
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Foods Limited, you should at once hand this circular together with the accompanying form of proxy to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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CHINA FOODS LIMITED 中國食品有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 506)

PROPOSALS FOR RE-ELECTION OF DIRECTORS CHANGE OF AUDITOR AND GENERAL MANDATES TO ISSUE AND TO BUY-BACK SHARES AND NOTICE OF ANNUAL GENERAL MEETING

The annual general meeting (the “AGM”) of China Foods Limited (the “Company”) is scheduled to be held at Mandarin’s Suite, World Trade Centre Club Hong Kong, 38/F., World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong on Tuesday, 1 June 2021 at 4:00 p.m.. The notice of the AGM is set out on pages 16 to 20 of this circular.

Whether or not you are able to attend the AGM (or any adjournment thereof), please complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company’s branch share registrar and transfer office in Hong Kong, Tricor Progressive Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the AGM (or any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting at the AGM (or any adjournment thereof) in person should you so wish.

PRECAUTIONARY MEASURES FOR THE AGM

In view of the ongoing epidemic caused by novel coronavirus pneumonia (COVID-19), precautionary measures will be taken to prevent and control the spread of the disease at the AGM, including:

- Compulsory temperature checks
- Compulsory wearing of surgical face masks
- No refreshment will be served and no souvenirs will be distributed

Any person who does not comply with the precautionary measures will be denied entry into the AGM venue. Shareholders are reminded that they may consider appointing the chairman of the AGM as his/her proxy to vote on the relevant resolutions at the AGM as an alternative to attending the AGM in person.

Beijing, 23 April 2021

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DEFINITIONS

In this circular, unless the context requires otherwise, the following terms shall have the following meanings:

“AGM”	the annual general meeting of the Company to be held at Mandarin’s Suite, World Trade Centre Club Hong Kong, 38/F., World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong on Tuesday, 1 June 2021 at 4:00 p.m. (or any adjournment thereof)
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors of the Company
“Bye-laws”	the bye-laws of the Company, as amended from time to time
“CG Code”	the Corporate Governance Code in Appendix 14 to the Listing Rules
“Company”	China Foods Limited, a company incorporated in Bermuda with limited liability, Shares of which are listed on the Stock Exchange
“Controlling Shareholder(s)”	shall have the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company from time to time
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars
“Latest Practicable Date”	15 April 2021, being the latest practicable date for ascertaining certain information for inclusion in this circular before its printing
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Nomination Committee”	the nomination committee of the Board
“Remuneration Committee”	the remuneration committee of the Board
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong

DEFINITIONS

“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Share Buy-back Mandate”	the general and unconditional mandate proposed to be granted at the AGM to the Directors to exercise all the powers of the Company to buy back Shares
“Share Issue Mandate”	the general and unconditional mandate proposed to be granted at the AGM to the Directors to exercise all the powers of the Company to allot, issue and otherwise deal with new Shares
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder(s)”	shall have the meaning ascribed to it under the Listing Rules
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission
“%”	per cent



CHINA FOODS LIMITED
中國食品有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 506)

*Chairman of the Board and
Non-executive Director:*
Chen Lang

Executive Directors:
Qing Lijun (*Managing Director*)
Shen Peng

Non-executive Directors:
Chen Zhigang
Xiao Jianping

Independent Non-executive Directors:
Stephen Edward Clark
Li Hung Kwan, Alfred
Mok Wai Bun, Ben

Principal Office in Hong Kong:
33rd Floor, COFCO Tower
262 Gloucester Road
Causeway Bay
Hong Kong

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

23 April 2021

To the Shareholders

Dear Sir or Madam,

**PROPOSALS FOR RE-ELECTION OF DIRECTORS
CHANGE OF AUDITOR
AND
GENERAL MANDATES TO ISSUE AND TO BUY-BACK SHARES
AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide you with information in connection with, among other things, proposals to (i) adopt the audited consolidated financial statements and the reports of Directors and auditor, (ii) declare a final dividend for

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the year ended 31 December 2020, (iii) re-elect of retiring Directors and to authorise the Directors to fix their remunerations, (iv) change of auditor, and (v) grant the Share Issue Mandate and Share Buy-back Mandate to the Directors to issue Shares and buy-back Shares, respectively; and (vi) grant an extension of the Share Issue Mandate, and the notice to convene the AGM.

2. ADOPTION OF THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND THE REPORTS OF DIRECTORS AND AUDITOR

An annual report which incorporating, among other things, the audited consolidated financial statements and the reports of Directors and auditor for the year ended 31 December 2020 (the “**Annual Report 2020**”) is sent together with this circular to Shareholders on the same date. The audited consolidated financial statements have been reviewed by the Audit Committee.

3. DECLARATION OF FINAL DIVIDEND

The Board recommended the payment of a final dividend of RMB0.089, equivalent to HK10.6 cent(s), per share for the year ended 31 December 2020, subject to the approval obtained at the AGM. The proposed final dividend for the year ended 31 December 2020 will be distributed on or around Friday, 2 July 2021 to the Shareholders whose names appear on the register of members of the Company on Friday, 11 June 2021.

As disclosed in the Company’s announcement made on 9 June 2013, the Company received the approvals of State Administration of Taxation of the People’s Republic of China which confirmed that (i) the Company is regarded as a Chinese resident enterprise; and (ii) relevant enterprise income tax policies shall be applicable to the Company starting from 1 January 2013. Thus, the Company is required to withhold 10% enterprise income tax when it distributes the final dividend for the year ended 31 December 2020 to non-resident enterprise Shareholders. Shareholders may reference to the Company’s announcement dated 23 March 2021 for further details.

For determining the Shareholders’ entitlement to the proposed final dividend, the register of members of the Company will be closed from Thursday, 10 June 2021 to Friday, 11 June 2021, both days inclusive, during which period no transfer of Shares will be registered. The ex-dividend date will be Tuesday, 8 June 2021. In order to qualify for the proposed final dividend, all transfer documents, accompanied by the relevant share certificates must be lodged for registration with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Progressive Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, no later than 4:30 p.m. on Wednesday, 9 June 2021.

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4. RE-ELECTION OF RETIRING DIRECTORS AND DIRECTORS' REMUNERATION

Pursuant to bye-law 111(A) of the Bye-laws, each Director (including those appointed for specific terms) shall be subject to retirement by rotation at least once every three years. In this regard, Mr. Shen Peng (“**Mr. Shen**”), an executive Directors, and Mr. Mok Wai Bun, Ben (“**Mr. Mok**”), an independent non-executive Director (collectively “**Retiring Directors**”), will retire and, being eligible, offer themselves for re-election at the AGM.

Particulars of the retiring Directors proposed to be re-elected at the AGM are set out in Appendix 1 to this circular.

Mr. Mok has been serving the Board since 2017 with good understanding on the Group's business. During his tenure of service to the Board, he had devoted sufficient time in fulfilling his role in the Company and gave independent opinions and views to the Board from time to time. The Nomination Committee has assessed and reviewed the annual confirmation of independence of Mr. Mok based on the criteria set out in Rule 3.13 of the Listing Rules, and affirmed that Mr. Mok remains independent.

In addition, the Nomination Committee had evaluated the performance of each of the Retiring Directors for the year ended 31 December 2020 based on the nomination policy of the Company and found their performance satisfactory. The Nomination Committee also reviewed their respective skills, knowledge and experience having regard to the board diversity policy of the Company and believes that they will continue to bring valuable contributions to the Board. Therefore, the Nomination Committee has recommended them to the Board to stand for re-election at the AGM pursuant to the Bye-Laws. The Board believes that the re-election of the Retiring Directors would be in the best interest of the Company and its Shareholders as a whole.

Accordingly, resolutions will be put forwarded to the Shareholders in relation to the proposed re-election of the Retiring Directors at the AGM.

A proposal will also be put forwarded for the Shareholders to authorise the Board to fix the Directors' remuneration.

5. CHANGE OF AUDITOR

Reference is made to the announcement of the Company dated 14 April 2021 regarding proposed change of auditor (the “**Announcement**”). As set out in the Announcement, COFCO Corporation (“**COFCO**”), the ultimate controlling shareholder of the Company, is a central state-owned enterprise regulated by the State-owned Assets Supervision and Administration Commission of the State Council of the People's Republic of China (“**SASAC**”). Under the relevant requirements of the Ministry of Finance of the People's Republic of China and SASAC, there are certain limits to the number of years for which an accounting firm may continuously undertake financial auditing work in respect of a central state-owned enterprise and its subsidiaries. Due to

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the relevant requirements, Deloitte Touche Tohmatsu Certified Public Accountants LLP (Special General Partnership) can no longer serve as the auditor for COFCO since 2021, and shall be changed.

As the Company is a subsidiary of COFCO, and therefore Deloitte Touche Tohmatsu (“**Deloitte**”) will not be re-appointed upon its retirement as the auditor of the Company at the AGM accordingly.

On the recommendation of the Audit Committee, the Board has resolved to propose to appoint PricewaterhouseCoopers as the Company’s auditor for the year 2021 following the retirement of Deloitte. This proposed appointment is subject to the approval of the Shareholders at the AGM.

Deloitte has confirmed in writing that there are no matters in relation to its retirement that need to be brought to the attention of holders of the securities or creditors of the Company. The Board further confirmed that there are no disagreements between the Company and Deloitte, and there are no other matters that need to be brought to the attention of the Shareholders in connection with the proposed change of auditor.

The Board also recommends to the Shareholders that the Board shall be authorized to fix the auditor’s remuneration.

6. SHARE ISSUE MANDATE AND SHARE BUY-BACK MANDATE

At the last annual general meeting of the Company held on 2 June 2020, approval was given by the Shareholders for the grant of, inter alia, the general mandates to the Directors (i) to allot, issue and otherwise deal with Shares not exceeding 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of passing the relevant resolution and an amount equal to the aggregate nominal amount of the share capital bought back under the authority to buy back Shares; and (ii) to buy back Shares on the Stock Exchange up to 10% of the aggregate nominal amount of the share capital of the Company in issue on the date of passing the relevant resolution. The general mandates will lapse on 1 June 2021 upon the conclusion of the AGM.

The Directors now seek the approval of the Shareholders at the AGM by way of passing ordinary resolutions for the granting of:

- (a) the Share Issue Mandate to allot, issue and deal with Shares, provided that the number of Share allotted, issued or dealt with shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of the relevant resolution; and
- (b) the Share Buy-back Mandate to buy-back Shares on the Stock Exchange, provided that the aggregate nominal amount of Shares to be bought back shall not exceed 10% of the aggregate nominal amount of the capital of the Company in issue at the date of passing of the relevant resolution.

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As at the Latest Practicable Date, the number of Shares of the Company in issue was 2,797,223,396 Shares. Subject to the passing of the ordinary resolutions approving the Share Issue Mandate and the Share Buy-back Mandate and on the basis that no further Shares are issued or bought back following the Latest Practicable Date and up to the date of passing of such resolutions, the Directors would be authorised to issue up to 559,444,679 Shares representing 20% of the aggregate nominal amount of issued share capital of the Company and buy-back up to 279,722,339 Shares representing 10% of the aggregate nominal amount of issued share capital of the Company during the period up to the next annual general meeting of the Company following the AGM or the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws or any applicable law to be held or the revocation or variation of the Share Issue Mandate and the Share Buy-back Mandate by an ordinary resolution of the Shareholders in a general meeting of the Company, whichever occurs first.

An explanatory statement providing the requisite information as required by the Listing Rules in relation to the Share Buy-back Mandate is set out in Appendix 2 of this circular.

7. EXTENSION OF THE SHARE ISSUE MANDATE

A resolution as set out in resolution numbered 9 of the notice of AGM forming part of this circular will also be proposed at the AGM authorising the Directors to extend the Share Issue Mandate by the addition of an amount representing the aggregate number of any Shares bought back by the Company pursuant to the Share Buy-back Mandate provided that such extended amount shall not exceed 10% of the aggregate nominal amount of the capital in issue of the Company on the date of passing of the resolution numbered 9 of the notice of AGM.

8. ANNUAL GENERAL MEETING

A notice of the AGM is set out on pages 16 to 20 of this circular.

For determining the entitlement to attend and vote at the AGM to be held on Tuesday, 1 June 2021, the register of members of the Company will be closed from Thursday, 27 May 2021 to Tuesday, 1 June 2021, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, unregistered holders of the Shares should ensure that all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Progressive Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 26 May 2021.

Pursuant to bye-law 75 of the Bye-laws, any vote of Shareholders at a general meeting must be taken by poll. The results of the voting by poll will be published on the HKExnews website of Hong Kong Exchanges and Clearing Limited and the website of the Company as soon as possible after the conclusion of the AGM.

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On a poll, every Shareholder present in person or by proxy or (being a corporation) by its duly authorised representative shall have one vote for each Share registered in his name in the register of members. A Shareholder entitled to more than one vote need not use all votes or cast all the votes in the same way.

Whether or not you are able to attend the AGM (or any adjournment thereof), please complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Tricor Progressive Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the AGM (or any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting at the AGM (or any adjournment thereof) in person should you so wish.

9. PRECAUTIONARY MEASURES FOR THE ANNUAL GENERAL MEETING

In view of the ongoing epidemic caused by novel coronavirus pneumonia (COVID-19) and recent requirements for prevention and control of its spread, the Company will implement the following precautionary measures at the AGM against the epidemic to protect attending Shareholders, staff and other stakeholders from the risk of infection:

- (i) compulsory body temperature checks will be conducted on every Shareholder, proxy and other attendee at the entrance of the AGM venue. Any person with a body temperature of over 37.5 degrees Celsius will be denied entry into the AGM venue or be required to leave the AGM venue;
- (ii) every attendee is required to wear a surgical facial mask before he/she is permitted to attend, and throughout his/her attendance of the AGM at all times; and
- (iii) no refreshment will be served, and no souvenirs will be distributed.

Any person who does not comply with the precautionary measures may be denied entry into the AGM venue.

In the interest of Shareholder's health and safety and consistent with recent COVID-19 guidelines for prevention and control, the Company reminds all Shareholders that physical attendance in person at the AGM is not necessary for the purpose of exercising voting rights. As an alternative, by using proxy forms with voting instructions inserted, Shareholders may consider appointing the chairman of the AGM as his/her proxy to vote on the relevant resolutions at the AGM instead of attending the AGM in person.

LETTER FROM THE BOARD

10. RECOMMENDATIONS

The Directors consider that the above proposals are in the interests of the Company and its Shareholders and accordingly recommend that all Shareholders vote in favour of the resolutions to be proposed at the AGM.

Yours faithfully,
For and on behalf of the Board
China Foods Limited
Qing Lijun
Managing Director

Particulars of retiring Directors standing for re-election at the AGM are set out below:

Mr. Shen Pang

Executive Director and Member of Executive Committee

Mr. Shen, 48, was appointed as an executive director of the Company in December 2017. Mr. Shen is currently the finance general manager of COFCO Coca-Cola Beverages Limited (“COFCO Coca-Cola”), a 65%-owned subsidiary of the Company, and a director of certain subsidiaries of the Company. Mr. Shen joined COFCO Coca-Cola in 2002 and has held various finance positions in the group of COFCO Coca-Cola, including the chief financial officer of Gansu COFCO Coca-Cola Beverages Limited and the chief financial officer of COFCO Coca-Cola Beverages (Beijing) Limited. Prior to joining COFCO Coca-Cola, he was a financial analyst at Sithe (China) Holdings Ltd. and Hei (China) Ltd..

Mr. Shen graduated from China Foreign Affair College in 1994 and then received a Bachelor’s degree in accounting management from the University of International Business and Economics in 2004, and a Master of Science degree in applied accounting and finance from Hong Kong Baptist University in 2015. Mr. Shen is a senior accountant and has over 15 years of experience in finance and accounting.

Save as disclosed above, Mr. Shen does not have any other relationship with any Directors, senior management, or Substantial or Controlling Shareholders of the Company, and has not held any directorship in other listed companies in the last three years.

As at the Latest Practicable Date, pursuant to the relevant letter of appointment, Mr. Shen was appointed for a term of three years commencing from 29 December 2020 and subject to termination by giving three months’ prior written notice. Mr. Shen is also subject to retirement by rotation and re-election provisions in accordance with the Bye-laws. Mr. Shen is not entitled to any director’s fee for serving as an executive director of the Company. Currently, Mr. Shen is entitled to remuneration at a rate of RMB750,000 per annum and a discretionary bonus as the finance general manager of COFCO Coca-Cola. In addition, Mr. Shen is also entitled to benefits in kind and retirement contributions from the Group. Any remuneration adjustment and year-end bonus will be approved by the Board based on the recommendation of the Remuneration Committee with reference to remuneration policy of the Company applicable to his position in the Group. Mr. Shen’s emolument for the year 2020 is specified in the Annual Report 2020.

As at the Latest Practicable Date, Mr. Shen does not have any interest in any shares, underlying shares or debenture of the Company or its associated corporations within the meaning of Part XV of the SFO.

Save as disclosed above, there is no other matter relating to Mr. Shen’s re-election that needs to be brought to the attention of the Shareholders, nor any other information which is required to be disclosed pursuant to any of the requirements set out in Rule 13.51(2) of the Listing Rules.

Mr. Mok Wai Bun, Ben

*Independent Non-executive Director, Chairman of Remuneration Committee,
Member of each of Audit Committee and Nomination Committee*

Mr. Mok, 72, was appointed as an independent non-executive director of the Company in August 2017. Mr. Mok is currently an independent non-executive director of Yashili International Holdings Ltd., a company listed in Hong Kong. Mr. Mok served as a senior consultant for COFCO Coca-Cola Beverages Limited, a 65%-owned subsidiary of the Company, in 2012 and also served as the general manager of Beijing Coca-Cola Beverage Co., Ltd. from 2002 to 2011. From 1993 to 2001, Mr. Mok was the general manager of Hangzhou BC Foods Company Limited and Nanjing BC Foods Company Limited and also served as the general manager of Swire Beverages Limited responsible for overseeing bottling plants of Swire Beverages Limited in China.

Mr. Mok was awarded a Bachelor's degree of economics from McGill University, Canada in 1975. Mr. Mok has extensive experience in beverage production, marketing and general management.

Save as disclosed above, Mr. Mok does not have any other relationship with any Directors, senior management, or Substantial or Controlling Shareholders of the Company, and has not held any directorship in other listed companies in the last three years.

As at the Latest Practicable Date, pursuant to the relevant letter of appointment, Mr. Mok was appointed for a term of three years commencing from 29 August 2020 subject to termination by giving three months' prior written notice. Mr. Mok is also subject to retirement by rotation and re-election provisions in accordance with the Bye-laws. Mr. Mok is entitled to a remuneration of HK\$350,000 per annum from the Company, such remuneration was determined by the Board based on the recommendation by the Remuneration Committee and with reference to the remunerations paid by other listed companies in Hong Kong to independent non-executive directors. In addition, Mr. Mok is entitled to an additional fee of HK\$5,000 for each extra meeting or written resolution which requires Mr. Mok's attendance, undertaking or participation, in relation to the notifiable transactions (as defined in Chapter 14 of the Listing Rules), connected transactions (as defined in Chapter 14A of the Listing Rules), any material matters or events discloseable under Chapter 13 of the Listing Rules or transactions falling under the Takeovers Codes. Mr. Mok's emolument for the year 2020 is specified in the Annual Report 2020.

As at the Latest Practicable Date, Mr. Mok does not have any interest in any shares, underlying shares or debenture of the Company or its associated corporations within the meaning of Part XV of the SFO.

Save as disclosed above, there is no other matter relating to Mr. Mok's re-election that needs to be brought to the attention of the Shareholders, nor other information which is required to be disclosed pursuant to any of the requirements set out in Rule 13.51(2) of the Listing Rules.

The following contains the particulars that are required by the Listing Rules to be sent to Shareholders in connection with the proposed Share Buy-back Mandate:

Proposal for Share Buy-back Mandate

As at the Latest Practicable Date, the number of Shares in the issued share capital of the Company was 2,797,223,396 Shares.

Subject to the passing of the proposed ordinary resolution approving the grant of the Share Buy-back Mandate and assuming that no further Shares are issued or bought back following the Latest Practicable Date and up to the date of the AGM, the Company would be allowed under the Share Buy-back Mandate to buy back a maximum of 279,722,339 Shares, being 10% of the issued Shares as at the date of passing of the relevant resolution.

The Share Buy-back Mandate will expire on the earlier of (a) the conclusion of the next annual general meeting of the Company; (b) the expiration of the period within which the next annual general meeting of the Company is required to be held by the Bye-laws or any applicable laws; and (c) the date on which such authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company.

Reasons for Share Buy-backs

The Directors believe that it is in the best interests of the Company and its Shareholders to have a general authority from Shareholders to enable the Company to buy back its Shares on the market. Such buy-backs, depending on the market conditions and funding arrangement at the time, may lead to an enhancement of the net assets value if the Company and/or earnings per Share. Shareholders can be assured that the Directors would only make such buy-backs in circumstances where they consider them to be in the best interests of the Company and its Shareholders because they consider that the Shares can be bought back on favourable terms.

Funding of Share Buy-backs

The Company is empowered by its memorandum of association of the Company and the Bye-laws to purchase its Shares. In buying back its Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association and the Bye-laws and the Companies Act 1981 of Bermuda (the “**Companies Act**”). The Companies Act provides that such buy-back of its own shares may only be effected out of the capital paid up on the bought back shares, or the funds of the Company that would otherwise be available for dividend or distribution, or the proceeds of a fresh issue of shares made for the purpose. The amount of premium, if any, payable on a purchase over the par value of the Shares to be bought back may only be paid out of either the funds of the Company that would otherwise be available for dividend or distribution or out of the share premium account of the Company.

Impact of Share Buy-backs

On the basis of the Company's current financial position, if the proposed Share Buy-back Mandate was exercised in full at any time during the proposed buy-back period, there would not be a material adverse effect on the working capital requirements of the Company or the gearing levels as compared with the audited consolidated financial statements for the year ended 31 December 2020.

However, the Directors do not propose to exercise the Share Buy-back Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of the Company which, in the opinion of the Directors, are from time to time appropriate for the Company.

The Company is required by the Listing Rules to cancel and destroy all documents of title representing the Shares which are bought back by the Company as soon as reasonably practicable after settlement of any such buy backs. The listing of all Shares which are bought back by the Company shall be automatically cancelled upon buy-backs.

Disclosure of Interests

To the best of the knowledge and belief of the Directors, having made all reasonable enquiries, none of the Directors nor any of their respective close associates (as defined in the Listing Rules) have any present intention, in the event that the proposed Share Buy-back Mandate is approved by the Shareholders, to sell any Shares to the Company.

The Company has not been notified by any core connected persons (as defined in the Listing Rules) of the Company that they have a present intention to sell any Shares to the Company, or that they have undertaken not to sell any Shares held by them to the Company in the event that the granting of the Share Buy-back Mandate is approved by the Shareholders.

Undertaking of Directors

The Directors have undertaken to the Stock Exchange to exercise the powers of the Company to make buy-backs pursuant to the Share Buy-back Mandate in accordance with the Listing Rules and all applicable laws and regulations of Hong Kong and Bermuda, and the memorandum of association of the Company and the Bye-laws.

Effect of the Takeovers Codes

If as a result of a buy-back of Shares a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Codes and, if such increase results in a change of control, may in certain circumstances give rise to an obligation to make a mandatory offer under Rules 26 and 32 of the Takeovers Codes.

As at the Latest Practicable Date, to the best knowledge and belief of the Directors, COFCO Corporation, through its indirectly wholly-owned subsidiary, China Foods (Holdings) Limited ("**CF Holdings**"), was beneficially interested in 2,072,688,331 Shares representing approximately 74.10% of the issued share capital of the Company, was the only Substantial Shareholder holding 10% or more of the issued share capital of the Company. In the event that the Directors exercise in full the power to buy-back Shares which is proposed to be granted pursuant to the Share Buy-back Mandate and assuming the present shareholding structure of the Company remains the same, the shareholding of CF Holdings in the Company would be increased to approximately 82.33% of the issued share capital of the Company. The Directors believe that such an increase would not give rise to any obligation to make a mandatory offer under Rules 26 or 32 of the Takeovers Codes.

Share Prices for Previous Twelve Months

During each of the twelve months preceding the Latest Practicable Date, the highest and lowest prices at which the Shares have traded on the Stock Exchange were set out below:

Month	Per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2020		
April	2.85	2.55
May	3.00	2.57
June	2.98	2.64
July	2.99	2.71
August	2.94	2.72
September	2.77	2.40
October	2.79	2.53
November	2.83	2.62
December	2.90	2.49
2021		
January	3.71	2.58
February	3.55	3.00
March	3.43	2.86
April (Up to 15 April 2021)	3.36	3.05

Buy-backs of Shares Made by the Company

The Company has not bought back any Shares during the six months preceding the date of the Last Practicable Date (whether on the Stock Exchange or otherwise).

General

The Listing Rules prohibit a company from making buy-back on the Stock Exchange if the result of the buy-back would be that less than 25% (or such other prescribed percentage as determined by the Stock Exchange) of the company's issued share capital would be in public hands. The Directors do not intend to buy back Shares which would result the number of Shares held in the public hands falling below the prescribed limited as approved by the Stock Exchange.

NOTICE OF ANNUAL GENERAL MEETING



CHINA FOODS LIMITED 中國食品有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 506)

NOTICE IS HEREBY GIVEN that the annual general meeting (the “AGM”) of China Foods Limited (the “Company”) will be held at Mandarin’s Suite, World Trade Centre Club Hong Kong, 38/F., World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong on Tuesday, 1 June 2021 at 4:00 p.m. for the purpose of considering and, if thought fit, passing the following resolutions:

ORDINARY BUSINESS

1. To consider and adopt the audited consolidated financial statements and the reports of directors of the Company and auditor for the year ended 31 December 2020.
2. To declare a final dividend of RMB0.089, equivalent to HK10.6 cents, per share for the year ended 31 December 2020.
3. To re-elect Mr. Shen Peng as an executive director of the Company.
4. To re-elect Mr. Mok Wai Bun, Ben as an independent non-executive director of the Company.
5. To authorise the board of directors (the “Board”) to fix the directors’ remuneration.
6. To appoint PricewaterhouseCoopers as auditor of the Company and to authorise the Board to fix its remuneration.

SPECIAL BUSINESS

To consider and, if thought fit, pass, with or without amendments, the following resolutions:

AS ORDINARY RESOLUTIONS

7. “**THAT:**
 - (a) subject to paragraph (c) below, the exercise by the directors of the Company (“**Director(s)**”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and otherwise deal with additional shares of HK\$0.10 each in the capital of the Company (“**Shares**”) or securities convertible

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into Shares, or options, warrants or similar rights to subscribe for any Shares, and to make or grant offers, agreements and options which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;

- (b) the approval in paragraph (a) of this resolution shall be in addition to any other authorisation given to and shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which would or might require the exercise of such powers at any time during or after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted, issued or otherwise dealt with, or agreed conditionally or unconditionally to be allotted, issued or otherwise dealt with (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to:
 - (i) a Rights Issue (as hereinafter defined);
 - (ii) the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any securities which are convertible into Shares;
 - (iii) the exercise of rights of subscription under any share option scheme or similar arrangement of the Company;
 - (iv) any scrip dividend or similar arrangement providing for allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the bye-laws of the Company (the “**Bye-laws**”);
 - (v) any adjustment, after the date of grant or issue of any options, warrants or other securities referred to above, in the price at which shares shall be subscribed, and/or in the number of shares which shall be subscribed, on exercise of relevant rights under such options, rights to subscribe, warrants or other securities, such adjustment being made in accordance with, or as contemplated by, the terms of such options, warrants or other securities; or
 - (vi) a specific authority granted by shareholders of the Company (“**Shareholders**”) in a general meeting;

shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of passing of this resolution and this approval shall be limited accordingly; and

- (d) for the purposes of this resolution:

“Relevant Period” means the period from the date of passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;

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- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws or any applicable laws to be held; and
- (iii) the date on which the authority set out in this resolution is revoked or varied by way of an ordinary resolution passed by the Shareholders in a general meeting of the Company;

“Rights Issue” means an offer of Shares open for a period fixed by the Directors to holders of Shares on the register of members of the Company on a fixed record date in proportion to their then holdings of such Shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any regulatory body or any stock exchange in, any territory outside Hong Kong).”

8. **“THAT:**

- (a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to buy back its own Shares on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or on any other stock exchange on which the Shares may be listed and recognized by the Securities and Future Commission and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and regulations of Hong Kong and Bermuda, the memorandum and association of the Company, the Bye-laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) in this resolution shall be in addition to any other authorisation given to the Directors;
- (c) the aggregate nominal amount of the Shares which the Company is authorised to buy back pursuant to the approval in paragraph (a) of this resolution during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution and this approval shall be limited accordingly; and
- (d) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws or any applicable laws to be held; and

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(iii) the date upon which the authority set out in this resolution is revoked or varied by way of an ordinary resolution of the Shareholders in a general meeting of the Company.”

9. “**THAT** conditional upon the passing of the resolutions numbered 7 and 8 as set out in the notice convening this meeting, the general mandate granted to the Directors to allot, issue and otherwise deal with additional Shares pursuant to resolution numbered 7 set out above be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the ordinary share capital of the Company bought back under the authority granted pursuant to resolution numbered 8 set out above, provided that such extended amount shall not exceed 10% of the aggregate nominal amount of the ordinary share capital of the Company in issue at the date of passing this resolution.”

By order of the Board
China Foods Limited
Chen Lang
Chairman

Beijing, 23 April 2021

Notes:

1. Any member of the Company entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company. In light of the epidemic situation of COVID-19, Shareholders are reminded that they may consider appointing the chairman of the AGM as their proxy to vote on the relevant resolutions at the AGM as an alternative to attending the AGM in person.
2. In order to be valid, the form of proxy, together with the power of attorney (if any) or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be lodged at the Company's branch share registrar and transfer office in Hong Kong, Tricor Progressive Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the AGM (or any adjournment thereof).
3. Where there are joint holders of any share, any one of such holders may vote at the AGM, either in person or by proxy, in respect of such share as if he was solely entitled to vote, but if more than one of such joint holders are present at the AGM in person or by proxy, the person so present whose name stands first in the register of members of the Company in respect of such share shall alone be entitled to vote.
4. Completion and return of the form of proxy will not preclude a member from attending and voting at the AGM (or any adjournment thereof) in person should he so wish. In such event, the form of proxy shall be deemed to be revoked.
5. For determining the Shareholders' eligibility to attend and vote at the AGM to be held on Tuesday, 1 June 2021, the register of members of the Company will be closed from Thursday, 27 May 2021 to Tuesday, 1 June 2021, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all transfer documents, accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Progressive Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Wednesday, 26 May 2021.

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6. For determining the Shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed from Thursday, 10 June 2021 to Friday, 11 June 2021, both days inclusive, during which period no transfer of shares will be registered. The ex-dividend date will be Tuesday, 8 June 2021. In order to qualify for the proposed final dividend, all transfer documents, accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Progressive Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Wednesday, 9 June 2021.
7. Pursuant to bye-law 75 of the Company's Bye-laws, the voting at the AGM will be taken by poll.
8. If a black rainstorm warning signal, or a tropical cyclone warning signal no.8 or above or "extreme conditions" caused by super typhoons is in force at or at any time after 2:00 p.m. on the date of the AGM, the AGM will be automatically postponed. The Company will publish an announcement on the Company's website at www.chinafoodsltd.com and the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk to notify members of the date, time and place of the rescheduled meeting.

The AGM will be held as scheduled when an amber or a red rainstorm warning is in force. Shareholders should decide on their own whether they would attend the AGM under bad weather condition bearing in mind their own situations.

9. In view of the ongoing epidemic caused by novel coronavirus pneumonia (COVID-19) and recent requirements for prevention and control of its spread, the Company will implement the following precautionary measures at the AGM against the epidemic to protect attending Shareholders, staff and other stakeholders from the risk of infection:
 - (i) compulsory body temperature checks will be conducted on every Shareholder and proxy and other attendee at the entrance of the AGM venue. Any person with a body temperature of over 37.5 degrees Celsius will be denied entry into the AGM venue or be required to leave the AGM venue;
 - (ii) every attendee is required to wear surgical facial mask before he/she is permitted to attend, and throughout his/her attendance of the AGM at all times; and
 - (iii) no refreshment will be served, and no souvenirs will be distributed.

Any person who does not comply with the precautionary measures may be denied entry into the AGM venue.

10. In this notice, reference to one gender include all genders and reference to the singular include the plural and vice versa.

As at the date of this notice, the Board comprises: Mr. Chen Lang as the chairman of the Board and a non-executive director; Mr. Qing Lijun and Mr. Shen Peng as executive directors; Mr. Chen Zhigang and Ms. Xiao Jianping as non-executive directors; and Messrs. Stephen Edward Clark, Li Hung Kwan, Alfred and Mok Wai Bun, Ben as independent non-executive directors.