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**CHINA FOODS LIMITED**  
**中國食品有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 506)**

**POTENTIAL DISPOSALS OF INTERESTS IN THE PUBLIC SALE COMPANIES  
THROUGH PUBLIC SALE**

**MAJOR TRANSACTIONS AND CONNECTED TRANSACTIONS WITH  
CONNECTED PERSONS AT THE SUBSIDIARY LEVEL IN RESPECT OF THE  
ACQUISITIONS OF EQUITY INTERESTS IN THE TARGET COMPANIES**

**Financial Adviser to the Company**



Reference is made to the announcements of the Company dated 10 February 2016 and 23 August 2016, respectively.

**COMMENCEMENT OF PUBLIC SALE**

The Board announces that the preliminary disclosure of information relating to the Potential Disposals on the website of the China Beijing Equity Exchange has been made for not less than 20 working days as of the date of this announcement, and the Company has decided to proceed with the Public Sale in accordance with the requirements under No. 32 Decree and the Formal Disclosure was published on the website of the China Beijing Equity Exchange on 17 November 2016.

## **NON-PUBLIC SALE MASTER AGREEMENT AND KEY ANCILLARY AGREEMENTS**

The Board announces that on 17 November 2016, CCBL (a 65%-owned subsidiary of the Company), KO and Swire entered into the Non-Public Sale Master Agreement, pursuant to which it has been conditionally agreed that (i) CCBL shall procure the CCBL Purchaser to purchase and Swire shall procure the Swire Seller to sell the Swire-CCBL Sale Equity Interest, (ii) CCBL shall procure the CCBL Purchaser to purchase and KO shall procure each KO-CCBL Seller to sell the relevant KO-CCBL Sale Equity Interests, and (iii) Swire shall purchase and also procure its subsidiary to purchase and KO shall procure certain of its subsidiaries to sell the relevant equity interests in the KO –Swire Target Companies. The Non-Public Sale Transactions are inter-conditional.

Pursuant to the terms of the Non-Public Sale Master Agreement, each Target Company and KO (or the relevant subsidiary of KO) will enter into a New Bottler Agreement at or before Closing pursuant to which that Target Company shall be authorised to produce, bottle, sell and distribute certain Coca-Cola beverages in certain regions in the PRC for an initial term of five years from the date of Closing (subject to renewal in accordance with the terms of the New Bottler Agreement).

To facilitate the smooth transition of the Target Companies' operations to the purchasers of the Non-Public Sale Transactions, the Target Company, the CCBL Purchaser and the transitional services provider(s) will enter into a Transitional Services Agreement for each relevant Non-Public Sale Transaction at Closing in relation to that Target Company in accordance with the high-level principles (including as to scope and price) set out in the Non-Public Sale Master Agreement. The high-level principles in respect of the Transitional Services Agreements in the Non-Public Sale Master Agreement include, among others, the calculation of the service charge, the service term, the intellectual property rights, and the scope and effect of force majeure.

### **LISTING RULES IMPLICATION**

Since KO is a connected person of the Company at the subsidiary level under the Listing Rules, the acquisition of the KO-CCBL Sale Equity Interests under the Non-Public Sale Master Agreement and the Non-Public Sale Equity Transfer Agreements constitute a connected transaction, and the transactions under the Transitional Services Agreements and the New Bottler Agreements between any Target Company (which will become a member of the Group after the Closing) and KO or any of its associates will, upon signing at Closing, constitute continuing connected transactions, of the Company under Chapter 14A of the Listing Rules.

As (i) the Board has approved the Non-Public Sale Master Agreement and the Non-Public Sale Equity Transfer Agreements and the transactions contemplated thereunder; and (ii) the independent non-executive Directors have confirmed that the terms of the Non-Public Sale Master Agreement and the Non-Public Sale Equity Transfer Agreements and the acquisition of the KO-CCBL Sale Equity Interests contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole, the Non-Public Sale Master Agreement together with the Non-Public Sale Equity Transfer Agreements and the acquisition of the KO-CCBL Sale Equity Interests contemplated thereunder are subject to the reporting and announcement requirements, but are exempted from the circular, independent financial advice and independent shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

As no transaction values are involved, the transactions under the New Bottler Agreements will constitute de minimis transactions for the Group under Rule 14A.76(1) of the Listing Rules and are therefore fully exempted from shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

The service fees payable by the Target Companies to KO or any of its associates (as transitional services providers) for the transitional services under the Transitional Services Agreements will only be determined when the Transitional Services Agreements are entered into at Closing. When the Transitional Services Agreements are entered into and the proposed annual caps for the service fees payable are determined, the Company will comply with any applicable requirements under the Listing Rules.

As one or more of the relevant percentage ratios applicable to the Acquisitions on an aggregate basis exceeds 25% but is below 100%, the Acquisitions constitute a major transaction for the Company and the Non-Public Sale Master Agreement together with the Non-Public Sale Equity Transfer Agreements and the Acquisitions are subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Based on the reserved consideration set out in this announcement, one or more of the relevant percentage ratios applicable to the Potential Disposals on an aggregate basis exceeds 25% but is below 75%, the Potential Disposals, if materialise, will constitute a major transaction for the Company and be subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

## **Shareholders' written approval**

Pursuant to Rule 14.44 of the Listing Rules, shareholders' approval of the Acquisitions and the Potential Disposals may be given by way of written Shareholders' approval in lieu of holding a general meeting if (1) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisitions and the Potential Disposals; and (2) the written Shareholders' approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the issued share capital of the Company giving the right to attend and vote at that general meeting to approve the Acquisitions and the Potential Disposals.

The Board announces that in lieu of holding a general meeting, written shareholders' approval was obtained on 17 November 2016 from China Foods (Holdings) Limited which holds 2,072,688,331 shares of the Company, representing approximately 74.10% of the issued share capital of the Company as at the date of this announcement, approving the Acquisitions, the Potential Disposals, the Transaction Agreements and the other transactions contemplated thereunder.

As the conditions set out in Rule 14.44 of the Listing Rules are satisfied, no general meeting of the Shareholders will be convened for the Shareholders' approval of the Acquisitions, the Potential Disposals, the Transaction Agreements and the other transactions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules.

## **DESPATCH OF CIRCULAR**

A circular containing, amongst other things, the information required under the Listing Rules in relation to the Acquisitions, the Potential Disposals, the Non-Public Sale Master Agreement and the Public Sale Equity Transfer Master Agreement and the other transactions contemplated thereunder will be despatched to the Shareholders in compliance with the Listing Rules.

Pursuant to Rule 14.41(a) of the Listing Rules, the Company is required to despatch to the Shareholders the circular within 15 business days after the publication of this announcement, that is on or before 8 December 2016. As the Acquisitions are conditional on the Potential Disposals, the Company will include information regarding the Potential Disposals, if materialise, in the circular, including without limitation, unaudited pro forma financial information of the Group reflecting both the Acquisitions and the Potential Disposals. The Company will only be able to prepare such information after the conclusion of the Public Sale when definitive agreements in respect of the Potential Disposals, if any, are entered into. Further, the Company also requires additional time to finalise the financial and other information to be included in the circular. The Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules. Subject to the granting of such waiver by the Stock Exchange, the circular is expected to be despatched to the Shareholders on or before 30 December 2016. Further announcement(s) will be made by the Company as and when appropriate.

**As Closing is subject to the fulfilment (or if applicable, waiver) of certain conditions precedent, the Acquisitions may or may not proceed. The issue of this announcement does not in any way imply that the transactions under the Non-Public Sale Master Agreement or any of the Transaction Agreements will be completed. As at the date of this Announcement, no binding agreement with respect to the Potential Disposals has been entered into by the Company or any of its subsidiaries and there is no assurance that any definitive transaction in respect of the Potential Disposals will materialise. As the Acquisitions and the Potential Disposals may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## **INTRODUCTION**

Reference is made to the announcements of the Company dated 10 February 2016 and 23 August 2016, respectively.

The Board announces that the preliminary disclosure of information relating to the Potential Disposals on the website of the China Beijing Equity Exchange has been made for not less than 20 working days as of the date of this announcement, and the Company has decided to proceed with the Public Sale in accordance with the requirements under No. 32 Decree and the Formal Disclosure was published on the website of the China Beijing Equity Exchange on 17 November 2016.

The Board further announces that on 17 November 2016, CCBL (a 65%-owned subsidiary of the Company), KO and Swire entered into the Non-Public Sale Master Agreement, pursuant to which it has been conditionally agreed that (i) CCBL shall procure the CCBL Purchaser to purchase and Swire shall procure the Swire Seller to sell the Swire-CCBL Sale Equity Interest, (ii) CCBL shall procure the CCBL Purchaser to purchase and KO shall procure each KO-CCBL Seller to sell the relevant KO-CCBL Sale Equity Interests, and (iii) Swire shall purchase and also procure its subsidiary to purchase and KO shall procure certain of its subsidiaries to sell the relevant equity interests in the KO-Swire Target Companies. The Non-Public Sale Transactions are inter-conditional.

## COMMENCEMENT OF PUBLIC SALE IN RELATION TO THE POTENTIAL DISPOSALS

The preliminary disclosure of information relating to the Potential Disposals on the website of the China Beijing Equity Exchange has been made for not less than 20 working days as of the date of this announcement, and the Company has decided to proceed with the Public Sale in accordance with the requirements under No. 32 Decree at the considerations not lower than that of the reserved considerations as set out in the table below which were determined based on the financial and operating performance and future development potential of the Public Sale Companies against comparable companies, including but not limited to certain multiple of the earnings before interest, taxes, depreciation and amortization of the respective Public Sale Company:

	<b>Sellers (each a “Public Sale Seller”)</b>	<b>Public Sale Companies (each a “Public Sale Company”)</b>	<b>Public Sale Interests</b>	<b>Reserved considerations (Note 1) approximately RMB million</b>
1.	COFCO Beverages Hainan (HK) Limited (中糧飲料海南(香港)有限公司)	Hainan COFCO Coca-Cola Beverages Limited (海南中糧可口可樂飲料 有限公司)	62.5%	190
2.	COFCO Coca-Cola Beverages (China) Investment Ltd. (中糧可口可樂飲料 (中國)投資有限公司)	Hainan COFCO Coca-Cola Beverages Limited (海南中糧可口可樂飲料 有限公司)	37.5%	114
3.	COFCO Beverages (Jiangxi) Limited (中糧飲料(江西)有限公司)	COFCO Coca-Cola Beverages (Jiangxi) Limited (中糧可口可樂飲料(江西) 有限公司)	100%	368
4.	COFCO Coca-Cola Beverages (China) Investment Ltd. (中糧可口可樂飲料 (中國)投資有限公司)	Zhanjiang COFCO Coca-Cola Beverages Limited (湛江中糧可口可樂飲料 有限公司)	100%	353
5.	COFCO Beverages (Nanjing) Limited (中糧飲料(南京)有限公司)	Swire Coca-Cola Beverages Jiangsu Limited (江蘇太古可口可樂飲料 有限公司)	20%	133
6.	COFCO Beverages (Hangzhou) Limited (中糧飲料(杭州)有限公司)	Swire Coca-Cola Beverages Zhejiang Limited (浙江太古可口可樂飲料 有限公司)	20%	336
7.	COFCO Beverages (Guangzhou) Limited (中糧飲料(廣州)有限公司)	Swire Guangdong Coca-Cola Limited (廣東太古可口可樂有限公司)	19%	379

Sellers (each a “Public Sale Seller”)	Public Sale Companies (each a “Public Sale Company”)	Public Sale Interests	Reserved considerations <i>(Note 1)</i> <i>approximately</i> <i>RMB million</i>
8. COFCO Beverages (Guangzhou) Limited (中糧飲料(廣州)有限公司)	Swire Guangdong Coca-Cola (Huizhou) Limited (廣東太古可口可樂惠州有限公司)	7.6%	24
9. COFCO Beverages (Hangzhou) Limited (中糧飲料(杭州)有限公司)	Swire Coca-Cola Beverages Wenzhou Limited (溫州太古可口可樂飲料 有限公司)	7.15%	18
10. COFCO Beverages Limited (中糧飲料有限公司)	The Coca-Cola Bottling Unit of Shanghai Shen-Mei Beverage and Food Co., Ltd (上海申美飲料食品有限公司 可口可樂裝瓶部)	14% <i>(Note 2)</i>	207

*Note 1:* the aggregate reserved consideration for the sale of the Public Sale Interests is approximately RMB2,122 million.

*Note 2:* Shanghai Shen-Mei Beverage and Food Co., Ltd (上海申美飲料食品有限公司) is a contractual joint venture. COFCO Beverages Limited (中糧飲料有限公司) owns the rights and interests in the Coca-Cola bottling unit of such contractual joint venture corresponding to its 14% capital contribution in accordance with the relevant joint venture contract (as amended).

The Formal Disclosure was published on 17 November 2016 on the website of the China Beijing Equity Exchange. The Public Sale process will last for a period of 20 working days from 18 November 2016. As part of the transfer conditions to the Public Sale, all the Public Sale Interests will be sold together as a package to the same purchaser. Please refer to the full text of the Formal Disclosure which is available on the website of the China Beijing Equity Exchange at <http://www.cbex.com.cn> for further details of the Public Sale.

At the conclusion of the Public Sale process, CCBL and the Company shall enter into the Public Sale Equity Transfer Master Agreement with the Successful Purchaser (if any), and each of the Public Sale Sellers shall enter into separate Public Sale Equity Transfer Agreement and Public Sale Side Agreement with the Successful Purchaser (if any) to implement each of the Public Sale transactions contemplated by the Public Sale Equity Transfer Master Agreement. The forms of the Public Sale Equity Transfer Master Agreement, the Public Sale Equity Transfer Agreements and the Public Sale Side Agreements have been filed with the China Beijing Equity Exchange and any intending bidder may inspect these documents upon submission of the relevant documents and payment of certain amount of earnest money in accordance with the Formal Disclosure.



The principal terms of the form of the Public Sale Equity Transfer Master Agreement are summarised as follows:

**Date:** Within three business days after the Successful Purchaser has been confirmed

**Parties:**

- (1) CCBL, a 65%-owned subsidiary of the Company;
- (2) the Company; and
- (3) the Successful Purchaser.

### **Sale and Purchase of the Public Sale Interests**

Each of the Public Sale Sellers shall sell, and the Successful Purchaser shall purchase, all the Public Sale Interests together as a package subject to the terms and conditions of the Public Sale Equity Transfer Master Agreement, the Public Sale Equity Transfer Agreements and the Public Sale Side Agreements.

The final considerations of the sale and purchase of the Public Sale Interests will be determined through the Public Sale process and set out in the Public Sale Equity Transfer Master Agreement and the Public Sale Equity Transfer Agreements. The Successful Purchaser shall pay a deposit equal to 20% of the final consideration for each of the Public Sale Company to the deposit account of China Beijing Equity Exchange prior to the signing of the Public Sale Equity Transfer Master Agreement, and the remaining balance of such final consideration will be payable to the account of the China Beijing Equity Exchange pursuant to the terms of the Public Sale Equity Transfer Master Agreement. The final considerations of the Public Sale Companies will be paid out from the deposit account and the account of the China Beijing Equity Exchange to the Sellers at Closing pursuant to the terms of the Public Sale Equity Transfer Master Agreement.

### **Conditions Precedent to Closing of the Potential Disposals under the Public Sale Equity Transfer Master Agreement**

Closing of the Potential Disposals under the Public Sale Equity Transfer Master Agreement is conditional upon the satisfaction of, among other things, the following conditions:

- (i) anti-trust clearance under the Anti-Monopoly Law of the PRC in respect of the Potential Disposals having been obtained and remaining in full force and effect at closing of the Potential Disposals;



- (ii) the approval from MOFCOM (including without limitation the approval certificate in respect of the transfer of the interest under the Potential Disposals) and the filing of such transfer with MOFCOM (if and to the extent required by MOFCOM or AIC), and any other approvals or filings which may from time to time be required (a) under any law which may come into effect after signing of the Public Sale Equity Transfer Master Agreement or (b) following any change after signing of the Public Sale Equity Transfer Master Agreement in any law or in the interpretation, application or enforcement of any law, in respect of the Potential Disposals having been obtained and remaining in full force and effect at closing of the Potential Disposals;
- (iii) the registration of the transfer of the interest under the Potential Disposals (together with the changes of the legal representative and the directors of each Public Sale Company pursuant to the terms of the Potential Disposals) with the AIC, and with any other relevant authorities which may from time to time be required (a) under any law which may come into effect after the date of the Public Sale Equity Transfer Master Agreement or (b) following any change after the date of the Public Sale Equity Transfer Master Agreement in any law or in the interpretation, application or enforcement of any law, and the business licence of each Public Sale Company (together with the changes of the legal representative and the directors of each Public Sale Company pursuant to the terms of the Potential Disposals), having been completed or, as the case may be, obtained and remaining in full force and effect at closing of the Potential Disposals;
- (iv) approval of the Potential Disposals by the Shareholders having been obtained in accordance with the Listing Rules;
- (v) there having been no breach of any obligations of any of the warrantors in certain Public Sale transactions as provided under the Public Sale Equity Transfer Master Agreement in relation to the conduct of business before closing of the Potential Disposals in respect of the relevant target company unless the breach (a) has been remedied to the satisfaction of the purchaser and (b) does not have and will not have any material adverse effect on the business, results of operations or financial condition of that target company group taken as a whole;
- (vi) there being no breach of any of the commercial warranties or certain warranties under the Public Sale Equity Transfer Master Agreement in relation to certain Public Sale transactions as provided under the Public Sale Equity Transfer Master Agreement which has or will have a material adverse effect on the business, results of operations or financial condition of the relevant target company group taken as a whole;
- (vii) there being no breach of any of the fundamental warranties (other than certain warranties under the Public Sale Equity Transfer Master Agreement) in relation to any Public Sale transaction;

- (viii) there being no fact or circumstance having occurred after the date of the Public Sale Equity Transfer Master Agreement and before the time of closing of the Potential Disposals which has or will have a material adverse effect on the relevant target companies taken as a whole; and
- (ix) there being no breach of any of the warranties given by the purchaser in any Public Sale transaction in accordance with the relevant term of the Public Sale transaction.

If any of the conditions is not fulfilled (or waived in accordance with the Public Sale Equity Transfer Master Agreement) at or before 5:00 p.m. on the Public Sale Long Stop Date, the innocent party may postpone the Public Sale Long Stop Date by up to 20 business days.

As of the date of this announcement, save for the condition set out in (iv) above, all the other conditions set out above remain to be satisfied.

Each of the Public Sale Sellers and the Successful Purchaser will enter into the Public Sale Equity Transfer Agreement and the Public Sale Side Agreement in respect of each Public Sale transaction on the day on which the Public Sale Equity Transfer Master Agreement is entered into.

### **Closing of the Potential Disposals under the Public Sale Equity Transfer Master Agreement**

Closing of the Potential Disposals under the Public Sale Equity Transfer Master Agreement, the Public Sale Equity Transfer Agreements and the Public Sale Side Agreements shall take place on the date falling 10 business days after the last day of the month in which the day on which the last in time of the conditions precedent to the transactions under the Public Sale Equity Transfer Master Agreement set out in (i) to (iii) above shall have been satisfied (or such other date as the parties to the Public Sale Equity Transfer Master Agreement may agree).

Upon closing of the Potential Disposals under the Public Sale Equity Transfer Master Agreement, each of Hainan COFCO Coca-Cola Beverages Limited (海南中糧可口可樂飲料有限公司), COFCO Coca-Cola Beverages (Jiangxi) Limited (中糧可口可樂飲料(江西)有限公司) and Zhanjiang COFCO Coca-Cola Beverages Limited (湛江中糧可口可樂飲料有限公司) will cease to be a subsidiary of the Company.

To facilitate the smooth transition of the relevant Public Sale Companies' operations to the Successful Purchaser, each of the relevant Public Sale Companies, the Successful Purchaser and the transitional services provider(s) will enter into a transitional services agreement at closing of the Potential Disposals in relation to that Public Sale Company in accordance with the high-level principles (including as to scope and price) set out in the Public Sale Equity Transfer Master Agreement.

The expected unaudited gain to be derived from the Potential Disposals is approximately RMB1,630 million, which represents the difference between the reserved considerations of the Public Sale and (1) the audited net asset value of the Public Sale Companies in respect of Hainan COFCO Coca-Cola Beverages Limited (海南中糧可口可樂飲料有限公司), COFCO Coca-Cola Beverages (Jiangxi) Limited (中糧可口可樂飲料(江西)有限公司) and Zhanjiang COFCO Coca-Cola Beverages Limited (湛江中糧可口可樂飲料有限公司) as at 1 July 2016; (2) the unaudited carrying amounts of the goodwill of the Group in respect of Hainan COFCO Coca-Cola Beverages Limited (海南中糧可口可樂飲料有限公司) and Zhanjiang COFCO Coca-Cola Beverages Limited (湛江中糧可口可樂飲料有限公司) as at 30 June 2016; and (3) the unaudited carrying amounts of investments of the Group in the remaining Public Sale Companies as at 30 June 2016.

The expected unaudited gain to be derived from the Potential Disposals excludes the estimated transaction costs and taxes from the Potential Disposals, as well as the exchange difference on translation of foreign operations, which is recognized in the statement of profit or loss as a result of the Potential Disposals, and the sharing attributable to the non-controlling interests of CCBL.

The actual gain as a result of the Potential Disposals to be recorded by the Group is subject to audit and will be reassessed after the closing of the Potential Disposals.

The Group intends to apply the net proceeds from the Potential Disposals primarily for the settlement of consideration for the Acquisitions.

As at the date of this announcement, no binding agreement with respect to the Potential Disposals has been entered into by the Company or any of its subsidiaries and there is no assurance that any definitive transaction with respect to the Potential Disposals will materialise. The Company will issue further announcement in respect of the Potential Disposals as and when appropriate in compliance with the requirements under the Listing Rules and/or Part XIVA of the SFO.

**As the Company may or may not enter into a binding agreement with respect to the Potential Disposals, and even if it decides to do so, the Potential Disposals may or may not proceed to completion for various reasons and accordingly, shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

#### **NON-PUBLIC SALE MASTER AGREEMENT**

The principal terms of the Non-Public Sale Master Agreement are summarised as follows:

- Date:** 17 November 2016
- Parties:**
- (1) CCBL, a 65%-owned subsidiary of the Company;
  - (2) Swire; and
  - (3) KO.

## Swire-CCBL Transaction

Swire has conditionally agreed to procure the Swire Seller to sell, and CCBL has conditionally agreed to procure the CCBL Purchaser to purchase the Swire-CCBL Sale Equity Interest at the base consideration of approximately RMB487 million.

## KO-CCBL Transactions

KO has conditionally agreed to procure each KO-CCBL Seller to sell, and CCBL has conditionally agreed to procure the CCBL Purchaser to purchase each of the KO-CCBL Sale Equity Interests at the base considerations set opposite their respective names in the following table:

	<b>Sellers (each a “KO-CCBL Seller”)</b>	<b>Target Companies (each a “KO-CCBL Target Company”)</b>	<b>KO-CCBL Sale Equity Interests</b>	<b>Base Considerations <i>approximately RMB million</i></b>
1.	Coca-Cola China Industries (Chongqing) Ltd. (可口可樂中國實業(重慶)有限公司)	Coca-Cola (Chongqing) Beverages Ltd (可口可樂(重慶)飲料有限公司)	100%	0
2.	Coca-Cola China Industries (Harbin) Ltd. (可口可樂中國實業(哈爾濱)有限公司)	Coca-Cola (Heilongjiang) Beverages Ltd. (可口可樂(黑龍江)飲料有限公司)	93%	500
3.	Coca-Cola China Industries (Heilongjiang) Limited (可口可樂中國實業(黑龍江)有限公司)	Coca-Cola (Heilongjiang) Beverages Ltd. (可口可樂(黑龍江)飲料有限公司)	7%	38
4.	Coca-Cola China Industries (Jilin) Ltd. (可口可樂中國實業(吉林)有限公司)	Coca-Cola (Jilin) Beverages Ltd (可口可樂(吉林)飲料有限公司)	100%	387
5.	Coca-Cola China Industries (Dalian) Ltd. (可口可樂中國實業(大連)有限公司)	Coca-Cola Liaoning (Central) Beverages Ltd (可口可樂遼寧(中)飲料有限公司)	100%	230
6.	Coca-Cola China Industries (Shenyang) Ltd. (可口可樂中國實業(瀋陽)有限公司)	Coca-Cola Liaoning (North) Beverages Ltd (可口可樂遼寧(北)飲料有限公司)	93.75%	533
7.	Coca-Cola China Industries (Chengdu) Ltd. (可口可樂中國實業(成都)有限公司)	Coca-Cola (Sichuan) Beverages Ltd (可口可樂(四川)飲料有限公司)	82.4%	643
8.	Coca-Cola China Industries (Sichuan) Limited (可口可樂中國實業(四川)有限公司)	Coca-Cola (Sichuan) Beverages Ltd (可口可樂(四川)飲料有限公司)	6.9%	54

	<b>Sellers (each a “KO-CCBL Seller”)</b>	<b>Target Companies (each a “KO-CCBL Target Company”)</b>	<b>KO-CCBL Sale Equity Interests</b>	<b>Base Considerations <i>approximately RMB million</i></b>
9.	Coca-Cola China Industries (Taiyuan) Ltd. ( 可口可樂中國實業(太原)有限公司)	Coca-Cola (Shanxi) Beverages Ltd ( 可口可樂(山西)飲料有限公司)	60%	111
10.	Coca-Cola China Industries (Shanxi) Limited ( 可口可樂中國實業(山西) 有限公司)	Coca-Cola (Shanxi) Beverages Ltd ( 可口可樂(山西)飲料有限公司)	15%	28
11.	Coca-Cola China Industries (Dalian) Ltd. ( 可口可樂中國實業(大連)有限公司)	Coca-Cola Liaoning (South) Beverages Ltd ( 可口可樂遼寧(南)飲料有限公司)	60%	376

The aggregate base consideration for the Acquisitions is approximately RMB3,387 million and was determined after arm’s length negotiations between CCBL and Swire and between CCBL and KO, respectively, after taking into account, amongst others, the financial and operating performance and future development potential of the Target Companies against comparable companies, including but not limited to certain multiple of the earnings before interest, taxes, depreciation and amortization of the respective Target Company. Such base considerations shall be subject to customary closing accounts adjustments by reference to the net cash balance and the working capital level of each Target Company as at the date of Closing. The base considerations, as adjusted by a good faith estimate of each of the estimated net cash balance and the estimated working capital level of each Target Company as at the date of Closing, shall be payable in cash by the CCBL Purchaser on the date of Closing.

The total consideration for the Acquisitions payable by the CCBL Purchaser will be financed by the consideration to be received from the sale of the Public Sale Interests, bank borrowings and internal funds.

### **KO-Swire Transactions**

KO has conditionally agreed to procure certain of its subsidiaries to sell, and Swire has conditionally agreed to purchase and procure its subsidiary to purchase certain interest in the KO-Swire Target Companies at certain base considerations subject to customary closing adjustments by reference to the net cash balance and the working capital level of each KO-Swire Target Company as at the date of Closing.

## Conditions Precedent to the Non-Public Sale Transactions

Closing is conditional upon the satisfaction of, among other things, the following conditions:

- (i) Swire or such persons as Swire may designate being the successful bidder in the Public Sale and each of the Potential Disposals having become unconditional in all respects;
- (ii) anti-trust clearance under the Anti-Monopoly Law of the PRC in respect of the Non-Public Sale Transactions and the Potential Disposals having been obtained and remaining in full force and effect at Closing;
- (iii) the approval from MOFCOM (including without limitation the approval certificate in respect of the transfer of interest under the Non-Public Sale Transactions and the Potential Disposals) and the filing of such transfer with MOFCOM (if and to the extent required by MOFCOM and AIC), and any other approvals or filings which may from time to time be required (a) under any law which may come into effect after signing of the Non-Public Sale Master Agreement or (b) following any change after signing of the Non-Public Sale Master Agreement in any law or in the interpretation, application or enforcement of any law, in respect of the Non-Public Sale Transactions and the Potential Disposals having been obtained and remaining in full force and effect at Closing;
- (iv) the registration of the transfer of the interest under the Non-Public Sale Transactions and the Potential Disposals (together with the changes of the legal representative and the directors of each Target Company, each KO-Swire Target Company and each Public Sale Company pursuant to the terms of the Non-Public Sale Transactions and the Potential Disposals) with the AIC, and with any other relevant authorities which may from time to time be required (a) under any law which may come into effect after the date of the Non-Public Sale Master Agreement or (b) following any change after the date of the Non-Public Sale Master Agreement in any law or in the interpretation, application or enforcement of any law, and the business licence of each Target Company, each KO-Swire Target Company and each Public Sale Company (together with the changes of the legal representative and the directors of each Target Company, each KO-Swire Target Company and each Public Sale Company pursuant to the terms of the Non-Public Sale Transactions and the Potential Disposals), having been completed or, as the case may be, obtained and remaining in full force and effect at Closing;
- (v) approval of the Non-Public Sale Transactions and the Potential Disposals by the Shareholders having been obtained in accordance with the Listing Rules;

- (vi) there having been no breach of any obligations of any of the warrantors in any Non-Public Sale Transaction under the relevant provisions in the Non-Public Sale Master Agreement in relation to the conduct of business before Closing in respect of the target company group unless the breach (a) has been remedied to the satisfaction of the purchaser in that Non-Public Sale Transaction or (b) does not have and will not have any material adverse effect on the business, results of operations or financial condition of the relevant target companies taken as a whole;
- (vii) there being no breach of any of the commercial warranties in relation to any Non-Public Sale Transaction which has or will have a material adverse effect on the business, results of operations or financial condition of the relevant target companies taken as a whole;
- (viii) there being no breach of any of the fundamental warranties in relation to any Non-Public Sale Transaction;
- (ix) there being no fact or circumstance having occurred after the date of the Non-Public Sale Master Agreement and before the time of Closing which has or will have a material adverse effect on the relevant target companies taken as a whole; and
- (x) there being no breach of any of the warranties given by the purchaser in any Non-Public Sale Transaction in accordance with the relevant term of the Non-Public Sale Transaction.

If any of the conditions is not fulfilled (or waived in accordance with the Non-Public Sale Master Agreement) at or before 5:00 p.m. on the Non-Public Sale Long Stop Date, the innocent party may postpone the Non-Public Sale Long Stop Date by up to 20 business days.

As of the date of this announcement, save for the condition set out in (v) above, all the other conditions set out above remain to be satisfied.

The relevant parties will enter into, among other agreements, the Non-Public Sale Equity Transfer Agreements and the Amended Articles and JV Contracts prior to Closing.



## **Closing**

Closing shall take place on the date falling 10 business days after the day on which the last in time of the conditions precedent to the transactions under the Non-Public Sale Master Agreement set out in (i) to (iv) above shall have been satisfied (or such other date as the parties to the Non-Public Sale Master Agreement may agree), provided that (a) each of the conditions precedent has been satisfied (or waived in accordance with the Non-Public Sale Master Agreement) as at such date and (b) such date shall be the date on which closing of the Potential Disposals shall happen.

Upon Closing, each of the Target Companies will become a subsidiary of the Company.

## **NEW BOTTLER AGREEMENTS**

Pursuant to the terms of the Non-Public Sale Master Agreement, each Target Company and KO (or the relevant subsidiary of KO) will enter into a New Bottler Agreement at Closing pursuant to which that Target Company shall be authorised to produce, bottle, sell and distribute certain Coca-Cola beverages in certain regions in the PRC for an initial term of five years from the date of Closing (subject to renewal in accordance with the terms of the New Bottler Agreement).

The major terms of the New Bottler Agreements are summarised as follows:

### **Exclusivity**

KO is engaged in the manufacture and the sale of, among others, the Coca-Cola concentrate, the formula for which is an industrial secret of KO, and the concentrate is used in the preparation of Coca-Cola beverages. KO shall grant rights to the Target Companies to prepare and package Coca-Cola beverages in specified containers and to distribute and sell the same in their respective territories. KO will refrain from authorising third parties to prepare, package, distribute or sell Coca-Cola beverages in the territories of the Target Companies except in specified circumstances stated in the New Bottler Agreements. KO will retain, among others, the rights to prepare and package or authorise third parties to prepare and package Coca-Cola beverages mentioned in the New Bottler Agreements within the territories of a Target Company for sale outside the territory of that Target Company.

### **Supply of Concentrate**

KO or its authorised suppliers will supply all of the Target Companies' demands for the concentrate. KO sells concentrate to the Target Companies at prices that KO determines from time to time at its sole discretion.

### **Packaging**

Target Companies should purchase all containers, cases and other packaging materials and labels from manufacturers approved by KO.

## **Trademarks Authorisation**

KO is the owner of the trademarks that identify KO's beverages. KO will grant to the Target Companies the right to use these trademarks in the preparation, packaging, distribution and sale of KO's beverages in each of their authorised territories. No royalty or fee will be payable for the use of these trademarks.

## **Pricing**

KO will reserve the right, to the extent permitted by law applicable in each relevant territory, to establish and to revise, by giving written notice to the Target Companies, maximum prices at which beverages in approved containers may be sold by the Target Companies to wholesalers and retailers and the maximum retail prices for the beverages.

## **Term**

Each of the New Bottler Agreements will be for an initial term of five years from the date of Closing (subject to renewal in accordance with the terms of the New Bottler Agreement).

## **Termination**

In addition to the other termination provisions in the New Bottler Agreement, either party to a New Bottler Agreement may, with 60 days' written notice to the other party, terminate the New Bottler Agreement in the event of non-compliance by the other party with its terms and such non-compliance is not rectified during such notice period.

## **TRANSITIONAL SERVICES AGREEMENTS FOR THE NON-PUBLIC SALE TRANSACTIONS**

To facilitate the smooth transition of the Target Companies' operations to the purchasers of the Non-Public Sale Transactions, the Target Company, the CCBL Purchaser and the transitional services provider(s) will enter into a Transitional Services Agreement for each relevant Non-Public Sale Transaction at Closing in relation to that Target Company in accordance with the high-level principles (including as to scope and price) set out in the Non-Public Sale Master Agreement. The high-level principles in respect of the Transitional Services Agreements in the Non-Public Sale Master Agreement include, among others, the calculation of the service charge, the service term, the intellectual property rights, and the scope and effect of force majeure.

## **INFORMATION OF THE TARGET COMPANIES**

Each of the Target Companies is a limited liability company incorporated in the PRC. The principal business activities of each of the Target Companies are beverage bottling production, sale and distribution.

## Swire-CCBL Target Company

The unaudited net asset value of the Swire-CCBL Target Company as at 31 December 2015 was approximately RMB222 million. The unaudited profits before and after taxation for each of the two years ended 31 December 2014 and 2015 were as follows:

	For the year ended 31 December	
	2015 (RMB'000) (unaudited)	2014 (RMB'000) (unaudited)
Net profits before taxation	22,211	32,812
Net profits after taxation	16,265	24,229

*Note:* The above unaudited financial information of the Swire-CCBL Target Company was prepared in accordance with the applicable Hong Kong Financial Reporting Standards.

## KO-CCBL Target Companies

The unaudited combined net asset value of the KO-CCBL Target Companies as at 31 December 2015 was approximately RMB1,350 million. The unaudited combined profits before and after taxation for each of the two years ended 31 December 2014 and 2015 were as follows:

	For the year ended 31 December	
	2015 (RMB'000) (unaudited)	2014 (RMB'000) (unaudited)
Net profits before taxation	158,610	136,981
Net profits after taxation	110,537	86,393

*Note:* The above unaudited combined financial information of the KO –CCBL Target Companies was prepared in accordance with the applicable Hong Kong Financial Reporting Standards.

According to the records of KO, the total original acquisition or investment cost of the KO-CCBL Sale Equity Interests was approximately RMB1107 million, which was calculated based on the registered capital of the KO-CCBL Target Companies.

## INFORMATION OF THE PUBLIC SALE COMPANIES

Each of the Public Sale Companies is a limited liability company incorporated in the PRC. The principal business activities of each of the Public Sale Companies are beverage bottling production, sale and distribution.

Set out below is the financial information of each of the Public Sale Companies for the two financial years ended 31 December 2014 and 2015 based on the audited financial statements of each of the Public Sale Companies prepared in accordance with the applicable Accounting Standards for Business Enterprises:

Public Sale Companies	For the year ended 31 December 2014		For the year ended 31 December 2015		As at 31 December 2015
	Net profit before taxation	Net profit after taxation	Net profit before taxation	Net profit after taxation	Net asset value
	<i>RMB'000 (audited)</i>				
1. Hainan COFCO Coca-Cola Beverages Limited (海南中糧可口可樂飲料有限公司)	1,042	684	6,034	4,310	70,302
2. COFCO Coca-Cola Beverages (Jiangxi) Limited (中糧可口可樂飲料(江西)有限公司)	(5,431)	(5,431)	15,888	11,763	46,332
3. Zhanjiang COFCO Coca-Cola Beverages Limited (湛江中糧可口可樂飲料有限公司)	(3,321)	(2,596)	21,923	15,956	52,497
4. Swire Coca-Cola Beverages Jiangsu Limited (江蘇太古可口可樂飲料有限公司)	77,531	57,018	68,942	50,930	189,414
5. Swire Coca-Cola Beverages Zhejiang Limited (浙江太古可口可樂飲料有限公司)	180,046	138,135	154,546	118,200	275,041
6. Swire Guangdong Coca-Cola Limited (廣東太古可口可樂有限公司)	123,880	83,215	134,598	104,066	650,056
7. Swire Guangdong Coca-Cola (Huizhou) Limited (廣東太古可口可樂惠州有限公司)	40,735	30,544	43,565	32,947	75,011
8. Swire Coca-Cola Beverages Wenzhou Limited (溫州太古可口可樂飲料有限公司)	23,982	18,183	18,072	13,386	84,953
9. The Coca-Cola Bottling Unit of Shanghai Shen-Mei Beverage and Food Co., Ltd (上海申美飲料食品有限公司可口可樂裝瓶部)	89,292	83,305	124,769	84,930	894,711

## **INFORMATION OF THE PARTIES**

The Company is an investment holding company incorporated in Bermuda. Through its subsidiaries and associated companies, it is principally engaged in wine, beverage, consumer-pack edible oil and other consumer food products businesses.

CCBL is a company incorporated in Hong Kong and jointly established by the Company and KO in which the Company indirectly holds a 65% interest. CCBL engages in the investment in the beverage business and through its subsidiaries, has the exclusive right to manufacture, market and distribute Coca-Cola products in a number of provinces, municipalities and regions in the PRC as at the date of this announcement.

Swire is an investment holding company incorporated in Hong Kong that principally engages in the sale of non-alcoholic ready-to-drink beverages through its subsidiaries. It is a subsidiary of Swire Pacific, an investment holding company incorporated in Hong Kong and listed on the Stock Exchange, the subsidiaries, associates and joint ventures of which are engaged in property, aviation, beverages, marine services and trading and industrial businesses.

KO is a company incorporated in the State of Delaware, U.S.A. and headquartered in Atlanta, Georgia, U.S.A., whose shares are listed on the New York Stock Exchange. KO is one of the world's largest beverage companies, manufacturing non-alcoholic beverage concentrates and syrups, and marketing more than 500 beverage brands worldwide.

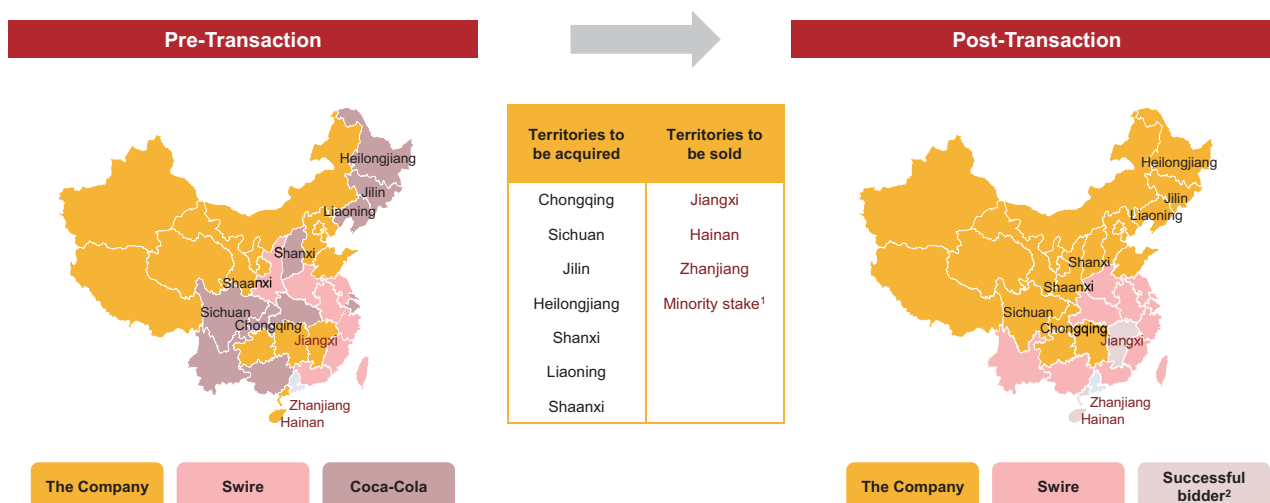
As at the date of this announcement, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Swire, the Swire Seller and the counterparties to the Amended Articles and JV Contracts to which any member of the Group will be a party subject to Closing (other than KO and its associates) and their respective ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

As at the date of this announcement, KO indirectly holds 35% issued share capital of CCBL. Therefore, KO is a connected person of the Company at the subsidiary level under the Listing Rules.

## REASONS FOR AND BENEFITS OF THE POTENTIAL DISPOSALS AND THE ACQUISITIONS

The non-alcoholic, ready-to-drink beverage category in China is a sizable market that has demonstrated attractive volume growth and has relatively low per capita consumption compared with developed markets. Over the last few years, there has also been a clear trend towards premium products, creating the opportunity to improve product pricing. The Directors believe that the Acquisitions and the Potential Disposals present a significant opportunity to scale-up the Company's beverages business, expanding its geographic coverage, creating economies of scale and capitalising on the attractive long-term growth trends in China's beverage market. The Acquisitions and the Potential Disposals also reflect the Company's long term commitment to the Coca-Cola beverages bottling business in China and it is expected that the Acquisitions and the Potential Disposals will further deepen this important strategic partnership, by offering more opportunities for cooperation between the Company and KO. Upon Closing and completion of the Potential Disposals, the Coca-Cola beverages bottling group of the Company will reach approximately 50% of China's population, and therefore it will emerge as one of the largest beverage bottlers in China and a major bottler within the Coca-Cola system. (See the diagram below for the franchise territories before and after the proposed transactions under the Transaction Agreements). The proposed transactions, following the disposal of the confectionery business of the Company completed on 31 May 2016 are part of the Company's overall strategy of concentrating on expanding its core activities.

### Franchise territories before and after the proposed transactions under the Transaction Agreements



Notes:  
 1. Includes Shanghai, Jiangsu, Zhejiang, Huizhou, Wenzhou and Guangdong  
 2. Successful bidder for the Jiangxi, Hainan, Zhanjiang and the minority stake to be sold

With significantly streamlined, more rational and contiguous Coca-Cola bottling franchise territories in China, the Acquisitions and the Potential Disposals will enable the Company to realize cost synergies, optimize capacity utilization, streamline certain operations and achieve cost savings from distribution and transportation. The Company will also be able to significantly increase its sparkling beverage production capacity to achieve future volume growth after the Closing.

The Company's senior management team has proven track record and execution capability and is expected to facilitate a smooth transition and integration of the new territories to be acquired.

As part of the Potential Disposals, the Company will dispose of minority investments in certain bottlers which are expected to generate material investment return for the Shareholders. The proceeds from the Potential Disposals will be used primarily for the settlement of the consideration for the Acquisitions. It is expected that this strategic redeployment of capital to businesses with strong growth prospects and under the direct control by the Group will enhance returns for the Shareholders.

The Directors (including the independent non-executive Directors) consider that the terms of each of the Transaction Agreements and the transactions contemplated thereunder are fair and reasonable and entered into on normal commercial terms after arm's length negotiations between the relevant parties, and are in the interests of the Company and the Shareholders as a whole.

None of the Directors has a material interest in any of the Transactional Agreements and the transactions contemplated thereunder and therefore none of the Directors has abstained from voting on the relevant board resolutions.

## **LISTING RULES IMPLICATION**

Since KO is a connected person of the Company at the subsidiary level under the Listing Rules, the acquisition of the KO-CCBL Sale Equity Interests under the Non-Public Sale Master Agreement and the Non-Public Sale Equity Transfer Agreements constitute a connected transaction, and the transactions under the Transitional Services Agreements and the New Bottler Agreements between any Target Company (which will become a member of the Group from Closing) and KO or any of its associates will, upon signing at Closing, constitute continuing connected transactions, of the Company under Chapter 14A of the Listing Rules.



As (i) the Board has approved the Non-Public Sale Master Agreement and the Non-Public Sale Equity Transfer Agreements and the transactions contemplated thereunder; and (ii) the independent non-executive Directors have confirmed that the terms of the Non-Public Sale Master Agreement and the Non-Public Sale Equity Transfer Agreements and the acquisition of the KO-CCBL Sale Equity Interests contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole, the Non-Public Sale Master Agreement together with the Non-Public Sale Equity Transfer Agreements and the acquisition of the KO-CCBL Sale Equity Interests contemplated thereunder are subject to the reporting and announcement requirements, but are exempted from the circular, independent financial advice and independent shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

As no transaction values are involved, the transactions under the New Bottler Agreements will constitute de minimis transactions for the Group under Rule 14A.76(1) of the Listing Rules and are therefore fully exempted from shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

The service fees payable by the Target Companies to KO or any of its associates (as transitional services providers) for the transitional services under the Transitional Services Agreements will only be determined when the Transitional Services Agreements are entered into at Closing. When the Transitional Services Agreements are entered into and the proposed annual caps for the service fees payable are determined, the Company will comply with any applicable requirements under the Listing Rules.

As one or more of the relevant percentage ratios applicable to the Acquisitions on an aggregate basis exceeds 25% but is below 100%, the Acquisitions constitute a major transaction for the Company and the Non-Public Sale Master Agreement together with the Non-Public Sale Equity Transfer Agreements and the Acquisitions are subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Based on the reserved consideration set out in this announcement, one or more of the relevant percentage ratios applicable to the Potential Disposals on an aggregate basis exceeds 25% but is below 75%, the Potential Disposals, if materialise, will constitute a major transaction for the Company and be subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

## **Shareholders' written approval**

Pursuant to Rule 14.44 of the Listing Rules, shareholders' approval of the Acquisitions and the Potential Disposals may be given by way of written Shareholders' approval in lieu of holding a general meeting if (1) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisitions and the Potential Disposals; and (2) the written Shareholders' approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the issued share capital of the Company giving the right to attend and vote at that general meeting to approve the Acquisitions and the Potential Disposals.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder has any material interest in the Acquisitions and the Potential Disposals and no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisitions and the Potential Disposals.

The Board announces that in lieu of holding a general meeting, written shareholders' approval was obtained on 17 November 2016 from China Foods (Holdings) Limited which holds 2,072,688,331 shares of the Company, representing approximately 74.10% of the issued share capital of the Company as at the date of this announcement, approving the Acquisitions, the Potential Disposals, the Transaction Agreements and the other transactions contemplated thereunder.

As the conditions set out in Rule 14.44 of the Listing Rules are satisfied, no general meeting of the Shareholders will be convened for the Shareholders' approval of the Acquisitions, the Potential Disposals, the Transaction Agreements and the other transactions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules.

## **DESPATCH OF CIRCULAR**

A circular containing, amongst other things, the information required under the Listing Rules in relation to the Acquisitions, the Potential Disposals, the Non-Public Sale Master Agreement and the Public Sale Equity Transfer Master Agreement and the other transactions contemplated thereunder will be despatched to the Shareholders in compliance with the Listing Rules.

Pursuant to Rule 14.41(a) of the Listing Rules, the Company is required to despatch to the Shareholders the circular within 15 business days after the publication of this announcement, that is on or before 8 December 2016. As the Acquisitions are conditional on the Potential Disposals, the Company will include information regarding the Potential Disposals, if materialise, in the circular, including without limitation, unaudited pro forma financial information of the Group reflecting both the Acquisitions and the Potential Disposals. The Company will only be able to prepare such information after the conclusion of the Public Sale when definitive agreements in respect of the Potential Disposals, if any, are entered into. Further, the Company also requires additional time to finalise the financial and other information to be included in the circular. The Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules. Subject to the granting of such waiver by the Stock Exchange, the circular is expected to be despatched to the Shareholders on or before 30 December 2016. Further announcement(s) will be made by the Company as and when appropriate.

**As Closing is subject to the fulfilment (or if applicable, waiver) of certain conditions precedent, the Acquisitions may or may not proceed. The issue of this announcement does not in any way imply that the transactions under the Non-Public Sale Master Agreement or any of the Transaction Agreements will be completed. As at the date of this Announcement, no binding agreement with respect to the Potential Disposals has been entered into by the Company or any of its subsidiaries and there is no assurance that any definitive transaction in respect of the Potential Disposals will materialise. As the Acquisitions and the Potential Disposals may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## **DEFINITIONS**

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

“Acquisitions”	the proposed acquisitions by the CCBL Purchaser of the Swire-CCBL Sale Equity Interest and the KO-CCBL Sale Equity Interests
“AIC”	the State Administration for Industry and Commerce of China or its local counterpart
“Amended Articles and JV Contract”	(i) the amended articles of each Target Company, and (ii) (if applicable) the amended joint venture contract of each Target Company which will, immediately after Closing, have two or more shareholders, which shall be entered into prior to Closing
“associate(s)”	has the meaning given to it under the Listing Rules

“Board”	the board of Directors
“Closing”	completion of the Non-Public Sale Transactions in accordance with the terms and conditions of the Non-Public Sale Master Agreement
“connected person”	has the meaning given to it under the Listing Rules
“CCBL”	COFCO Coca-Cola Beverages Limited, a limited liability company incorporated in Hong Kong
“CCBL Purchaser”	COFCO Coca-Cola Beverages (China) Investment Limited (中糧可口可樂飲料(中國)投資有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of CCBL
“Company”	China Foods Limited (中國食品有限公司), a limited liability company incorporated in Bermuda, whose shares are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Formal Disclosure”	the formal disclosure of information in respect of the Public Sale to the public
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“KO”	The Coca-Cola Company, a company incorporated under the laws of the State of Delaware, U.S.A. and headquartered in Atlanta, Georgia, U.S.A., whose shares are listed on the New York Stock Exchange
“KO-CCBL Sale Equity Interests”	has the meaning given to it in the table under the section headed “The Non-Public Sale Master Agreement – KO-CCBL Transactions” in this announcement
“KO-CCBL Seller”	has the meaning given to it in the table under the section headed “The Non-Public Sale Master Agreement – KO-CCBL Transactions” in this announcement
“KO-CCBL Target Company”	has the meaning given to it in the table under the section headed “The Non-Public Sale Master Agreement – KO-CCBL Transactions” in this announcement

“KO-Swire Target Companies”	Coca-Cola (Guangxi) Beverages Limited (可口可樂(廣西)飲料有限公司), Coca-Cola (Yunnan) Beverages Limited (可口可樂(雲南)飲料有限公司), Coca-Cola (Hubei) Beverages Co., Ltd (可口可樂(湖北)飲料有限公司) and the Coca-Cola Bottling Unit of Shanghai Shen-Mei Beverage and Food Co., Ltd (上海申美飲料食品有限公司可口可樂裝瓶部), each of which is incorporated in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“MOFCOM”	the Ministry of Commerce of China or its local counterpart
“New Bottler Agreement”	the new bottler agreement in the agreed form to be entered into between a Target Company and KO (or the relevant subsidiary of KO) at Closing pursuant to which that Target Company shall be authorised to produce, bottle, sell and distribute certain Coca-Cola beverages in certain region in the PRC
“No. 32 Decree”	<i>“Measures for Supervision and Administration of Enterprise State-owned Assets Transactions”</i> No. 32 Decree of the Ministry of Finance, State-owned Assets Supervision and Administration Commission of the State Council (《企業國有資產交易監督管理辦法》(國務院國資委財政部令第32號))
“Non-Public Sale Equity Transfer Agreement”	the equity transfer agreement and the related side agreement, each to be entered into between the seller and the buyer in each relevant Non-Public Sale Transaction relating to the sale and purchase of the equity interest in the relevant Target Company to implement that Non-Public Sale Transaction contemplated by the Non-Public Sale Master Agreement
“Non-Public Sale Long Stop Date”	means 31 May 2018 or such later date as may be agreed in writing between the parties to the Non-Public Sale Master Agreement
“Non-Public Sale Master Agreement”	the master agreement dated 17 November 2016 entered into among CCBL, KO and Swire in relation to the terms and conditions of the Non-Public Sale Transactions

“Non-Public Sale Transactions”	the non-public sale transactions contemplated by the Non-Public Sale Master Agreement as described in the sections headed “The Non-Public Sale Master Agreement – Swire-CCBL Transactions”, “The Non-Public Sale Master Agreement – KO –CCBL Transactions” and “The Non-Public Sale Master Agreement – KO-Swire Transactions” in this announcement
“Potential Disposals”	the potential disposals of the Public Sale Interests by the Public Sale Sellers through the Public Sale
“PRC” or “China”	the People’s Republic of China
“Public Sale”	the public sale of the Public Sale Interests through the China Beijing Equity Exchange in accordance with the relevant laws and regulations of the PRC in respect of the disposal of state-owned assets
“Public Sale Company”	has the meaning given to it in the table under the section headed “Commencement of Public Sale in relation to the Potential Disposals” in this announcement
“Public Sale Equity Transfer Agreement”	the equity transfer agreement to be entered into between the Public Sale Seller and the Successful Purchaser in each Public Sale transaction relating to the sale and purchase of the interest in the relevant Public Sale Company to implement that Public Sale transaction contemplated by the Public Sale Equity Transfer Master Agreement
“Public Sale Equity Transfer Master Agreement”	the master agreement to be entered into among CCBL, the Company and the Successful Purchaser in respect of the terms and conditions of the sale and purchase of all the Public Sale Interests together as a package
“Public Sale Interests”	has the meaning given to it in the table under the section headed “Commencement of Public Sale in relation to the Potential Disposals” in this announcement
“Public Sale Long Stop Date”	means 31 May 2018 or such later date as may be agreed in writing between the parties to the Public Sale Equity Transfer Master Agreement

“Public Sale Seller”	has the meaning given to it in the table under the section headed “Commencement of Public Sale in relation to the Potential Disposals” in this announcement
“Public Sale Side Agreement”	the side agreement to be entered into between the Public Sale Seller and the Successful Purchaser in each Public Sale transaction relating to the sale and purchase of the interest in the relevant Public Sale Company to implement that Public Sale transaction contemplated by the Public Sale Equity Transfer Master Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Successful Purchaser”	the successful bidder in the Public Sale
“Swire”	Swire Beverages Holdings Limited (太古飲料控股有限公司), a company incorporated in Hong Kong and wholly owned by Swire Pacific, whose principal activity is investment holding (and including, as the context requires, its wholly owned subsidiaries)
“Swire-CCBL Sale Equity Interest”	100% equity interest in the Swire-CCBL Target Company
“Swire-CCBL Target Company”	Swire Coca-Cola Beverages Shaanxi Limited (陝西太古可口可樂飲料有限公司), a company incorporated in the PRC
“Swire Pacific”	Swire Pacific Limited (太古股份有限公司), an investment holding company incorporated in Hong Kong and listed on the Stock Exchange, the subsidiaries, associates and joint ventures of which are engaged in property, aviation, beverages, marine services and trading and industrial businesses
“Swire Seller”	Swire BCD Co., Ltd. (太古中萃發展有限公司), a company incorporated in the PRC and a subsidiary of Swire



“Target Companies”	the Swire-CCBL Target Company and the KO-CCBL Target Companies
“Transaction Agreements”	the Non-Public Sale Master Agreement, the Non-Public Sale Equity Transfer Agreements, the Public Sale Equity Transfer Master Agreement, the Public Sale Equity Transfer Agreements, the Public Sale Side Agreements, the Amended JV Contracts, the Transitional Services Agreements and the New Bottler Agreements to which any member of the Group is a party
“Transitional Services Agreement”	the transitional services agreement to be entered into between the Target Company, the CCBL Purchaser and the transitional services provider(s) in each relevant Non-Public Sale Transaction in respect of that Target Company at Closing

By Order of the Board  
**China Foods Limited**  
**Jiang Guojin**  
*Managing Director*

Beijing, 17 November 2016

*As at the date of this announcement, the Board comprises: Mr. Ma Jianping as the chairman of the Board and a non-executive director; Mr. Jiang Guojin, Mr. Wu Fei and Mr. Zhou Chenguang as executive directors; Mr. Wang Zhiying as a non-executive director; and Messrs. Stephen Edward Clark, Paul Kenneth Etchells, Li Hung Kwan, Alfred and Yuen Tin Fan, Francis as independent non-executive directors.*