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KOND 康大
China Kangda Food Company Limited
中國康大食品有限公司
(incorporated in Bermuda with limited liability)
(Hong Kong Stock Code: 834)
(Singapore Stock Code: P74)

**CONNECTED TRANSACTION
AND INTERESTED PERSON TRANSACTION**

**DISPOSAL OF THE ENTIRE EQUITY INTEREST IN
AN INDIRECT WHOLLY-OWNED SUBSIDIARY**

The Board announces that the Vendors, namely Perfect Goods and Kangda Lubao, both wholly-owned subsidiaries of the Company, have on 19 September 2014 entered into the Share Transfer Agreement with the Purchaser pursuant to which the Vendors have agreed to sell, and the Purchaser has agreed to acquire, the Equity Interest of the Target Company at the Consideration of RMB6,452,498 (equivalent to approximately HK\$8,167,720).

Mr. Gao is a non-executive chairman and non-executive Director of the Company. The Purchaser is 40% indirectly owned by Mr. Gao. Accordingly, the Purchaser is an associate of Mr. Gao and thus a connected person of the Company under the Listing Rules and an interested person under Chapter 9 of the Listing Manual. The Disposal therefore constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and an interested person transaction under Chapter 9 of the Listing Manual respectively.

As the relevant Percentage Ratio(s) (other than the profits ratio) as set out in Rule 14.07 of the Listing Rules to be applied for classifying a transaction in respect of the Disposal are more than 0.1% but less than 5%, the Disposal is subject to the reporting and announcement requirements but exempted from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules. As the value of the Disposal is less than 3% of the Group's latest audited net tangible assets, no announcement or shareholders' approval is required under Chapter 9 of the Listing Manual.

INTRODUCTION

The Board announces that, the Vendors, namely Perfect Goods and Kangda Lubao, both wholly-owned subsidiaries of the Company, have on 19 September 2014 entered into the Share Transfer Agreement with the Purchaser pursuant to which the Vendors have agreed to sell, and the Purchaser has agreed to acquire, the Equity Interest at the Consideration of RMB6,452,498 (equivalent to approximately HK\$8,167,720).

THE SHARE TRANSFER AGREEMENT

The principal terms of the Share Transfer Agreement are as follows:

The Parties

Vendors: Perfect Goods, which holds 75% of the Equity Interest; and

 Kangda Lubao, which holds 25% of the Equity Interest.

Purchaser: the Purchaser

Subject matter

The Vendors have agreed to sell and the Purchaser has agreed to acquire the Equity Interest representing the entire equity interest of the Target Company.

As at the date of this announcement, the Target Company does not owe any shareholders' loan to the Group.

Consideration

The Consideration is RMB6,452,498 (equivalent to approximately HK\$8,167,720), which shall be fully settled in cash by the Purchaser within 15 days from the date of fulfilment of all the Conditions.

The Consideration was arrived at, on a willing-buyer and willing-seller basis, after arm's length negotiation between the Vendors and the Purchaser taking into account the latest

financial position of the Group and the unaudited net asset value of the Equity Interest as at 31 August 2014.

Conditions Precedent

Completion is conditional upon satisfaction of the following Conditions:

- (i) the parties having obtained all the necessary consents and approvals (if any) from the relevant governmental authorities and third parties (including but not limited to the Stock Exchange, the SGX-ST and the SFC); and
- (ii) the passing of the relevant resolutions by each of the parties of their respective board of directors and/or of their respective shareholders (if required) approving the transactions contemplated under the Share Transfer Agreement in accordance with their respective articles of association and relevant statutory regulations.

Completion

Completion shall take place within 15 days from the date of fulfillment of all the Conditions, on which the Purchaser shall settle the Consideration in full by cash.

The Vendors shall, after full settlement of the Consideration by the Purchaser, assist the Purchaser to process the registration in relation to the transfer of the Equity Interest with the relevant PRC authorities.

Amendment or Termination of the Share Transfer Agreement

The Share Transfer Agreement may be amended or terminated in the event of:

- (i) the failure to satisfy all of the Conditions by any party within 15 days from the date of the Share Transfer Agreement or such other later day as the parties may agree;
- (ii) the occurrence of any force majeure event or any event (without the default of any party) that is not preventable, making it impossible to enforce the Share Transfer Agreement;

- (iii) the loss of ability to fulfil the obligations under the Share Transfer Agreement by any party;
- (iv) any breach of the Share Transfer Agreement which adversely affected the economic interests of the non-defaulting party, rendering the performance of the Share Transfer Agreement unnecessary; or
- (v) the Vendors and the Purchaser having agreed in writing to amend or terminate the Share Transfer Agreement upon the occurrence of any change in circumstances.

FINANCIAL EFFECT OF THE DISPOSAL

Based on the management accounts of the Target Company as at 31 August 2014, the unaudited net asset value of the Target Company was RMB6,452,498 (equivalent to approximately HK8,167,720), which was equivalent to the Consideration.

The Company will not incur any loss or gain as a result of Disposal as the Consideration is equivalent to the unaudited net asset value of the Target Company as at 31 August 2014. There will be no material impact to the net tangible assets and earnings per share of the Group for the financial year ending 31 December 2014. The financial effects of the Disposal on the Group are not indicative of the financial performance or position of the Group upon Completion.

The net proceeds of the Disposal will be deployed to other investment opportunities of the Group.

Upon Completion, the Target Company will cease to be a subsidiary of the Company.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in food manufacturing and processing. The principal business activities of the Target Company are sale and breeding of rabbits used in laboratories. The Directors consider that the Disposal is in the interests of the Company since the Company intends to focus on its core business and the Target Company which requires high operational cost will probably not contribute positively to the profitability of the Group.

The Directors (including the independent non-executive Directors) consider that the terms of the Disposal have been arrived at, on a willing-buyer and willing-seller basis, after arm's length negotiation between the Vendors and the Purchaser, are on normal commercial terms, and that the terms thereof are fair and reasonable and are in the best interests of the Group and the shareholders of the Company as a whole.

INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Apart from Mr. Gao, no other Directors has any material interests in the Disposal. Mr. Gao has abstained from voting on the relevant board resolutions in relation to the Disposal.

INFORMATION OF THE PARTIES

The Company

The Company is a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange and the SGX-ST. The principal business activity of the Company is investment holding.

Perfect Goods

Perfect Goods is a company established in the British Virgin Islands and a wholly-owned subsidiary of the Company. Perfect Goods holds 75% of the Equity Interest of the Target Company. The principal business activity of Perfect Goods is investment holding.

Kangda Lubao

Kangda Lubao is a company established in the PRC and an indirect wholly-owned subsidiary of the Company. Kangda Lubao holds 25% of the Equity Interest of the Target Company. The principal business activity of Kangda Lubao is trading of food products.

The Target Company

The Target Company is a limited liability company established in the PRC which is 75% owned by Perfect Goods and 25% owned by Kangda Lubao before the Disposal. The principal business activities of the Target Company are sale and breeding of rabbits used in laboratories.

Based on the management accounts of the Target Company as at 31 August 2014, the unaudited net asset value of the Target Company was RMB6,452,498 (equivalent to approximately HK\$8,167,720). The following table shows the unaudited financial information of the Target Company for the two years ended 31 December 2012 and 2013 were as follows:

	Year ended 31 December 2012	Year ended 31 December 2013
Net profit / (loss) before taxation	HK\$(1,324,886)	HK\$200,622
Net profit / (loss) after taxation	HK\$(1,324,886)	HK\$200,622

The Purchaser

The Purchaser is a company established in the PRC which is 40% indirectly owned by Mr. Gao. The principal business activities of the Purchaser are the development and sale of biochemical products.

IMPLICATIONS UNDER LISTING RULES AND LISTING MANUAL

Mr. Gao is a non-executive chairman and non-executive Director of the Company. The Purchaser is 40% indirectly owned by Mr. Gao. Accordingly, the Purchaser is an associate of Mr. Gao and thus a connected person of the Company under the Listing Rules and an interested person under Chapter 9 of the Listing Manual. The Disposal therefore constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and an interested person transaction under Chapter 9 of the Listing Manual respectively.

As the relevant Percentage Ratio(s) (other than the profits ratio) as set out in Rule 14.07 of the Listing Rules to be applied for classifying a transaction in respect of the Disposal are more than 0.1% but less than 5%, the Disposal is subject to the reporting and announcement requirements but exempted from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules. As the value of the Disposal is less than 3% of the Group's latest audited net tangible assets, no announcement or shareholders' approval is required under Chapter 9 of the Listing Manual.

The aggregate value of all interested person transactions with Mr Gao and his associates for the current financial year amounted to RMB7,180,047 (equivalent to approximately HK\$9,088,568), which represented approximately 1.1% of the Group's latest audited net tangible assets as at 31 December 2013 of approximately RMB 644.6 million.

The relative figures computed on the bases pursuant to Rule 1006(a) to (d) of the Listing Manual in relation to the Disposal (based on the audited financial statements of the Company for financial year ended 31 December 2013) are as follows:-

	<u>Relative Figures</u>
Net asset value of assets to be disposed of, compared with the Group's net asset value	0.4%
Net profits attributable to the assets acquired, compared with the Group's net profits (<i>See Note</i>)	1.4%
Aggregate value of consideration given, compared with the Company's market capitalization	3.3%
Number of equity securities issued by the Company as consideration for the acquisition, compared with the number of equity securities previously in issue	Not applicable
<p><i>Note: During 2013, approximately RMB10.1 million of the income tax expense arose from prior years' recognised tax losses had been utilized and charged to current year's profit or loss. This recognised prior year's tax losses arose from the business consolidation of Kaijia Group and were classified as deferred tax asset with a statutory time limit of five year in the past and will be deducted in net profit as the extraordinary items.</i></p>	

As the relative figures computed on the bases set out in Rule 1006 do not exceed 5%, the Disposal is therefore a non-discloseable transaction under Chapter 10 of the Listing Manual.

DEFINITIONS

“Board”	the board of Directors
“Company”	China Kangda Food Company Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange and the SGX-ST
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Share Transfer Agreement
“Condition(s)”	the condition(s) precedent of the Disposal under the Share Transfer Agreement as included in the section headed “Conditions Precedent” in this announcement
“Consideration”	the consideration of RMB6,452,498 (equivalent to approximately HK8,167,720) under the Share Transfer Agreement, of which (i) RMB4,839,374 (equivalent to approximately HK6,125,790) shall be paid by the Purchaser to Perfect Goods for 75% of the Equity Interest; and (ii) RMB1,613,124 (equivalent to approximately 2,041,930) shall be paid by the Purchaser to Kangda Lubao for 25% of the Equity Interest
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Equity Interest by the Vendors pursuant to the Share Transfer Agreement
“Equity Interest”	the entire equity interest of the Target Company which is owned as to 75% by Perfect Goods and 25% by Kangda Lubao
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Kaijia Group”	Shandong Kaijia Food Company Limited and its subsidiary, Shandong Kaijia International Trade Co., Ltd. a group established in the PRC and indirectly-owned subsidiaries of the Company.

“Kangda Lubao”	青島康大綠寶食品有限公司 (Qingdao Kangda Lubao Food Co., Ltd), a company established in the PRC and an indirect wholly-owned subsidiary of the Company. Kangda Lubao holds 25% of the Equity Interest
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong
“Listing Manual”	the Listing Manual of the SGX-ST
“Mr. Gao”	Mr. Gao Sishi, a non-executive chairman and non-executive Director of the Company
“Percentage Ratio(s)”	the percentage ratios as set out in Rule 14.07 of the Listing Rules to be applied for classifying a transaction
“Perfect Goods”	Perfect Goods Group Ltd. (美好集團有限公司), a company established in the British Virgin Islands and a wholly-owned subsidiary of the Company. Perfect Goods holds 75% of the Equity Interest
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Purchaser”	青島中創生物科技有限公司 (Qingdao Zhong Chuang Shengwu Keji Co., Ltd) a company established in the PRC which is 40% indirectly owned by Mr. Gao
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SGX-ST”	the Singapore Exchange Securities Trading Limited
“Shareholder(s)”	the shareholder(s) of the Company
“Share Transfer Agreement”	股份轉讓協議書 (a share transfer agreement) dated 19 September 2014 entered into between the Vendors and the Purchaser pursuant to which the Vendors agreed to sell to the Purchaser the Equity Interest at the Consideration
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	青島康大生物科技有限公司 (Qingdao Kangda Shengwu Keji Co., Ltd.), a company established in the PRC and an indirect wholly-owned subsidiary of the Company, the

Equity Interest of which is 75% owned by Perfect Good and 25% owned by Kangda Lubao

“Vendors” Perfect Goods and Kangda Lubao

“%” per cent

By order of the Board
China Kangda Food Company Limited
Fong William
Company Secretary

Hong Kong, 19 September 2014

For the purpose of this announcement, translations of Renminbi into Hong Kong dollars or vice versa have been calculated by using an exchange rate of HK\$1.00 equal to RMB0.79. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were, may have been or will be exchanged at such rate or any other rates or at all.

As at the date of this announcement, the executive Directors of the Company are Mr. An Fengjun (Chief Executive Officer) and Mr. Gao Yanxu; the non-executive Directors of the Company are Mr. Gao Sishi (Chairman), Mr. Zhang Qi and Mr. Naoki Yamada; and the independent non-executive Directors of the Company are Mr. He Dingding, Mr. Lau Choon Hoong and Mr. Yu Chung Leung.