchasing amount. Such agency rate is determined by COFCO Group and the Group after arm's length negotiation with reference to the known information (especially gross profit margin) of the trading business of agricultural product companies.

As the Group primarily engages in direct sales of meat products, while rarely engages in agency purchasing of meat products, the Group shall adopt the following price determination mechanism in conducting its agency business:

If the Group conducts similar business with Independent Third Parties within three months prior to conducting business with COFCO Group, the agency rate for COFCO Group will not be lower than that for Independent Third Parties. If the Group does not conduct similar business with Independent Third Parties within such three months, the Company will review whether there are listed companies engaged in the same business in the market. If there are such companies, the agency rate for COFCO Group will not be lower than the average rate received by such listed companies in the three months prior to the transaction between the Group and COFCO Group. If there are no such listed companies, in negotiating with COFCO Group, the Group will refer to the gross profit margins of the trading business segments of agricultural product companies meeting the following criteria:

- (i) Such companies shall be listed on the Stock Exchange, the Shenzhen Stock Exchange or the Shanghai Stock Exchange;
- (ii) Such companies engage only in agricultural product trading business or have a reportable business segment engaged in agricultural product trading business in the PRC;

- (iii) If the agricultural product trading business is the sole business of such companies, the financial information on their agricultural product trading business is available in the latest audited financial statements; and
- (iv) If the agricultural product trading business is a reportable business segment of such companies, the segment financial information on their agricultural product trading business is available in the latest audited financial statements.

The Group will ensure that the relevant agency rate is within the market range of the gross profit margin of trading business segments of such companies that meet the above criteria.

### 3. Proposed Annual Caps and Basis of Determination

#### *Historical Amounts*

Set out below is a summary of the historical transaction amounts and historical annual caps for the transactions carried out for the following periods:

	<b>Historical amounts for the following periods</b>		
	<b>Year ended 31 December 2022 (RMB'00,000,000) (approx.)</b>	<b>Year ended 31 December 2023 (RMB'00,000,000) (approx.)</b>	<b>Nine months ended 30 September 2024 (RMB'00,000,000) (approx.)</b>
Provision of products and services by COFCO Group to the Group	19.53	19.08	8.39
Provision of products and services by the Group to COFCO Group	0.27	0.98	0.44

	<b>Historical annual caps for the following periods</b>		
	<b>Year ended 31 December 2022 (RMB'00,000,000)</b>	<b>Year ended 31 December 2023 (RMB'00,000,000)</b>	<b>Year ending 31 December 2024 (RMB'00,000,000)</b>
Provision of products and services by COFCO Group to the Group	36.32	48.33	55.01
Provision of products and services by the Group to COFCO Group	9.89	25.66	32.27



## ***Proposed Annual Caps***

Set out below are the proposed annual cap amounts for the transactions contemplated under the 2024 Mutual Supply Agreement for the following periods:

	<b>Proposed annual caps for the following periods</b>		
	<b>Year ending 31 December 2025 (RMB'00,000,000)</b>	<b>Year ending 31 December 2026 (RMB'00,000,000)</b>	<b>Year ending 31 December 2027 (RMB'00,000,000)</b>
Provision of products and services by COFCO Group to the Group	42.80	54.19	62.56
Provision of products and services by the Group to COFCO Group	2.25	2.40	2.65

## ***Basis for Determining the Proposed Annual Caps***

### ***Provision of Products and Services by COFCO Group to the Group***

In arriving at the above proposed annual cap amounts in respect of the provision of products and services by COFCO Group to the Group, the Directors have considered the following factors:

- (a) historical transaction amounts for the period from 1 January 2022 to 30 September 2024;
- (b) the demands for purchase of ingredients by its self-owned feed mills are estimated based on the estimated hog production volume for the three years of 2025, 2026 and 2027;
- (c) the Chinese government implements the central reserved meat policy to regulate the price volatility and maintain a stable market. Based on market conditions and rotation requirements for central reserved meat, the Chinese government will sell and release central reserved meat into the market through the subsidiaries of COFCO. With central reserved meat as one of its important sources of raw meat, the Group will participate in the bidding at an appropriate price, and increase the income through obtaining a better price than the market price;
- (d) the demands for other products and services increased due to business development; and
- (e) upon completion of the Acquisition, the Target Company will become a wholly-owned subsidiary of the Company, and the transactions involving the purchase of feed ingredients by the Target Company and its subsidiaries from COFCO Group will constitute continuing connected transactions of the Company, and the transactions involving the purchase of feed ingredients and feed products by the Group from the Target Company and its subsidiaries will no longer constitute continuing connected transactions of the Group. Upon completion of the Acquisition, the amount of ingredients to be purchased by the Group from COFCO Group will account for a substantial portion in the proposed annual caps.

### ***Provision of Products and Services by the Group to COFCO Group***

In arriving at the above proposed annual cap amounts in respect of the provision of products and services by the Group to COFCO Group, the Directors have considered the following factors:

- (a) the historical transaction amounts for the period from 1 January 2022 to 30 September 2024;
- (b) as the upgrading of products and brands will promote the sale of products, the Group will make further efforts in channel development to increase sales;
- (c) the Chinese government implements the central reserved meat policy to regulate the price volatility and maintain a stable market. Based on market conditions and rotation requirements for central reserved meat, the Chinese government will purchase the central reserved meat from the market through the subsidiaries of COFCO. The Group will participate in the bidding at an appropriate price and will also directly sell meat products to COFCO Group or purchase meat products as an agent for COFCO Group based on its needs; and
- (d) the expected price hikes in raw materials taking into account historical price volatility in preparation for any unexpected price hikes.

#### **4. Internal Control Procedures**

The Company has established (1) reporting, approval and, if required, selected verification procedures in place to ensure that the agreed price and terms of continuing connected transactions are no less favorable to the relevant member(s) of the Group than those available to or from (as appropriate) Independent Third Parties and also in compliance with the pricing policy; and (2) procedures and policies for identifying connected persons and monitoring the annual caps of continuing connected transactions.

The legal department of the Group is responsible for identifying the Group's connected persons among new customers or suppliers on a monthly basis and updating the list of connected persons in a timely manner. The finance department of the Group will then monitor the actual transaction amounts with connected persons to ensure that such amounts do not exceed the relevant annual caps. When the actual transaction amounts almost reach the allowable annual caps, the legal department and the finance department will notify all relevant departments and report to the Board when necessary for it to consider revising the annual caps, in order to comply with the relevant provisions of the Listing Rules and the Group's internal policies.

Pursuant to the 2024 Mutual Supply Agreement, at any time during the term thereof, if the cumulative total transaction amounts in the relevant accounting years under the 2024 Mutual Supply Agreement are likely to exceed the respective annual caps of each continuing connected transaction, both parties agree that the Group shall notify the Stock Exchange as soon as possible and fulfill all applicable and mandatory regulatory responsibilities under the Listing Rules. Prior to fulfilling all relevant regulatory requirements, the parties to the 2024 Mutual Supply Agreement agree to strive to control the total transaction amounts in the relevant years. If any such annual cap is exceeded, the 2024 Mutual Supply Agreement will be terminated.

## **5. Reasons for and Benefits of the Transactions**

The provision of products and services by COFCO Group or the provision of products and services by the Group to COFCO Group is conducted in the ordinary and usual course of business of the Group. The products and services that are provided by COFCO Group are used for the production and operation of the Group and the products and services that are provided by the Group are mainly final products.

The Group is expected to obtain a stable supply of raw materials and services required for the production and operation, which will benefit the Group's business development. The provision of products and services by the Group to COFCO Group is expected to add value to the sales and distribution of meat products of the Group. The Group will choose direct sale or agency purchase based on COFCO Group's needs and risk assessment. In respect of the provision of the agency services for purchase of meat products by the Group to COFCO Group, as the Company's subsidiaries possess import purchase qualifications and extensive experience in purchase of frozen meat, COFCO Group, after considering the reasonable allocation of existing resources, efficiency enhancement and cost reduction, has appointed the Group as an agent to carry out frozen meat purchase business. At the same time, by carrying out agency purchase business, the Group can expand its business scale, reasonably control risks, increase its profits and assume appropriate social responsibilities, thereby achieving win-win results for both parties to the transaction. The end customers of the agency purchase business are trading companies that have completed bidding on the Beijing China Merchandise Reserve Exchange.

The Directors (excluding the independent non-executive Directors who will form their views after considering the advice of the Independent Financial Adviser) are of the view that the 2024 Mutual Supply Agreement is entered into in the ordinary and usual course of business of the Group after arm's length negotiation and on normal commercial terms, and the 2024 Mutual Supply Agreement and the transactions contemplated thereunder (including the related annual caps) are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

## 2024 Financial Services Agreement

### 1. Introduction

As the 2021 Financial Services Agreement will expire on 31 December 2024, on 21 October 2024 (after trading hours), the Company, COFCO Meat and COFCO Finance entered into the 2024 Financial Services Agreement, details of which are set out below.

### 2. Principal Terms

#### *Date*

21 October 2024 (after trading hours)

#### *Parties*

- (a) The Company;
- (b) COFCO Meat; and
- (c) COFCO Finance

#### *Details of the Transactions*

- (a) Deposit Services

COFCO Finance will provide the Deposit Services to the Group pursuant to the 2024 Financial Services Agreement. The Group will open and maintain deposit accounts with COFCO Finance.

The interest rates for the Group's deposits with COFCO Finance will be determined in accordance with the standard RMB deposit rates promulgated by the PBC from time to time. The interest rates on the Deposit Services to be offered by COFCO Finance to the Group will not be lower than the interest rates offered by the Major PRC Commercial Banks for the same level of deposits of the same period.

The maximum daily deposit amounts placed by the Group with COFCO Finance and the interests on deposits for each year shall not exceed the amounts stated below:

	<b>For the year ending 31 December</b>		
	<b>2025</b>	<b>2026</b>	<b>2027</b>
	<i>(RMB'00,000,000)</i>	<i>(RMB'00,000,000)</i>	<i>(RMB'00,000,000)</i>
Maximum daily deposit amounts (including interest accrued thereon)	30	30	30

In the event that the Group suffers any financial loss by reason of the default of COFCO Finance, COFCO Finance shall compensate the Group for such loss suffered by the Group in accordance with the rules and regulations of the PBC.

(b) Loan Services

COFCO Finance will provide RMB Loan Services to the Group pursuant to the 2024 Financial Services Agreement. The interest rates on the Loan Services to be offered by COFCO Finance to the Group will not be higher than the interest rates offered by the Major PRC Commercial Banks for the same level of loans of the same period. Moreover, no security over the assets of the Group will be granted in respect of the financial assistance given by COFCO Finance.

(c) Entrustment Loan Services

COFCO Finance will provide the Entrustment Loan Services to the Group. COFCO Finance will only act as an agent of the capital management entity of the Group (i.e. COFCO Meat) and charge handling fees in connection with the Entrustment Loan Services. COFCO Finance will not require the Group to provide any type of guarantees or securities with respect to the Entrustment Loan Services.

The handling fees to be charged by COFCO Finance in connection with the Entrustment Loan Services will not be higher than those charged by the Major PRC Commercial Banks for identical or similar type of services.

***Duration***

The validity period of the 2024 Financial Services Agreement is from 1 January 2025 to 31 December 2027, of which the Deposit Services are subject to the Independent Shareholders' approval at the EGM.

***Pricing Policy***

In order to ensure that the pricing terms of individual transactions under the Deposit Services, the Loan Services and the Entrustment Loan Services will be made in accordance with the pricing principles as stated above, the Group and COFCO Finance shall carry out the measures below:

With respect to the Group, an internal integrated assessment mechanism on the deposit and lending rates and handling fees will be established based on fair market principle. For example, an analysis and assessment will be conducted on (i) the deposit and lending rates offered by COFCO Finance; and (ii) the rates offered by the Major PRC Commercial Banks to the Group regularly. The interest rates of deposit and loan of the Major PRC Commercial Banks are determined according to the standard rates promulgated by the PBC from time to time which are fairly stable and will fluctuate according to the situations of the customers. The interest rates of deposit and loan of the Major PRC Commercial Banks are displayed on their websites, which are open for public search. Prior to placing deposits to or requesting loans from COFCO Finance, the Company will seek the interest rates quotation from the Major PRC Commercial Banks to make the strategic decisions on the deposits and loans services. In determining the handling fees of the Entrustment Loan Services, the Company will seek the rates quotation from the Major PRC Commercial Banks in advance and compare them with the rates charged by COFCO Finance.

The internal integrated assessment will be conducted by the treasury cashiers, head of treasury, fund managers and financial managers of the finance department of the Company. The responsible personnel will conduct the pricing comparisons every fortnight and upon relevant policy adjustments being promulgated by the PBC. To ensure that there is no violation of the annual caps, the finance department of the Company will check the utilised annual caps at the end of each month.

With respect to COFCO Finance, a risk management committee and an independent audit department have been established. The risk management committee is responsible for the review of, approval for and decision-making on the pricing policies of deposit and lending business. The risk management committee (i) reviews the interest rates proposal on the Deposit Services prepared by Capital Department of COFCO Finance in accordance with the rates offered by the Major PRC Commercial Banks; (ii) reviews and approves the pricing policy of lending business in accordance with the rates offered by the Major PRC Commercial Banks; and (iii) conducts close tracking on the market and implementation of caps set for the deposit and lending business. The independent audit department has a full-time manager to be responsible for the internal audit. The independent audit department would review the implementation of the internal control, the legitimacy, compliance, risk, accuracy, profitability of the deposit and lending business and provide improvement suggestions to the management when there is weakness in internal control. In addition, to ensure that the 2024 Financial Services Agreement is smoothly executed, COFCO Finance has appointed an independent external auditor to carry out a special audit on such connected transaction at the end of each quarter to manage and reduce the risk of the relevant businesses.

### ***Termination***

Save as described below, the 2024 Financial Services Agreement shall not be terminated by any party unilaterally. In addition to the default events provided by the Civil Code of the PRC, the 2024 Financial Services Agreement will be terminated with immediate effect if COFCO Finance fails to satisfy any operation condition as follows:

- (a) the capital adequacy ratio is not less than 10.5%;
- (b) the non-performing assets ratio is not more than 3%;
- (c) the non-performing loan ratio is not more than 2%;
- (d) the net fixed assets shall not be more than 20% of net capital; or
- (e) the ratio of investment balance to net capital is not more than 70%.

COFCO Finance has established a complete internal control system to ensure that it operates properly and its indicators meet relevant requirements. In addition, COFCO Finance will submit monthly regulatory statements to the Beijing Regulatory Bureau of the National Financial Regulatory Administration and prepare monthly accounting statements to ensure that operating conditions are met. The Company also requires COFCO Finance to provide the Company with a quarterly audit report on the internal control for risk management prepared by a Chinese certified public accountant to stay up-to-date on COFCO Finance's operating conditions.

Upon termination of the 2024 Financial Services Agreement, the Group may withdraw all deposits with COFCO Finance at any time.

### 3. Proposed Annual Caps and Basis of Determination

#### *Historical Amounts*

Set out below are the historical amounts of Deposit Services between COFCO Finance and the Group and the relevant caps for the following periods:

	<b>Historical amounts</b> <i>(RMB'00,000,000)</i>	<b>Annual cap for the relevant year</b> <i>(RMB'00,000,000)</i>
<b>For the year ended 31 December 2022</b>		
Deposit amounts and interests on deposits	Approximately 12.42	15
<b>For the year ended 31 December 2023</b>		
Deposit amounts and interests on deposits	Approximately 13.32	18
<b>For the nine months ended 30 September 2024</b>		
Deposit amounts and interests on deposits	Approximately 11.92	20

#### *Proposed Annual Caps*

Set out below are the maximum daily deposit amounts and the interests on deposits under the 2024 Financial Services Agreement during the following periods:

	<b>For the year ending 31 December</b>		
	<b>2025</b>	<b>2026</b>	<b>2027</b>
	<i>(RMB'00,000,000)</i>	<i>(RMB'00,000,000)</i>	<i>(RMB'00,000,000)</i>
Maximum daily deposit amounts (including interest accrued thereon)	30	30	30

#### *Basis for Determining the Proposed Annual Caps*

In determining the proposed annual caps for the maximum daily deposit amounts and the interests on deposits under the 2024 Financial Services Agreement, the Directors have considered the following factors:

- (a) Historical transaction amounts for the Deposit Services provided by COFCO Finance to the Group;
- (b) The Group's expected amounts of cash available for deposits from 2025 to 2027;
- (c) Compared with the expected interest rates to be offered by the Major PRC Commercial Banks, whether the deposit interest rate offered by COFCO Finance is equal to or better than such interest rates;
- (d) The Group's operating scale continues to expand. Accordingly, from 2025 to 2027, the Group will raise the daily reserve limit to approximately RMB650 million, in order to meet daily business needs;

- (e) In terms of financing, from 2025 to 2027, it is expected that the Group's monthly repayment peak will be approximately RMB850 million. The Group needs to reserve repayment funds one or two months in advance;
- (f) In terms of project investment, from 2025 to 2027, it is expected that the Group's monthly investment peak will be approximately RMB500 million;
- (g) To mitigate liquidity risks, the Group will raise and reserve funds in advance to meet the above business needs; and
- (h) Upon completion of the Acquisition, the Target Company will become a wholly-owned subsidiary of the Company, and the Deposit Services provided by COFCO Finance to the Target Company and its subsidiaries will constitute continuing connected transactions of the Company.

#### **4. Undertakings**

On 21 October 2024, COFCO has provided the undertakings to the Company in connection with the 2024 Financial Services Agreement, pursuant to which COFCO undertakes to the Company that:

- (a) it will maintain its actual control over COFCO Finance and ensure that COFCO Finance operates in compliance with regulations;
- (b) it shall use its best endeavors and take all possible reasonable means to ensure that COFCO Finance will fulfill its obligations under the 2024 Financial Services Agreement; and
- (c) in the event of an urgent situation where COFCO Finance encounters payment difficulties, it undertakes to increase the corresponding capital of COFCO Finance in accordance with the actual needs for resolving the payment difficulties.

#### **5. Internal Control Procedures**

The Company has taken the following monitoring controls to ensure that the annual caps set for the Deposit Services, the Loan Services and the Entrustment Loan Services are not exceeded:

- (a) a daily funds report will be issued every morning by the treasury cashiers on the amount of deposits and loans and the situation of change in funds. The head of treasury and the financial manager can adjust the funds strategy according to the daily funds report;
- (b) the head of treasury will compile a 20-calendar-day rolling capital forecast every week which could reduce the incidence of liquidity excess;
- (c) the fund manager will compile the monthly fund plan at the beginning of each month to arrange the monthly fund balance in advance and make arrangements for the Group's deposits, loans and entrustment loans, to make sure that the annual caps will not be exceeded; and
- (d) internal control reports on the risk management issued by COFCO Finance quarterly will be reviewed by the Company.



## 6. Reasons for and Benefits of the Transactions

PRC laws do not permit companies, including subsidiaries and associates, other than regulated financial institutions, to extend intra-group loans directly. Any such loan must be directed through a regulated financial institution. COFCO Finance is a non-banking financial institution approved and regulated by the PBC and the National Financial Regulatory Administration, and is authorised to provide various kinds of financial services to COFCO and its members in the PRC, including deposit-taking and loan services.

The main reasons for the Group to enter into the 2024 Financial Services Agreement with COFCO Finance are as follows:

- (a) the use of COFCO Finance as a vehicle to manage the funds of the Group would allow the Group to conduct more efficient deployment of funds among members of the Group;
- (b) the interest rates on the Deposit Services and the Loan Services offered, and the handling fees in connection with the Entrustment Loan Services charged, by COFCO Finance to the Group, will be equal to or more favourable than, on a case-by-case basis, those offered to the Group by any third party;
- (c) COFCO Finance is regulated by the PBC and the National Financial Regulatory Administration, and it provides services in accordance with and in satisfaction of the rules and operational requirements of these regulatory authorities. In addition, capital risk can be controlled through the implementation of the risk control measures as stipulated in the 2024 Financial Services Agreement;
- (d) the Group is expected to benefit from COFCO Finance's better understanding of the Group's operations, which should render more expedient and efficient services than other commercial banks in the PRC;
- (e) the undertakings from COFCO will provide security and comfort to the Company, and reduce the risks which the Group may be exposed to in the event of default of COFCO Finance under the 2024 Financial Services Agreement;
- (f) pursuant to the relevant regulations of the PBC and the National Financial Regulatory Administration, the customers of COFCO Finance are limited to the group members of COFCO, which effectively reduces the risks that COFCO Finance may otherwise be exposed to if its customers include other entities unrelated to COFCO;
- (g) the arrangements under the 2024 Financial Services Agreement would promote liquidity among the Group, which will facilitate the settlement business of the members of the Group, enhance the overall ability of the Group to repay debts, and assist in monitoring and controlling financial risks;
- (h) the arrangements under the 2024 Financial Services Agreement would help reduce finance costs, accelerate the turnover of capital and reduce trading costs and expenses, thus enhancing the profitability of the Group;

- (i) the arrangements under the 2024 Financial Services Agreement would allow for prompt and accurate monitoring and regulation of the application of funds within the Group, thus enhancing the capital management and control of the Group; and
- (j) COFCO Finance has maintained good working relationship with the Group and its members over the years and their continuous cooperation can ensure higher work efficiency.

The Directors (excluding the independent non-executive Directors who will form their views after considering the advice of the Independent Financial Adviser) consider that the transactions under the 2024 Financial Services Agreement are not the ordinary and usual business of the Group, the terms of the 2024 Financial Services Agreement have been negotiated on an arm's length basis and on normal commercial terms, and the transactions contemplated thereunder and the Proposed Deposit Cap are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Directors (excluding the independent non-executive Directors who will form their views after considering the advice of the Independent Financial Adviser) also believe that the risk profile of COFCO Finance, as a financial services provider to the Group, is not greater than that of independent commercial banks in the PRC. As far as the Directors are aware, COFCO Finance has established stringent internal control measures to ensure effective risk management and compliance with laws and regulations.

In assessing the financial risks involved in placing deposits with COFCO Finance, the Directors (excluding the independent non-executive Directors who will form their views after considering the advice of the Independent Financial Adviser) have taken into account the following factors:

- (a) the operations of COFCO Finance are subject to the supervision of the PBC and the National Financial Regulatory Administration and are regulated by the relevant PRC financial services rules and regulations;
- (b) COFCO Finance has established internal control and risk management systems in accordance with the relevant PRC financial services rules and regulations;
- (c) the finance department of the Company will require COFCO Finance to appoint external auditors to audit the internal control, risk management, completeness and impartiality of the operational system in respect of the transactions contemplated under the 2024 Financial Services Agreement and to provide relevant risk management report on a quarterly basis; and
- (d) the external auditors of the Company will review the transactions contemplated under the 2024 Financial Services Agreement and report the review results to the audit committee of the Company and the independent non-executive Directors on an annual basis.

## **2024 Property Leasing and Property Management Agreement**

### **1. Introduction**

As the 2021 Property Leasing and Property Management Contract will expire on 31 December 2024, on 21 October 2024 (after trading hours), the Company and COFCO entered into the 2024 Property Leasing and Property Management Agreement, details of which are set out below.

### **2. Principal Terms**

#### ***Date***

21 October 2024 (after trading hours)

#### ***Parties***

- (i) The Company; and
- (ii) COFCO

#### ***Details of the Transactions***

Pursuant to the 2024 Property Leasing and Property Management Agreement, the Group will lease from COFCO Group and/or its associates certain properties, including but not limited to (a) office premises of COFCO Fortune Plaza in Beijing and several car parking spaces; (b) properties to be used as specialty stores; and (c) assets related to the operation of the feed production business, including land, above-ground buildings, production equipment, office buildings, office equipment, staff dormitories, official reception vehicles, forklifts, testing equipment, etc. COFCO Group and/or its associates will also provide various services to the Group in relation to the maintenance and management of the leased properties. For the leasing of assets related to the operation of the feed production business, COFCO Group and/or its associates will provide ancillary services in the park and charge the relevant fees based on the actual costs incurred, such as water, electricity, steam and wharf.

#### ***Duration***

The 2024 Property Leasing and Property Management Agreement is for a term from 1 January 2025 to 31 December 2027.

#### ***Pricing Policy***

The rental prices and management fees under the 2024 Property Leasing and Property Management Agreement are determined by the relevant parties with reference to (if applicable) (a) the prevailing market prices of other property leasing and property management services in the vicinity; (b) comparable rental prices and management fees quotations offered by Independent Third Parties for similar properties in the vicinity; (c) rental prices and management fees offered by COFCO Group and/or its associates to other tenants; and (d) depreciation and amortization of leased assets, reasonable profits, taxes, etc. as determined on a fair and reasonable basis after arm's length negotiation.

### 3. Proposed Annual Caps and Basis of Determination

#### *Historical Amounts*

Set out below is a summary of the historical transaction amounts and the historical annual caps for the transactions carried out for the following periods:

	<b>Historical amounts for the following periods</b>		
	<b>Year ended 31 December 2022</b> <i>(RMB'0,000)</i> <i>(approx.)</i>	<b>Year ended 31 December 2023</b> <i>(RMB'0,000)</i> <i>(approx.)</i>	<b>Nine months ended 30 September 2024</b> <i>(RMB'0,000)</i> <i>(approx.)</i>
Rental expense and management fee	1,415	1,543	1,097

	<b>Historical annual caps for the following periods</b>		
	<b>Year ended 31 December 2022</b> <i>(RMB'0,000)</i>	<b>Year ended 31 December 2023</b> <i>(RMB'0,000)</i>	<b>Year ending 31 December 2024</b> <i>(RMB'0,000)</i>
Rental expense and management fee	1,483	1,696	1,940

#### *Proposed Annual Caps*

Set out below are the proposed annual cap amounts for the transactions contemplated under the 2024 Property Leasing and Property Management Agreement for the following periods:

	<b>Proposed annual caps for the following periods</b>		
	<b>Year ending 31 December 2025</b> <i>(RMB'0,000)</i>	<b>Year ending 31 December 2026</b> <i>(RMB'0,000)</i>	<b>Year ending 31 December 2027</b> <i>(RMB'0,000)</i>
Rental expense and management fee	8,000	8,900	9,800

#### *Basis for Determining the Proposed Annual Caps*

In arriving at the above proposed annual cap amounts in respect of the rental expense and management fee under the 2024 Property Leasing and Property Management Agreement, the Directors have considered the following factors: (a) the historical transaction amounts for the period from 1 January 2022 to 30 September 2024; (b) the expected expansion in the area leased; (c) the increase in property management fee due to increase in rental expense; and (d) upon completion of the Acquisition, the leasing of assets related to the operation of the feed production business and ancillary services in the park by the subsidiaries of COFCO Feed from the subsidiaries of COFCO will constitute continuing connected transactions of the Company.

#### **4. Internal Control Procedures**

The Company has established (1) reporting, approval and, if required, selected verification procedures in place to ensure that the agreed price and terms of continuing connected transactions are no less favorable than those the relevant member(s) of the Group could have granted to or been granted by, as applicable, the Independent Third Parties and also in compliance with the pricing policy; and (2) procedures and policies for identifying connected persons and monitoring the annual caps of continuing connected transactions.

#### **5. Reasons for and Benefits of the Transactions**

The transactions contemplated under the 2024 Property Leasing and Property Management Agreement are conducted in the usual and ordinary course of business of the Group. The Group expects to obtain stable management and production and operation premises through the transactions contemplated under the 2024 Property Leasing and Property Management Agreement.

The Directors (including the independent non-executive Directors) consider that the transactions under the 2024 Property Leasing and Property Management Agreement are not the ordinary and usual business of the Group, the terms of the 2024 Property Leasing and Property Management Agreement have been negotiated on an arm's length basis and on normal commercial terms, and the transactions contemplated thereunder and the proposed annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **2024 Administrative Services Agreement**

#### **1. Introduction**

As the 2021 Administrative Services Agreement will expire on 31 December 2024, on 21 October 2024 (after trading hours), the Company and COFCO entered into the 2024 Administrative Services Agreement, details of which are set out below.

#### **2. Principal Terms**

##### ***Date***

21 October 2024 (after trading hours)

##### ***Parties***

- (i) The Company; and
- (ii) COFCO

### ***Details of the Transactions***

Pursuant to the 2024 Administrative Services Agreement, COFCO Group and/or its associates shall provide the Group with certain administrative services, including but not limited to telecommunication services, IT services, informatization and systematic construction, catering services, human resources services, legal and company secretarial services, training and other related services, at prevailing market prices.

### ***Duration***

The 2024 Administrative Services Agreement is for a term from 1 January 2025 to 31 December 2027.

### ***Pricing Policy***

The fees of administrative services under the 2024 Administrative Services Agreement are determined by the relevant parties with reference to (if applicable) (a) the fees collected from the Group by Independent Third Parties for identical or similar types of services; and (b) the fees collected from other tenants and services users by COFCO Group and/or its associates as determined on a fair and reasonable basis after arm's length negotiation.

## **3. Proposed Annual Caps and Basis of Determination**

### ***Historical Amounts***

Set out below is a summary of the historical transaction amounts and historical annual caps for the transactions contemplated for the following periods:

	<b>Historical amounts for the following periods</b>		
	<b>Year ended 31 December 2022</b>	<b>Year ended 31 December 2023</b>	<b>Nine months ended 30 September 2024</b>
	<i>(RMB'0,000)</i>	<i>(RMB'0,000)</i>	<i>(RMB'0,000)</i>
	<i>(approx.)</i>	<i>(approx.)</i>	<i>(approx.)</i>
Expenses of administrative services	555	769	156
	<b>Historical annual caps for the following periods</b>		
	<b>Year ended 31 December 2022</b>	<b>Year ended 31 December 2023</b>	<b>Year ending 31 December 2024</b>
	<i>(RMB'0,000)</i>	<i>(RMB'0,000)</i>	<i>(RMB'0,000)</i>
Expenses of administrative services	940	1,089	1,225

### ***Proposed Annual Caps***

Set out below are the proposed annual cap amounts for the transactions contemplated under the 2024 Administrative Services Agreement for the following periods:

	<b>Proposed annual caps for the following periods</b>		
	<b>Year ending</b>	<b>Year ending</b>	<b>Year ending</b>
	<b>31 December 2025</b>	<b>31 December 2026</b>	<b>31 December 2027</b>
	<i>(RMB'0,000)</i>	<i>(RMB'0,000)</i>	<i>(RMB'0,000)</i>
Expenses of administrative services	1,848	2,599	1,631

### ***Basis for Determining the Proposed Annual Caps***

In arriving at the above proposed annual cap amounts in respect of the expenses of administrative services under the 2024 Administrative Services Agreement, the Directors have considered the following factors:

- (a) the historical transaction amounts for the period from 1 January 2022 to 30 September 2024;
- (b) future growth in staff size;
- (c) the Group's speedy establishment of information systems that can meet its business development process relying on the software and hardware of the cloud data hub of COFCO Group; the organic increase in software and hardware resources used by the original information systems;
- (d) according to the "14th Five-Year" informatization plan, it is expected to build smart factories and function management systems, such as integrated office, human resources, risk management and control, financial management, strategy and investment, data and AI middle office;
- (e) the expected annual increase in newly established companies and factory SAP licensed users due to rapid expansion in business scale;
- (f) it is expected that the centralized construction of informatization systems such as taxation and AI intelligent monitoring will take place in 2025 and 2026, with the transition to operation and maintenance starting from 2027, so there will be a significant decrease in the upper limit in 2027 compared to 2026;
- (g) upon completion of the Acquisition, the provision of certain administrative services by COFCO Group and/or its associates to the Target Company and its subsidiaries will constitute continuing connected transactions of the Company.

#### **4. Internal Control Procedures**

The Company has established (1) reporting, approval and, if required, selected verification procedures in place to ensure that the agreed price and terms of continuing connected transactions are no less favorable than those the relevant member(s) of the Group could have granted to or been granted by, as applicable, the Independent Third Parties and also in compliance with the pricing policy; and (2) procedures and policies for identifying connected persons and monitoring the annual caps of continuing connected transactions.

#### **5. Reasons for and Benefits of the Transactions**

The transactions contemplated under the 2024 Administrative Services Agreement are conducted in the ordinary course of business of the Group. The Group expects to obtain professional and stable information and technology, catering services and other services through the transactions contemplated under the 2024 Administrative Services Agreement.

The Directors (including the independent non-executive Directors) consider that the transactions under the 2024 Administrative Services Agreement are not the ordinary and usual business of the Group, the terms of the 2024 Administrative Services Agreement have been negotiated on an arm's length basis and on normal commercial terms, and the transactions contemplated thereunder and the proposed annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

#### **Information on the Parties**

##### ***The Company and COFCO Meat***

The Company is a meat business platform under COFCO, and COFCO Meat is an indirect wholly-owned subsidiary of the Company. The Group's main businesses include feed production, hog production, slaughtering and cutting, production, distribution and sale of fresh pork and processed meat products, import and distribution of meat products (including pork, beef, poultry and mutton).

##### ***COFCO***

COFCO, a wholly state-owned company established in the PRC in September 1952, is currently under the purview of the State-owned Assets Supervision and Administration Commission of the State Council of the PRC. COFCO is principally engaged in grain purchase, wholesale of prepackaged food and edible agricultural products, overseas futures business, import and export business, provision of external consulting services, product, exhibition and technical exchange business, hotel investment management, real estate development and management, property management and agency and leasing of self-owned houses.



## ***COFCO Finance***

COFCO Finance is a non-banking financial institution established in the PRC since 2002 with the approval of the PBC. It is subject to the supervision of the National Financial Regulatory Administration. COFCO Finance is held as to 83.7436%, 13% and 3.2564% by COFCO, COFCO Trading Co., Ltd.\* (中糧貿易有限公司, a wholly-owned subsidiary of COFCO) and COFCO Capital Investment Co., Ltd.\* (中糧資本投資有限公司, a wholly-owned subsidiary of COFCO Capital Holdings Co., Ltd.\* (中糧資本控股股份有限公司, a company listed on the Shenzhen Stock Exchange with stock code of 002423.SZ)), respectively. According to its business licence, it is authorised to provide to the Group all services set out in the 2024 Financial Services Agreement. According to the business licence, COFCO Finance is authorised to provide services such as (a) the provision of financial and financing consultation services, credit appraisal and relevant consulting services and agency business services; (b) assisting implementation of payables and receivables of the transaction amounts; (c) handling of deposits, loans and bills acceptance and discounting; (d) conducting settlements and other relevant settlements; and (e) the provision of loans.

### **Implications under the Listing Rules**

As at the date of this announcement, each of Mainfield and COFCO (HK) is a substantial shareholder of the Company, directly holding approximately 23.54% and 16.77% of the Shares of the Company, respectively. Both Mainfield and COFCO (HK) are wholly-owned by COFCO, therefore COFCO together with COFCO Finance, which is a subsidiary of COFCO, are connected persons of the Company pursuant to Chapter 14A of the Listing Rules. The transactions between the Group and such parties constitute continuing connected transactions under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios for the proposed annual caps of the provision of products and services by COFCO Group to the Group under the 2024 Mutual Supply Agreement and the Proposed Deposit Cap of the Deposit Services under the 2024 Financial Services Agreement exceed 5%, the provision of products and services by COFCO Group to the Group under the 2024 Mutual Supply Agreement and the Deposit Services under the 2024 Financial Services Agreement will be subject to the Independent Shareholders' approval, reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios for the Proposed Deposit Cap of the Deposit Services under the 2024 Financial Services Agreement are higher than 25% but lower than 100%, the Deposit Services under the 2024 Financial Services Agreement also constitute major transactions of the Company under Chapter 14 of the Listing Rules. Notwithstanding that the applicable percentage ratios for the proposed annual caps of the provision of products and services by COFCO Group to the Group under the 2024 Mutual Supply Agreement also exceed 5%, pursuant to Rule 14.04(1)(g) of the Listing Rules, the transactions contemplated under the 2024 Mutual Supply Agreement do not constitute notifiable transactions of the Company since these are transactions of revenue nature in the ordinary and usual course of business of the Company.

Since the Loan Services under the 2024 Financial Services Agreement are on normal commercial terms (or better to the Group) where no security over the assets of the Group will be granted in respect of the financial assistance given by COFCO Finance, the Loan Services under the 2024 Financial Services Agreement are exempt from the reporting, announcement and the Independent Shareholders' approval requirements under the Listing Rules pursuant to Rule 14A.90 of the Listing Rules.

As each of the applicable percentage ratios in respect of the handling fees in connection with the Entrustment Loan Services under the 2024 Financial Services Agreement is on an annual basis less than 0.1%, the Entrustment Loan Services are exempt from the reporting, announcement, annual review and the Independent Shareholders' approval requirements under the Listing Rules.

As one or more of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules for the proposed annual caps of the provision of products and services by the Group to COFCO Group under the 2024 Mutual Supply Agreement and the transactions contemplated under the 2024 Property Leasing and Property Management Agreement and the 2024 Administrative Services Agreement are more than 0.1% but less than 5%, the provision of products and services by the Group to COFCO Group under the 2024 Mutual Supply Agreement, the 2024 Property Leasing and Property Management Agreement and the 2024 Administrative Services Agreement (including their respective annual caps) will be subject to the reporting, annual review and announcement requirements, but are exempt from the Independent Shareholders' approval requirements, under Chapter 14A of the Listing Rules.

As Dr. Gao Xiang, the chairman of the Board and an executive Director of the Company, is a director of COFCO, and Dr. Zhao Wei, a non-executive Director of the Company, also serves in COFCO Group, they are deemed to be materially interested in the 2024 Mutual Supply Agreement, the 2024 Financial Services Agreement, the 2024 Property Leasing and Property Management Agreement, the 2024 Administrative Services Agreement, as well as the transactions contemplated thereunder. They have abstained from voting on the resolutions in relation to the above matters at the Board meeting. Save as stated above, none of the Directors has a material interest in the aforementioned transactions or is required to abstain from voting on the resolutions in relation to the above matters.

### **III. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

An Independent Board Committee comprising Mr. Fu Tingmei, Mr. Li Michael Hankin and Dr. Ju Jiandong, being all independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the Acquisition, the proposed annual caps of the provision of products and services by COFCO Group to the Group under the 2024 Mutual Supply Agreement, and the Proposed Deposit Cap of the Deposit Services under the 2024 Financial Services Agreement.

The Company has appointed Somerley as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, the proposed annual caps of the provision of products and services by COFCO Group to the Group under the 2024 Mutual Supply Agreement, and the Proposed Deposit Cap of the Deposit Services under the 2024 Financial Services Agreement.

#### **IV. EGM**

The EGM will be convened by the Company for the purpose of considering and, if thought fit, approving the resolutions to be proposed in relation to the Acquisition, the proposed annual caps of the provision of products and services by COFCO Group to the Group under the 2024 Mutual Supply Agreement, and the Proposed Deposit Cap of the Deposit Services under the 2024 Financial Services Agreement. Notice convening the EGM will be despatched to the Shareholders as soon as practicable.

As at the date of this announcement, COFCO is interested in 1,846,681,782 ordinary Shares of the Company through Mainfield and COFCO (HK). COFCO and its associates will abstain from voting on the resolutions in relation to the Acquisition, the proposed annual caps of the provision of products and services by COFCO Group to the Group under the 2024 Mutual Supply Agreement, and the Proposed Deposit Cap of the Deposit Services under the 2024 Financial Services Agreement to be considered at the EGM as a result of having material interests therein. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save as disclosed in this announcement, no other Shareholders are required to abstain from voting at the EGM.

A circular containing, among other things, details of the Acquisition, the proposed annual caps of the provision of products and services by COFCO Group to the Group under the 2024 Mutual Supply Agreement, and the Proposed Deposit Cap of the Deposit Services under the 2024 Financial Services Agreement; a letter from the Independent Board Committee containing its opinions and recommendations in respect of the Acquisition, the proposed annual caps of the provision of products and services by COFCO Group to the Group under the 2024 Mutual Supply Agreement, and the Proposed Deposit Cap of the Deposit Services under the 2024 Financial Services Agreement; a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders containing its opinions in respect of the Acquisition, the proposed annual caps of the provision of products and services by COFCO Group to the Group under the 2024 Mutual Supply Agreement, and the Proposed Deposit Cap of the Deposit Services under the 2024 Financial Services Agreement; such other information as required under the Listing Rules; and a notice of the EGM, is expected to be despatched to the Shareholders on or before 25 November 2024 as additional time is required for the preparation and finalisation of the contents of the circular.

#### **V. DEFINITIONS**

“Acquisition”	the acquisition of 100% equity interest of the Target Company by the Company pursuant to the Acquisition Agreement
“Acquisition Agreement”	the equity purchase agreement entered into between the Company and COFCO Industry Investment on 21 October 2024
“Articles”	the memorandum and articles of association of the Company (as amended from time to time)

“Asset Valuation Report”	the asset valuation report issued by Zhongqihua in connection with the entire equity interest of shareholders of COFCO Jiahua
“associates”	has the meaning as ascribed thereto under the Listing Rules
“Baker Tilly”	Baker Tilly Hong Kong Limited (天職香港會計師事務所有限公司)
“Board”	the board of directors of the Company
“BVI”	the British Virgin Islands
“CITIC Securities”	CITIC Securities (Hong Kong) Limited (中信証券(香港)有限公司), the financial adviser to the Company
“COFCO”	COFCO Corporation* (中糧集團有限公司), a wholly state-owned company established in the PRC in September 1952 which is currently under the purview of the State-owned Assets Supervision and Administration Commission of the State Council of the PRC
“COFCO (HK)”	COFCO (Hong Kong) Limited (中糧集團(香港)有限公司), a company incorporated in Hong Kong with limited liability in October 1981, a wholly-owned subsidiary of COFCO and a substantial shareholder of the Company
“COFCO Feed”	COFCO Feed Co., Ltd.* (中糧飼料有限公司), a company established in the PRC with limited liability in June 2003, and a wholly-owned subsidiary of COFCO Jiahua
“COFCO Finance”	COFCO Finance Corporation Limited* (中糧財務有限責任公司), a non-bank financial institution established in the PRC with limited liability in September 2002, and a subsidiary of COFCO
“COFCO Group”	COFCO and its subsidiaries other than the Group
“COFCO Industry Investment”	COFCO Industry Investment Co., Ltd.* (中糧產業投資有限公司), a company established in the PRC with limited liability in June 2023, and a wholly-owned subsidiary of COFCO
“COFCO Jiahua” or “Target Company”	COFCO Jiahua Industrial Limited* (中糧嘉華實業有限公司), a company established in the PRC with limited liability in January 2018, and a wholly-owned subsidiary of COFCO Industry Investment

“COFCO Meat”	COFCO Meat Investments Co., Ltd.* (中糧肉食投資有限公司), a company incorporated under the laws of the PRC with limited liability on 20 March 2009, and an indirect wholly-owned subsidiary of the Company
“Company” or “COFCO Joycome”	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 BVI 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, whose issued shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning as ascribed thereto under the Listing Rules
“Deposit Services”	the deposit services to be provided by COFCO Finance to the Group under the 2024 Financial Services Agreement
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held to consider and approve, among other things, the Acquisition, the proposed annual caps of the provision of products and services by COFCO Group to the Group under the 2024 Mutual Supply Agreement, and the Proposed Deposit Cap of the Deposit Services under the 2024 Financial Services Agreement
“Entrustment Loan Services”	the provision of entrustment loans among members of the Group through COFCO Finance, which will only act as an agent of the Group, under the 2024 Financial Services Agreement
“Existing Agreements”	the 2021 Mutual Supply Agreement, the 2021 Financial Services Agreement, the 2021 Property Leasing and Property Management Contract and the 2021 Administrative Services Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huashang”	Huashang Reserve Commodity Management Center Co., Ltd.* (華商儲備商品管理中心有限公司), a company incorporated under the laws of the PRC on 21 January 1998, and an indirectly wholly-owned subsidiary of COFCO

“Independent Board Committee”	the independent committee of the Board comprising Mr. Fu Tingmei, Mr. Li Michael Hankin and Dr. Ju Jiandong, being all independent non-executive Directors, which has been established for the purpose of advising the Independent Shareholders in respect of the Acquisition, the proposed annual caps of the provision of products and services by COFCO Group to the Group under the 2024 Mutual Supply Agreement, and the Proposed Deposit Cap of the Deposit Services under the 2024 Financial Services Agreement
“Independent Financial Adviser” or “Sommerley”	Sommerley 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, being independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, the proposed annual caps of the provision of products and services by COFCO Group to the Group under the 2024 Mutual Supply Agreement, and the Proposed Deposit Cap of the Deposit Services under the 2024 Financial Services Agreement
“Independent Shareholder(s)”	Shareholder(s) other than the associates of COFCO
“Independent Third Party(ies)”	to the best of Directors’ knowledge, information and belief having made all reasonable enquiries, individual(s) or company(ies) and its/their respective ultimate beneficial owner(s) which is/are third party(ies) independent of the Company and its connected persons (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Loan Services”	the loan services to be provided by COFCO Finance to the Group under the 2024 Financial Services Agreement
“Mainfield”	Mainfield International Limited (明暉國際有限公司), a company incorporated in the BVI with limited liability in October 2008, an indirect wholly-owned subsidiary of COFCO and a substantial shareholder of the Company
“Major PRC Commercial Banks”	Industrial and Commercial Bank of China, Agricultural Bank of China, Bank of China, China Construction Bank, Bank of Communications, China Merchants Bank, China CITIC Bank, Agricultural Development Bank of China, Ping An Bank and Postal Savings Bank of China
“New Agreements”	the 2024 Mutual Supply Agreement, the 2024 Financial Services Agreement, the 2024 Property Leasing and Property Management Agreement and the 2024 Administrative Services Agreement

“PBC”	People’s Bank of China (中國人民銀行)
“PRC”	the People’s Republic of China, which, for the purpose of this announcement only, does not include Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Proposed Deposit Cap”	the proposed maximum daily deposit amounts placed by the Group with COFCO Finance and interest accrued thereon during the term of the 2024 Financial Services Agreement
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in the issued share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Valuer” or “Zhongqihua”	Beijing Zhongqihua Assets Appraisal Co., Ltd. (北京中企華資產評估有限責任公司), a qualified evaluation institute in the PRC
“2021 Administrative Services Agreement”	the administrative services agreement entered into between the Company and COFCO on 16 November 2021
“2021 Financial Services Agreement”	the financial services agreement in relation to the deposit services, the loan services, the entrustment loan services and the other financial services entered into between the Company and COFCO Finance on 16 November 2021
“2021 Mutual Supply Agreement”	the mutual supply agreement entered into between the Company and COFCO on 16 November 2021
“2021 Property Leasing and Property Management Contract”	the property leasing and property management contract entered into between the Company and COFCO on 16 November 2021
“2024 Administrative Services Agreement”	the administrative services agreement entered into between the Company and COFCO on 21 October 2024
“2024 Financial Services Agreement”	the financial services agreement in relation to the Deposit Services, the Loan Services and the Entrustment Loan Services entered into between the Company and COFCO Finance on 21 October 2024

“2024 Mutual Supply Agreement”	the mutual supply agreement entered into between the Company and COFCO on 21 October 2024
“2024 Property Leasing and Property Management Agreement”	the property leasing and property management agreement entered into between the Company and COFCO on 21 October 2024
“%”	per cent

By order of the Board  
**COFCO Joycome Foods Limited**  
**Gao Xiang**  
*Chairman and executive director*

Beijing, the PRC, 21 October 2024

*As at the date of this announcement, the Board comprises Dr. Gao Xiang as the chairman of the Board and executive director, Dr. Zhang Nan as an executive director, Dr. Zhao Wei and Mr. Chen Zhigang as non-executive directors, and Mr. Fu Tingmei, Mr. Li Michael Hankin and Dr. Ju Jiandong as independent non-executive directors.*

\* *For identification purpose only*