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**CHINA YURUN FOOD GROUP LIMITED**

**中國雨潤食品集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1068)**

**CONTINUING CONNECTED TRANSACTIONS**

**CARTON BOXES PACKAGING MATERIALS PURCHASE FRAMEWORK AGREEMENT**

**AND**

**PACKAGING MATERIALS SUPPLY FRAMEWORK AGREEMENT**

**THE CARTON BOXES PACKAGING MATERIALS PURCHASE FRAMEWORK AGREEMENT**

As the Existing Purchase Framework Agreement will expire on 31 December 2020, on 11 December 2020, the Company (for and on behalf of the members of the Group) entered into the Carton Boxes Packaging Materials Purchase Framework Agreement with the Carton Boxes Packaging Materials Selling Entity for the continual sourcing of carton boxes packaging materials from the Carton Boxes Packaging Materials Selling Entity and/or its subsidiaries upon expiry of the Existing Purchase Framework Agreement.

**THE PACKAGING MATERIALS SUPPLY FRAMEWORK AGREEMENT**

On 11 December 2020, the Company (for and on behalf of the members of the Group) entered into the Packaging Materials Supply Framework Agreement with the Packaging Materials Purchasing Entities for the supply of packaging materials (mainly plastic packaging materials such as plastic bags) by the Group to the Packaging Materials Purchasing Entities. The Packaging Materials Supply Framework Agreement will, upon commencement of its term, replace the two former supply framework agreements each entered into by a subsidiary of the Company for the supply of packaging materials to entities incorporated in the PRC owned and/or controlled by Mr. Zhu and his associates.

**IMPLICATIONS UNDER THE LISTING RULES**

As of the date of this announcement, Mr. Zhu is a substantial shareholder of the Company who is indirectly interested in approximately 25.82% of the issued shares of the Company, and is therefore a connected person of the Company under the Listing Rules. The Carton Boxes Packaging Materials Selling Entity and the Packaging Materials Purchasing Entities, being entities owned and/ or controlled by Mr. Zhu and his associates, are associates of Mr. Zhu and are connected persons of the Company. The transactions contemplated under each of the Carton Boxes Packaging Materials Purchase Framework Agreement and the Packaging Materials Supply Framework Agreement

therefore respectively constitute continuing connected transactions of the Company under the Listing Rules.

As one or more of the applicable percentage ratios in respect of the annual caps under each of the Carton Boxes Packaging Materials Purchase Framework Agreement and the Packaging Materials Supply Framework Agreement are, on an annual basis, more than 0.1% but are less than 5%, the transactions contemplated under each of the Carton Boxes Packaging Materials Purchase Framework Agreement and the Packaging Materials Supply Framework Agreement are respectively subject to the reporting, annual review and announcement requirements but are exempted from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **1. THE CARTON BOXES PACKAGING MATERIALS PURCHASE FRAMEWORK AGREEMENT**

Reference is made to the announcement of the Company dated 26 October 2018 regarding its sourcing of carton boxes packaging materials from the Carton Boxes Packaging Materials Selling Entity for a period from 26 October 2018 to 31 December 2020 pursuant to the Existing Purchase Framework Agreement.

As the Existing Purchase Framework Agreement will expire on 31 December 2020, on 11 December 2020, the Company (for and on behalf of the members of the Group) entered into the Carton Boxes Packaging Materials Purchase Framework Agreement with the Carton Boxes Packaging Materials Selling Entity for the continual sourcing of carton boxes packaging materials from the Carton Boxes Packaging Materials Selling Entity upon expiry of the Existing Purchase Framework Agreement.

The principal terms of the Carton Boxes Packaging Materials Purchase Framework Agreement are described below:

- Date** : 11 December 2020
- Parties** : (i) the Company (for and on behalf of the members of the Group), as the buyer; and  
(ii) the Carton Boxes Packaging Materials Selling Entity, as the seller. The Carton Boxes Packaging Materials Selling Entity is an entity owned and/or controlled by Mr. Zhu and his associates.
- Term** : Commencing on 1 January 2021 and ending on 31 December 2023.
- Principal Terms** : The Carton Boxes Packaging Materials Selling Entity shall and shall procure other parties (as agreed by the Group) to supply carton boxes packaging materials to the Group for its production use.
- Pricing basis** : The price for the sourcing of carton boxes packaging materials shall be determined on an arm's length basis, and negotiated between the parties to the Carton Boxes Packaging Materials Purchase Framework Agreement with reference to the market price at the time the purchase order is placed, provided that such price shall not be higher than the average price paid by the Group to other independent third parties on an arm's length basis and normal commercial terms for the same type of products during the relevant period.

The Group may, before it places any purchase order with the Carton Boxes Packaging Materials Selling Entity pursuant to the Carton Boxes Packaging Materials Purchase Framework Agreement, obtain price quotations or transaction information from other suppliers who are independent third parties for the supply of the same or similar type of products required by the Group. If the Group proceeds to place a purchase order with the Carton Boxes Packaging Materials Selling Entity for the carton boxes packaging materials, the price and other conditions at which such products are to be offered by the Carton Boxes Packaging Materials Selling Entity shall be no less favourable than those offered by the independent third parties to the Group.

**Delivery and payment arrangements**

The buyer shall send a purchase order to the seller specifying the quantity and types of carton boxes packaging materials required for the coming month not less than seven days prior to the end of the month. The buyer shall settle the payment within three months after delivery. Unless agreed otherwise by both parties, the buyer shall notify the seller two days prior to the intended date of delivery in respect of the delivery arrangement.

**Proposed annual caps**

The historical purchase amounts of carton boxes packaging materials by the Group from the Carton Boxes Packaging Materials Selling Entity and the proposed annual caps for the continuing connected transactions contemplated under the Carton Boxes Packaging Materials Purchase Framework Agreement are set out below:

<b>Historical transaction amounts (financial year ended/ period ended)</b>	<b>RMB</b>	<b>Equivalent to approximately (HK\$)</b>
31 December 2018	2.87 million	3.39 million ( <i>Note</i> )
31 December 2019	4.30 million	4.88 million ( <i>Note</i> )
31 October 2020 (unaudited, based on the Group's management accounts)	11.26 million	13.33million
<b>Annual caps (financial year ending)</b>		
31 December 2021	14.20 million	16.81 million
31 December 2022	15.00 million	17.76 million
31 December 2023	15.80 million	18.71 million

*Note: the conversion of RMB into HK\$ is based on the exchange rate used in the annual report of the Company for the year ended 31 December 2018 and 2019 respectively.*

The annual caps under the Carton Boxes Packaging Materials Purchase Framework Agreement are determined with reference to the historical transaction amounts of carton boxes packaging materials purchased by the Group from the Carton Boxes Packaging Materials Selling Entity under the Existing Purchase Framework Agreement, taking into account of the anticipated demand for carton boxes packaging materials of the Group and the increase in the variety of products offered by the Group and its business growth, the anticipated inflation and increase in the market price of carton boxes

packaging materials during the term of the Carton Boxes Packaging Materials Purchase Framework Agreement.

## **REASONS FOR ENTERING INTO THE CARTON BOXES PACKAGING MATERIALS PURCHASE FRAMEWORK AGREEMENT**

The Group is one of the leading meat product suppliers in the PRC which offers a wide range of raw pork (chilled and frozen) and processed meat with a particular focus on pork products. The Group decides to continue the present arrangements with respect to its sourcing of carton boxes packaging materials from the Carton Boxes Packaging Materials Selling Entity, as the Carton Boxes Packaging Materials Selling Entity is a stable and reliable supplier of carton boxes packaging materials, and the Directors believe it is cost-effective and efficient to source such products from the Carton Boxes Packaging Materials Selling Entity.

## **INTERNAL CONTROL PROCEDURES**

Regarding the Carton Boxes Packaging Materials Purchase Framework Agreement, the Directors are of the view that the Company has implemented adequate internal control procedures and steps when carrying out the continuing connected transactions contemplated under the Carton Boxes Packaging Materials Purchase Framework Agreement.

To protect the interests of the Company and the shareholders as a whole, the Company has adopted and will continue to carry out the following internal control measures:

- (a) the business department will consider the Group's brand image, product positioning, brand image of agency channels and target customers so as to select the suitable suppliers;
- (b) the procurement and management departments of the Group will conduct survey on information regarding local markets of the Group, including comparison of quotations obtained from various suppliers, regular review of sourcing price of products, and corresponding adjustments, as and when appropriate, upon change in market price;
- (c) the staff of the business department will compare the purchase price payable to other similar type of suppliers who sell similar products, and be responsible to negotiate the purchase price on an arm's length basis. The purchase price will then be approved by the person in charge of such department to ensure that the purchase price payable to the Carton Boxes Packaging Materials Selling Entity through this channel of procurement should not be higher than the purchase price payable to independent third parties which sell same type of products to the Group based on normal commercial terms after arm's length negotiation during the relevant period;
- (d) the Group will continuously monitor the continuing connected transactions on a monthly basis to ensure that the total transaction amount will not exceed the proposed annual cap. If the accumulated transaction amount is close to the proposed annual cap, the management of the Company will renew the proposed annual cap or suspend the transaction, as appropriate;
- (e) the Company's external auditors will conduct an annual review of the transactions contemplated under the Carton Boxes Packaging Materials Purchase Framework Agreement to ensure that the transaction amounts fall within the proposed annual cap and that such transactions are conducted in accordance with the terms set out in the Carton Boxes Packaging Materials Purchase Framework Agreement;

- (f) the independent non-executive Directors will conduct an annual review of the status of the transactions contemplated under the Carton Boxes Packaging Materials Purchase Framework Agreement to ensure that the Company has complied with the internal approval procedures, the terms of the Carton Boxes Packaging Materials Purchase Framework Agreement and the relevant requirements under the Listing Rules; and
- (g) the internal audit function of Group will, from time to time, review and conduct sample checks on the relevant transaction documents, and ensure that the pricing basis and internal control procedures are complied with.

## **DIRECTORS' CONFIRMATION**

The Directors (including the independent non-executive Directors) are of the opinion that the continuing connected transactions under the Carton Boxes Packaging Materials Purchase Framework Agreement will continue to be carried out in the ordinary and usual course of business of the Group, and on normal commercial terms which (including the annual caps) are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

Ms. Zhu Yuan, an executive Director of the Company, is the daughter of Mr. Zhu, and she is therefore an associate of Mr. Zhu who has a material interest in the Carton Boxes Packaging Materials Purchase Framework Agreement. Since Ms. Zhu Yuan has a material interest in the transactions contemplated under the Carton Boxes Packaging Materials Purchase Framework Agreement, she has abstained from voting on the Board meeting approving such transactions.

Save as disclosed above, none of the Directors has a material interest in the Carton Boxes Packaging Materials Purchase Framework Agreement and has abstained from voting on the Board meeting approving the aforesaid transactions.

## **INFORMATION ON THE PARTIES**

### *The Company and the Group*

The principal activity of the Company is investment holding, and the Group is one of the leading meat product suppliers in the PRC primarily engaging in the slaughtering, production, and sale of chilled and frozen pork and processed meat products with a particular focus on pork products in the PRC.

### *Mr. Zhu and the Carton Boxes Packaging Materials Selling Entity*

The controlling shareholder of the Carton Boxes Packaging Materials Selling Entity is Mr. Zhu and Mr. Zhu is a substantial shareholder and a former executive director of the Company, who as at the date of this announcement is indirectly interested in approximately 25.82% of the issued shares of the Company.

The Carton Boxes Packaging Materials Selling Entity is an entity incorporated in the PRC owned and/or controlled by Mr. Zhu and his associates, which is principally engaged in the business of slaughtering of poultry and manufacture and sales of packaging materials. As at the date of this announcement, the Carton Boxes Packaging Materials Selling Entity is effectively held as to (i) approximately 71.2% by Mr. Zhu; (ii) approximately 3.5% by Ms. Wu Xueqin, the spouse of Mr. Zhu; and (iii) approximately 21.0% by 重慶國際信託有限公司 (Chongqing International Trust Co. Ltd\*) and approximately 4.3% by 王勝玲 (Wang Shengling\*), who are both independent third parties. As such, Mr. Zhu is deemed to hold approximately 74.7% interest in Carton Boxes Packaging Materials Selling Entity.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Mr. Zhu is the beneficial owner who holds the single largest percentage interest in the Carton Boxes Packaging Materials Selling Entity as at the date of this announcement.

## **IMPLICATIONS UNDER THE LISTING RULES**

As of the date of this announcement, Mr. Zhu is a substantial shareholder of the Company who is indirectly interested in approximately 25.82% of the issued shares of the Company, and is therefore a connected person of the Company under the Listing Rules. The Carton Boxes Packaging Materials Selling Entity, being an entity owned and/ or controlled by Mr. Zhu and his associates, is an associate of Mr. Zhu and a connected person of the Company. The transactions contemplated under the Carton Boxes Packaging Materials Purchase Framework Agreement therefore constitute continuing connected transactions of the Company under the Listing Rules.

As one or more of the applicable percentage ratios in respect of the annual caps under the Carton Boxes Packaging Materials Purchase Framework Agreement are, on an annual basis, more than 0.1% but are less than 5%, the transactions contemplated under the Carton Boxes Packaging Materials Purchase Framework Agreement are subject to the reporting, annual review and announcement requirements but are exempted from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **2. THE PACKAGING MATERIALS SUPPLY FRAMEWORK AGREEMENT**

On 11 December 2020, the Company (for and on behalf of the members of the Group) entered into the Packaging Materials Supply Framework Agreement with Packaging Materials Purchasing Entities for the supply of packaging materials (mainly plastic packaging materials such as plastic bags) by the Group to the Packaging Materials Purchasing Entities. The Packaging Materials Supply Framework Agreement will, upon commencement of its term, replace the two former supply framework agreements each entered into by a subsidiary of the Company for the supply of packaging materials to entities incorporated in the PRC owned and/or controlled by Mr. Zhu and his associates.

The principal terms of the Packaging Materials Supply Framework Agreement are described below:

<b>Date</b>	:	11 December 2020
<b>Parties</b>	:	(i) the Company (for and on behalf of the members of the Group), as the seller; and  (ii) Mr. Zhu (for and on behalf of the Packaging Materials Purchasing Entities, each as a buyer). The Packaging Materials Purchasing Entities are entities owned and/ or controlled by Mr. Zhu and his associates.
<b>Term</b>	:	Commencing on 1 January 2021 and ending on 31 December 2023.
<b>Principal Terms</b>	:	The Group shall have the discretion to decide whether to supply packaging materials manufactured by it to the Packaging Materials Purchasing Entities upon receiving purchase order for packaging materials from the Packaging Materials Purchasing Entities from time to time.

**Pricing basis** : The sales price of the packaging materials under the Packaging Materials Supply Framework Agreement shall be determined on an arm's length basis, and negotiated between the buyer and the seller with reference to the market price at the time the purchase order is placed, provided that such price shall not be lower than the average price offered by the Group to other independent third parties on an arm's length basis and normal commercial terms for the same type of products during the relevant period.

If the Group proceeds to sell the packaging materials to any of the Packaging Materials Purchasing Entities, the price and other conditions at which such products are offered to the Packaging Materials Purchasing Entities shall be no more favourable than those offered to the independent third parties by the Group.

**Delivery and payment arrangements** The buyer shall send a purchase order to the seller specifying the quantity and types of packaging materials required for the coming month not less than seven days prior to the end of the month. The buyer shall settle the payment within three months after receipt of the products. Unless agreed otherwise by both parties, the buyer shall notify the seller two days prior to the intended date of delivery in respect of the delivery arrangement. The buyer shall be responsible for the delivery of products.

### **Proposed annual caps**

The historical sales amounts of packaging materials by the Group to entities incorporated in the PRC owned and/or controlled by Mr. Zhu and his associates under the two former supply framework agreements each entered into by a subsidiary of the Company for the supply of packaging materials and the proposed annual caps for the continuing connected transactions contemplated under the Packaging Materials Supply Framework Agreement are set out below:

<b>Historical transaction amounts (financial year ended/ period ended)</b>	<b>RMB</b>	<b>Equivalent to approximately (HK\$)</b>
31 December 2019	1.44 million	1.64 million ( <i>Note</i> )
31 October 2020 (unaudited, based on the Group's management accounts)	0.77 million	0.91 million
<b>Annual caps (financial year ending)</b>		
31 December 2021	11.70 million	13.85 million
31 December 2022	12.30 million	14.56 million
31 December 2023	12.90 million	15.27 million

*Note: the conversion of RMB into HK\$ is based on the exchange rate used in the annual report of the Company for the year ended 31 December 2019.*

The annual caps under the Packaging Materials Supply Framework Agreement are determined with reference to the actual sales amount of packaging materials by the Group to entities incorporated in the PRC owned and/or controlled by Mr. Zhu and his associates under the two former supply framework agreements each entered into by a subsidiary of the Company for the supply of packaging materials, taking into account of the anticipated demand for packaging materials of the Packaging Materials Purchasing Entities and the production level and supply of packaging materials of the Group's production plants, the anticipated inflation and increase in the market price of packaging materials during the term of the Packaging Materials Framework Agreement.

## **REASONS FOR ENTERING INTO THE PACKAGING MATERIALS SUPPLY FRAMEWORK AGREEMENT**

The Group is one of the leading meat product suppliers in the PRC which offers a wide range of raw pork (chilled and frozen) and processed meat with a particular focus on pork products. The Group has factories to manufacture packaging materials for its production use. The Packaging Materials Purchasing Entities are principally engaged in the business of slaughtering and sales of poultry, meat processing, manufacturing and sales of beef products, biotechnology development and retail business, which require packaging materials for their production use. The Directors consider the sales of packaging materials to the Packaging Materials Purchasing Entities which may require packaging materials from time to time will generate an additional and steady revenue and profit for the Group.

## **INTERNAL CONTROL PROCEDURES**

Regarding the Packaging Materials Supply Framework Agreement, the Directors are of the view that the Company has implemented adequate internal control procedures and steps when carrying out the continuing connected transactions contemplated under the Packaging Materials Supply Framework Agreement.

To protect the interests of the Company and the shareholders as a whole, the Company has adopted and will continue to carry out the following internal control measures:

- (a) The business department will regularly review the sales price of packaging materials with reference to external information about the local market where the factory of the Group is situated and make corresponding adjustments when there is any change in market price in a timely manner; and the sales price to be offered to the connected persons (i.e. buyers) is required to be approved and determined by the person in charge of such department to ensure that the relevant price is no less than that to be offered to independent third parties.
- (b) the Group will continuously monitor the continuing connected transactions on a monthly basis to ensure that the total transaction amount will not exceed the proposed annual cap. If the accumulated transaction amount is close to the proposed annual cap, the management of the Company will renew the proposed annual cap or suspend the transaction, as appropriate;
- (c) the Company's external auditors will conduct an annual review of the transactions contemplated under the Packaging Materials Supply Framework Agreement to ensure that the transaction amounts fall within the proposed annual cap and that such transactions are conducted in accordance with the terms set out in the Packaging Materials Supply Framework Agreement;
- (d) the independent non-executive Directors will conduct an annual review of the status of the transactions contemplated under the Packaging Materials Supply Framework Agreement to ensure that the Company has complied with the internal approval procedures, the terms of the



Packaging Materials Supply Framework Agreement and the relevant requirements under the Listing Rules; and

- (e) the internal audit function of Group will, from time to time, review and conduct sample checks on the relevant transaction documents, and ensure that the pricing basis and internal control procedures are complied with.

## **DIRECTORS' CONFIRMATION**

The Directors (including the independent non-executive Directors) are of the opinion that the continuing connected transactions under the Packaging Materials Supply Framework Agreement will continue to be carried out in the ordinary and usual course of business of the Group, and on normal commercial terms which (including the annual caps) are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

Ms. Zhu Yuan, an executive Director of the Company, is the daughter of Mr. Zhu, and she is therefore an associate of Mr. Zhu who has a material interest in the Packaging Materials Supply Framework Agreement. Since Ms. Zhu Yuan has a material interest in the transactions contemplated under the Packaging Materials Supply Framework Agreement, she has abstained from voting on the Board meeting approving such transactions.

Save as disclosed above, none of the Directors has a material interest in the Packaging Materials Supply Framework Agreement and has abstained from voting on the Board meeting approving the aforesaid transactions.

## **INFORMATION ON THE PARTIES**

### *The Company and the Group*

Please refer to the above disclosure on the information of the Company and the Group in this announcement.

### *Mr. Zhu and the Packaging Materials Purchasing Entities*

The controlling shareholder of the Packaging Materials Purchasing Entities is Mr. Zhu and Mr. Zhu is a substantial shareholder and a former executive director of the Company, who as at the date of this announcement is indirectly interested in approximately 25.82% of the issued shares of the Company.

The Packaging Materials Purchasing Entities are entities incorporated in the PRC owned and/ or controlled by Mr. Zhu and his associates, which are principally engaged in the business of slaughtering and sales of poultry, meat processing, manufacturing and sales of beef products, biotechnology development and retail business.

As at the date of this announcement, the shareholding of the Packaging Materials Purchasing Entities (except for Nanjing Emporium Group) can generally be summarised as follows: (i) Mr. Zhu holding a range of approximately 71.2% to 74.4% interest; (ii) Ms. Wu Xueqin, the spouse of Mr. Zhu, holding a range of approximately 3.5% to 3.7% interest; (iii) 重慶國際信託有限公司 (Chongqing International Trust Co. Ltd\*) (an independent third party) holding a range of approximately 21.0% to 22.2% interest; and (iv) 王勝玲 (Wang Shengling\*) (an independent third party) holding approximately 4.3% interest. As such, Mr. Zhu is deemed to hold a range of approximately 74.7% to 78.1% interest in Packaging Materials Purchasing Entities (except for Nanjing Emporium Group).

Nanjing Emporium Group is a company listed on the Shanghai Stock Exchange. As at the date of this announcement, Nanjing Emporium Group is held as to approximately 56.0% by Mr. Zhu and 44.0% by other shareholders of Nanjing Emporium Group who, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, are independent third parties.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Mr. Zhu is the beneficial owner who holds the single largest percentage interest in the Packaging Materials Purchasing Entities as at the date of this announcement.

## **IMPLICATIONS UNDER THE LISTING RULES**

As of the date of this announcement, Mr. Zhu is a substantial shareholder of the Company who is indirectly interested in approximately 25.82% of the issued shares of the Company, and is therefore a connected person of the Company under the Listing Rules. The Packaging Materials Purchasing Entities, being entities owned and/ or controlled by Mr. Zhu and his associates, are associates of Mr. Zhu and are connected persons of the Company. The transactions contemplated under the Packaging Materials Supply Framework Agreement therefore constitute continuing connected transactions of the Company under the Listing Rules.

As one or more of the applicable percentage ratios in respect of the annual caps under the Packaging Materials Supply Framework Agreement are, on an annual basis, more than 0.1% but are less than 5%, the transactions contemplated under the Packaging Materials Supply Framework Agreement are subject to the reporting, annual review and announcement requirements but are exempted from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **DEFINITIONS**

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

“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Carton Boxes Packaging Materials Purchase Framework Agreement”	the agreement dated 11 December 2020 entered into between the Company and the Carton Boxes Packaging Materials Selling Entity in relation to the sourcing of carton boxes packaging materials by the Group from the Carton Boxes Packaging Materials Selling Entity
“Carton Boxes Packaging Materials Selling Entity”	濰溪福潤禽類食品有限公司 (Suixi Furun Food Group Limited*), being an entity incorporated in the PRC owned and/ or controlled by Mr. Zhu and his associates, which is principally engaged in the business of slaughtering of poultry and manufacture and sales of packaging materials

“China” or the “PRC”	the People’s Republic of China (for the purpose of this announcement, except Taiwan, the Hong Kong Special Administrative Region and the Macau Special Administrative Region)
“Company”	China Yurun Food Group Limited, a company incorporated in Bermuda, the shares of which are listed on the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Existing Purchase Framework Agreement”	the agreement dated 26 October 2018 entered into between the Company and the Carton Boxes Packaging Materials Selling Entity in relation to the sourcing of carton boxes packaging materials by the Group from the Carton Boxes Packaging Materials Selling Entity, as disclosed in the announcement of the Company dated 26 October 2018
“Group”	the Company and its subsidiaries from time to time
HK\$	Hong Kong Dollars, the lawful currency of the Hong Kong Special Administrative Region of the PRC
“independent third party(ies)”	party(ies) that is/are not connected persons of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Zhu”	Zhu Yicai, a substantial shareholder and a former executive director of the Company, and a connected person of the Company
“Nanjing Emporium Group”	南京中央商場(集團)股份有限公司 (Nanjing Emporium (Group) Co. Ltd*), a company incorporated in the PRC with its shares listed on the Shanghai Stock Exchange. It is one of the Packaging Materials Purchasing Entities
“Packaging Materials Purchasing Entities”	雨潤生物科技（東海）有限公司 (Yurun Biotechnology (Tonghai) Company Limited*), 桐城市雨潤生物科技有限公司 (Tongcheng Yurun Biotechnology Company Limited*), 黑山雨潤生物蛋白製品有限公司 (Heishan Yurun Biological Protein Products Company Limited*), 蒙城宏健食品有限公司 (Mengcheng Hongjian Food Co., Limited*), 臨邑福潤禽業食品有限公司 (Linyi Furun Poultry Food Company Limited*), 赤峰利源肉類加工有限公司 (Chifeng Liyuan Meat Processing Company Limited*), 聊城市福潤禽業食品有限公司 (Liaocheng Furun Poultry Food Company Limited*) and Nanjing Emporium Group, being entities incorporated in the PRC owned and/ or controlled by Mr. Zhu and his associates, which are principally engaged in the business of slaughtering and sales of poultry, meat processing, manufacturing and sales of beef products, biotechnology development and retail business

“Packaging Materials Supply Framework Agreement”	the agreement dated 11 December 2020 entered into between the Company and the Packaging Materials Purchasing Entities in relation to the supply of packaging materials by the Group to the Packaging Materials Purchasing Entities
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“%”	per cent

By Order of the Board  
**Zhu Yuan**  
Chairman

Hong Kong, 11 December 2020

*As at the date of this announcement, the executive directors of the Company are Zhu Yuan and Yang Linwei; the independent non-executive directors are Gao Hui, Chen Jianguo and Miao Yelian.*

*For the purpose of this announcement, unless otherwise specified, conversion of RMB into HK\$ is based on the approximate exchange rate of RMB0.8446 to HK\$1.*

*\* For identification purposes only*