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SUMPO FOOD HOLDINGS LIMITED

森寶食品控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1089)

PLACING OF NEW SHARES UNDER GENERAL MANDATE AND INSIDE INFORMATION-PLACING OF SHARES BY CONTROLLING SHAREHOLDER

Placing Agent



PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 17 April 2014 (after trading hours), the Placing Agent and the Company entered into the GM Placing Agreement pursuant to which the Placing Agent agreed to place, on a fully underwritten basis, 332,000,000 GM Placing Shares to currently expected not less than six Placees who are Independent Third Parties.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the GM Placing, the 332,000,000 Placing Shares under the GM Placing represent (i) approximately 20.00% of the existing issued share capital of the Company of 1,660,000,000 Shares as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the GM Placing Shares. The aggregate nominal value of the Placing Shares under the GM Placing will be HK\$33,200,000.

The Placing Price of HK\$0.20 represents a discount of approximately 16.32% to the benchmarked price of the Shares, which is the higher of (i) the closing price of HK\$0.239 as quoted on the Stock Exchange on the date of the GM Placing Agreement; and (ii) the average closing price of HK\$0.236 in the last 5 trading days prior to the date of the GM Placing Agreement.

The GM Placing is conditional upon, among other things, the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the GM Placing Shares.

The gross proceeds from the GM Placing will be HK\$66.4 million. The net proceeds from the GM Placing will amount to approximately HK\$63.2 million which is intended to be used for general working capital of the Group. The net price raised per GM Placing Share will be approximately HK\$0.19 per Share.

INSIDE INFORMATION-PLACING OF SHARES BY CONTROLLING SHAREHOLDER

On 17 April 2014 (after trading hours), the Company was informed by Mr. Lin Qinglin (the executive Director, chairman and controlling shareholder of the Company) and Mr. Lin Genghua (the son of Mr. Lin Qinglin) that they had, after trading hours on 17 April 2014, entered into the CS Placing Agreement with the Placing Agent for the CS Placing of a maximum of 265,600,000 Shares of which 98,320,000 Shares and 167,280,000 Shares are owned by Mr. Lin Qinglin and Mr. Lin Genghua respectively, on a best effort basis at the Placing Price of HK\$0.20 per Share.

The GM Placing and the CS Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

1. PLACING OF NEW SHARES UNDER GENERAL MANDATE

Date

17 April 2014 (after trading hours)

Parties

The Company and the Placing Agent

Placing Agent

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Placing Agent and its ultimate beneficial owners are third parties independent of and not connected with any directors, chief executive and substantial shareholders of the Company or any of its subsidiaries, or any of their respective associates.

Placees

The Placing Agent will place the GM Placing Shares to currently expected not less than six Placees (who are independent professional, institutional or other investors), who and whose ultimate beneficial owner(s) are Independent Third Parties. If any of the Placees becomes a substantial Shareholder (as defined under the Listing Rules) after the completion of the GM Placing, a further announcement will be made by the Company.

Number of GM Placing Shares

332,000,000 GM Placing Shares will be placed by the Placing Agent on a fully underwritten basis. Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the GM Placing, the 332,000,000 Placing Shares under the GM Placing represent (i) approximately 20.00% of the existing issued share capital of the Company of 1,660,000,000 Shares as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the GM Placing Shares. The aggregate nominal value of the Placing Shares under the GM Placing will be HK\$33,200,000.

Ranking of GM Placing Shares

The Placing Shares under the GM Placing will rank, upon issue, pari passu in all respects with the Shares in issue on the date of allotment and issue of the GM Placing Shares.

Placing Price

The Placing Price of HK\$0.20 represents a discount of approximately 16.32% to the benchmarked price of the Shares, which is the higher of (i) the closing price of HK\$0.239 as quoted on the Stock Exchange on the date of the GM Placing Agreement; and (ii) the average closing price of HK\$0.236 in the last 5 trading days prior to the date of the GM Placing Agreement.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the GM Placing are on normal commercial terms and are fair and reasonable based on the current market conditions. Hence, the Directors consider that the GM Placing is in the interests of the Company and the Shareholders as a whole.

General Mandate to Allot and Issue the GM Placing Shares

The GM Placing Shares will be issued under the General Mandate granted to the Directors by resolution of the Shareholders passed at the AGM, subject to the limit up to 20% of the then issued share capital of the Company as at the date of the AGM. Under the General Mandate, the Company is authorized to issue up to 332,000,000 new Shares. Up to the date of this announcement, no new Shares have been issued under the General Mandate. Accordingly, the issue of the GM Placing Shares is not subject to the approval of the Shareholders.

Conditions of the GM Placing Agreement

Completion of the GM Placing Agreement is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares under the GM Placing; and
- (ii) the obligations of the Placing Agent under the GM Placing Agreement not being terminated in accordance with the terms of the GM Placing Agreement, including provisions regarding force majeure events.

Completion of the GM Placing

Completion of the GM Placing, in any event, will take place within four business days after the fulfillment of the conditions as set out in paragraph headed “Conditions of the GM Placing Agreement” above or such other date to be agreed between the Company and the Placing Agent in writing (the “**Completion Date**”). If the above conditions are not satisfied and/or waived (other than condition (i) above, which cannot be waived) in whole or in part by the Placing Agent on or before 5:00 p.m. on 2 May 2014 or such later date to be agreed between the Company and the Placing Agent in writing, the GM Placing will be terminated and the GM Placing will not proceed and all obligations and liabilities of the parties hereunder will forthwith cease and determine and no party will have any claim against the others (save for any antecedent breaches hereof).

Termination and force majeure

The Placing Agent may terminate the GM Placing Agreement by notice in writing prior to 9:00 a.m. on the Completion Date, if in the absolute opinion of the Placing Agent, the success of the GM Placing would be materially and adversely affected by any force majeure events:

- (i) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the GM Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of

the Group as a whole or adversely prejudices the success of the GM Placing of the Shares by potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the GM Placing; or

- (iii) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs which affect the success of the GM Placing (such success being the placing of the Shares to potential investor(s)) or otherwise in the absolute opinion of the Placing Agent make it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the GM Placing.

If, at or prior to 9:00 a.m. on the Completion Date;

- (i) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the GM Placing Agreement; or
- (ii) the trading of the Shares on the Stock Exchange has been suspended for more than ten consecutive trading days save for the purposes of clearing of the announcement relating to the GM Placing Agreement or any announcements or circulars relating to the GM Placing; or
- (iii) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the GM Placing Agreement was, when given, untrue or inaccurate or would in any respect be untrue or inaccurate if repeated the Placing Agent shall determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Group taken as a whole or will otherwise likely to have a material prejudicial effect on the GM Placing.

The Placing Agent shall be entitled (but not bound) by notice in writing to the Company to elect to treat such matter or event as releasing and discharging the Placing Agent from its obligations under the GM Placing Agreement.

Upon giving of notice pursuant to the paragraph above, all obligations of the Placing Agent hereunder shall cease and determine and no party shall have any claim against any other parties in respect of any matter or thing arising out of or in connection with the GM Placing Agreement, save for any antecedent breaches.

REASONS FOR THE GM PLACING AND USE OF PROCEEDS

The Group is principally engaged in the production of chicken meat products from white-feathered broilers through its own production facilities.

The maximum gross proceeds from the GM Placing will be HK\$66.4 million. The maximum net proceeds from the GM Placing will amount to approximately HK\$63.2 million which is intended to be used for the general working capital of the Group. The net proceeds raised per GM Placing Share will be approximately HK\$0.19 per Share.

The Directors have considered various ways of raising funds and believe that the GM Placing represents an opportunity to raise capital for the Group while broadening its Shareholder and capital base. Accordingly, the Directors are of the view that the GM Placing is in the best interest of the Company and its Shareholders as a whole.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities during the 12 months immediately preceding the date of this announcement.

2. INSIDE INFORMATION-PLACING OF SHARES BY CONTROLLING SHAREHOLDER

This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

On 17 April 2014 (after trading hours), the Company was informed by Mr. Lin Qinglin (the executive Director, chairman and controlling shareholder of the Company) and Mr. Lin Genghua (the son of Mr. Lin Qinglin) that they had, after trading hours on 17 April 2014, entered into the CS Placing Agreement with the Placing Agent for the CS Placing of a maximum of 265,600,000 Shares, of which 98,320,000 Shares and 167,280,000 Shares are owned by Mr. Lin Qinglin and Mr. Lin Genghua respectively, on a best effort basis at the Placing Price of HK\$0.20 per Share.

As informed by Mr. Lin Qinglin and Mr. Lin Genghua, the CS Placing is unconditional and shall be completed on or before the 10th business day after the date of the CS Placing Agreement. After completion of the CS Placing (assuming all the CS Placing Shares are placed in full), Mr. Lin Qinglin will remain as the controlling shareholder of the Company and Mr. Lin Genghua will cease to be a shareholder of the Company.

3. EFFECT ON SHAREHOLDING STRUCTURE

The following table sets out the shareholding structure of the Company

- (i) as at the date of this announcement;
- (ii) upon completion of the GM Placing (assuming all the GM Placing Shares are placed in full and there is no other change in the shareholding structure of the Company before the issue of the Placing Shares under the GM Placing);

- (iii) upon completion of the CS Placing (assuming all the CS Placing Shares are placed in full and there is no other change in the shareholding structure of the Company before the issue of the Placing Shares under the CS Placing); and
- (iv) upon completion of the GM Placing and the CS Placing (assuming all the Placing Shares are placed in full and there is no other change in the shareholding structure of the Company before the issue of the Placing Shares under both the GM Placing and the CS Placing)

Shareholders	As at the date of this announcement		Upon completion of the GM Placing (Note 3)		Upon completion of the CS Placing (Note 3)		Upon completion of the GM Placing and the CS Placing (Note 3)	
	No. of Shares	Approx. %	No. of Shares	Approx. %	No. of Shares	Approx. %	No. of Shares	Approx. %
	Mr. Lin Qinglin (Note 1)	642,000,000	38.67	642,000,000	32.23	543,680,000	32.75	543,680,000
Mr. Lin Genghua (Note 2)	167,280,000	10.08	167,280,000	8.40	–	0.00	–	0.00
The Placees of the GM Placing (Note 3)	–	0.00	332,000,000	16.67	–	0.00	332,000,000	16.67
The Placees of the CS Placing (Note 3)	–	0.00	–	0.00	265,600,000	16.00	265,600,000	13.33
Existing public Shareholders (Note 3)	850,720,000	51.25	850,720,000	42.70	850,720,000	51.25	850,720,000	42.71
Total	1,660,000,000	100.00	1,992,000,000	100.00	1,660,000,000	100.00	1,992,000,000	100.00

Notes:

1. Mr. Lin Qinglin is the chairman and executive Director of the Company.
2. Mr. Lin Genghua is the son of Mr. Lin Qinglin.
3. This assumes the GM Placing and/or the CS Placing is/are fully placed
4. The percentages are subject to rounding difference, if any.

4. GENERAL

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

The GM Placing and the CS Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares

5. TERMS AND DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 23 May 2013
“Board”	the board of Directors
“Company”	Sumpo Food Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange (stock code: 1089)
“CS Placing”	the placing of 265,600,000 CS Placing Shares pursuant to the terms of the CS Placing Agreement
“CS Placing Agreement”	the unconditional placing agreement entered into between Mr. Lin Qinglin, Mr. Lin Genghua and the Placing Agent dated 17 April 2014 in relation to the CS Placing
“CS Placing Share(s)”	up to 256,600,000 issued Shares to be placed pursuant to the CS Placing Agreement
“Director(s)”	the director(s) of the board of the Company
“General Mandate”	the mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“GM Placing”	the placing of 332,000,000 GM Placing Shares pursuant to the terms of the GM Placing Agreement
“GM Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 17 April 2014 in relation to the GM Placing
“GM Placing Share(s)”	332,000,000 new Shares to be placed pursuant to the GM Placing Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Party(ies)”	third party(ies) independent of, not connected or acting in concert (as defined in the Hong Kong Code on Takeovers and Mergers) with any directors, chief executive or substantial shareholder(s) of the Company or its subsidiaries and their respective associates (as defined under as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placing Price”	HK\$0.20 per Placing Share
“Placing Share(s)”	the GM Placing Shares and/or the CS Placing Shares and each, a “Placing Share”
“Placee(s)”	any professional, institutional or other investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations under the GM Placing Agreement and/or the CS Placing Agreement
“Placing Agent”	Kingston Securities Limited, a licensed corporation to carry on business in type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
Sumpo Food Holdings Limited
Lin Qinglin
Chairman

Hong Kong, 17 April 2014

As at the date of this announcement, the Board comprises Mr. Lin Qinglin, Mr. Wu Shiming, Mr. Yin Shouhong as executive directors, and Mr. Hu Chung Ming, Mr. Chau On Ta Yuen and Mr. Wei Ji Min as independent non-executive directors.