

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



CHINA FOODS LIMITED
中國食品有限公司

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

CONNECTED TRANSACTION
IN RELATION TO PURCHASE OF INVENTORY

INVENTORY PURCHASE AGREEMENT

Reference is made to the announcement of the Company dated 15 July 2022 and 2 January 2023, respectively (collectively, the “**Announcements**”). Unless the context hereof otherwise requires, capitalised but not otherwise defined terms used in this announcement have the same meanings as those defined in the Announcements.

As disclosed in the announcement of the Company dated 2 January 2023, on 1 January 2023, a subsidiary of the CBL Purchaser (as purchaser or transferee), a wholly-owned subsidiary of CCBMH (as seller or transferor) and the other party named therein entered into the Inventory Purchase Agreement, pursuant to which the purchase price payable under the Inventory Purchase Agreement will be made available on or prior to 4 January 2023. On 4 January 2023, the purchase price payable by the CBL Buyer under the Inventory Purchase Agreement was determined.

LISTING RULES IMPLICATION

Since each of CCBMH and its subsidiaries is a connected person of the Company at the subsidiary level under the Listing Rules, the Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the relevant percentage ratios applicable to the Transaction exceed 1% and the Transaction is a connected transaction between the Group and a connected person at the subsidiary level on normal commercial terms, the Inventory Purchase Agreement and the Transaction are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but are exempt from the circular, independent financial advice and shareholders’ approval requirements under Rule 14A.101 of the Listing Rules.

BACKGROUND

Reference is made to the announcement of the Company dated 15 July 2022 and 2 January 2023, respectively (collectively, the “**Announcements**”). Unless the context hereof otherwise requires, capitalised but not otherwise defined terms used in this announcement have the same meanings as those defined in the Announcements.

As disclosed in the announcement of the Company dated 2 January 2023, on 1 January 2023, to facilitate the sale and purchase of the inventories and/or the transfer of certain raw materials procurement contracts from the Seller, a subsidiary of the CBL Purchaser (as purchaser or transferee), a wholly-owned subsidiary of CCBMH (as seller or transferor) and the other party named therein entered into the Inventory Purchase Agreement, pursuant to which the purchase price payable under the Inventory Purchase Agreement will be made available on or prior to 4 January 2023. On 4 January 2023, the purchase price payable by the CBL Buyer under the Inventory Purchase Agreement was determined.

INVENTORY PURCHASE AGREEMENT AND THE TRANSACTION

The principal terms of the Transaction are summarised as follows:

Date of the Transaction:	1 January 2023
Parties to the Transaction:	(1) Coca-Cola Bottlers Management Service (Shanghai) Company Limited (as the Seller); and (2) COFCO Coca-Cola Supply Chain (Tianjin) Limited (as the CBL Buyer).
Subject Matter of the Transaction:	<p>Subject to the terms of the Inventory Purchase Agreement, on or before 4 January 2023, the Seller shall prepare and deliver to the CBL Buyer a final list of Inventory to be purchased by CBL Buyer (the “CBL Final Inventory List”), with prices and breakdowns of the Inventory determined in accordance with the principles set forth in the Inventory Purchase Agreement. Subject to the terms of the Inventory Purchase Agreement, the Seller has agreed to sell, and the CBL Buyer has agreed to purchase, all of the Inventory on the CBL Final Inventory List.</p> <p>The Inventory to be purchased by the CBL Buyer based on the CBL Final Inventory List mainly includes concentrate, sugar, high fructose corn syrup, fruit juice and pulp, PET resin, preform, closure, carrier bag and handle.</p> <p>Following the delivery of the CBL Final Inventory List or at any other time as agreed in writing by and between the Seller and the CBL Buyer, the Seller shall sell to the CBL Buyer, and the CBL Buyer shall purchase from the Seller, all of the Inventory set forth on the CBL Final Inventory List subject to the terms and conditions set forth in the Inventory Purchase Agreement.</p>
Consideration	The consideration payable by the CBL Buyer to the Seller with respect to the

of the Transaction:	Inventory set forth in the CBL Final Inventory List in accordance with the Inventory Purchase Agreement is RMB92,667,432 (inclusive of value-added tax). The consideration was determined by reference to the weighted average cost as recorded in the books, records and other relevant information of the Seller as at 31 December 2022.
Payment Terms of the Transaction:	The Seller may issue invoice for the purchased Inventory upon the delivery of such Inventory to the CBL Buyer. The CBL Buyer shall pay all invoiced price due to the Seller within thirty days from the date of the Seller's invoice. The CBL Buyer shall make all payments under the Inventory Purchase Agreement by wire transfer and in RMB.

Pursuant to the Inventory Purchase Agreement, the Seller has agreed to sell, and the other party named therein has agreed to purchase, certain inventories subject to the terms of the Inventory Purchase Agreement. Such sale and purchase of the inventories is independent from the Transaction and is not inter-conditional with the Transaction. As at the date of this announcement, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, such other party named in the Inventory Purchase Agreement and its ultimate beneficial owner are third parties independent of the Company and connected persons of the Company.

INFORMATION OF THE PARTIES TO THE TRANSACTIONS

The Company is an investment holding company incorporated in Bermuda. Through its subsidiaries and associated companies, it is principally engaged in beverage business.

The CBL Buyer, COFCO Coca-Cola Supply Chain (Tianjin) Limited, is a limited liability company incorporated in the PRC and is mainly engaged in the wholesale and retail of pre-packaged foods, raw and auxiliary materials, supply chain information consultation, management services and others. As at the date of this announcement, it is an indirectly 63.8%-owned subsidiary of the Company.

The Seller, Coca-Cola Bottlers Management Service (Shanghai) Company Limited, is a limited liability company incorporated in the PRC and is principally engaged in the supply of still beverages of KO Parent under the authorization of KO Parent in the PRC. As at the date of the announcement, it is a wholly-owned subsidiary of CCBMH. CCBMH is an investment holding company. Prior to the completion of the CBL Transactions and the Mount Transactions in the Master Agreement, CCBMH, through certain subsidiaries, prepared and packaged still beverages including enhanced water, juice, tea, dairy drinks and coffee, which were then distributed by bottlers across the Chinese Mainland.

As at the date of this announcement, KO Parent, through CCSAH and CCCIL (each, a direct or indirect wholly-owned subsidiary of KO Parent), owns 38% of the issued share capital of CCBMH, Mount owns 41% of the issued share capital of CCBMH and CBL owns 21% of the issued share capital of CCBMH. As at the date of this announcement, KO Parent indirectly holds 35% of the issued share capital of CCBL, and therefore KO Parent is a connected person of the Company at the subsidiary level under the Listing Rules. Each of CCBMH and its subsidiaries, being an associate of KO Parent, is also a connected person of the Company at the subsidiary level under the Listing Rules.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Board is of the view that the purchase of the designated Inventory by the CBL Buyer from the Seller under the Inventory Purchase Agreement is important to the continuous production and operations of the CBL Target Companies acquired by the Group in the CCBMH Restructuring.

The Directors (including the independent non-executive Directors) consider that the terms of the Inventory Purchase Agreement and the Transaction are fair and reasonable and are entered into on normal commercial terms after arm's length negotiations between the relevant parties, and are in the ordinary and usual course of business of the Company and in the interests of the Company and its Shareholders as a whole.

None of the Directors has a material interest in the Transaction and therefore none of the Directors has abstained from voting on the relevant board resolutions.

LISTING RULES IMPLICATION

Since each of CCBMH and its subsidiaries is a connected person of the Company at the subsidiary level under the Listing Rules, the Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

One or more of the relevant percentage ratios applicable to the Transaction exceed 1%. Since (i) the Transaction is a connected transaction between the Group and a connected person at the subsidiary level on normal commercial terms; (ii) the Board has approved the Inventory Purchase Agreement and the Transaction; and (iii) the independent non-executive Directors have confirmed that the terms of the Transaction are fair and reasonable and the Transaction is on normal commercial terms and in the interests of the Company and its Shareholders as a whole, the Inventory Purchase Agreement and the Transaction are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but are exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

DEFINITIONS

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

“associate(s)”	has the meaning given to it under the Listing Rules
“Board”	means the board of Directors
“CBL”	means COFCO Beverages (CCBMH) Limited, a company incorporated with limited liability in Samoa and a wholly-owned subsidiary of CCBL which holds 21% of the issued share capital of CCBMH
“CBL Buyer”	COFCO Coca-Cola Supply Chain (Tianjin) Limited (中糧可口可樂供應鏈(天津)有限公司), a limited liability company

	incorporated in the PRC, which is a subsidiary of the CBL Purchaser
“CCBL”	means COFCO Coca-Cola Beverages Limited (中糧可口可樂飲料有限公司), a limited liability company incorporated in Hong Kong and a 65%-owned subsidiary of the Company
“CCBMH”	means Coca-Cola Bottlers Manufacturing Holdings Limited, a limited liability company incorporated in Hong Kong
“connected person”	has the meaning given to it under the Listing Rules
“Company”	means China Foods Limited (中國食品有限公司), a limited liability company incorporated in Bermuda, whose shares are listed on the main board of the Stock Exchange
“Director(s)”	means the director(s) of the Company
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC
“Inventory”	means raw materials or packaging materials relating to the certain finished goods under the Inventory Purchase Agreement
“Inventory Purchase Agreement”	means the inventory purchase agreement dated 1 January 2023 entered into by and between the Seller, the CBL Buyer and the other party named therein
“KO Parent”	means The Coca-Cola Company, a company incorporated under the laws of the State of Delaware, U.S.A. shares of which are listed on the New York Stock Exchange
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC” or “China”	means the People’s Republic of China
“RMB”	means Renminbi, the lawful currency of the PRC
“Seller”	means Coca-Cola Bottlers Management Service (Shanghai) Company Limited (可口可樂裝瓶商管理服務(上海)有限公司), a limited liability company incorporated in the PRC, which

is a wholly-owned subsidiary of CCBMH

“Shareholder(s)”	means shareholder(s) of the Company
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Transaction”	means the purchase of the designated Inventory by the CBL Buyer from the Seller pursuant to the Inventory Purchase Agreement
“U.S.A.”	United States of America

By Order of the Board
China Foods Limited
Qing Lijun
Chairman

Beijing, 6 January 2023

As at the date of this announcement, the Board comprises: Mr. Qing Lijun as the chairman of the Board and an executive director; Mr. Shen Xinwen as an executive director; Mr. Chen Zhigang and Mr. Chen Gang as non-executive directors; and Mr. Li Hung Kwan, Alfred, Mr. Mok Wai Bun, Ben and Ms. Leung Ka Lai, Ada, SBS as independent non-executive directors.