



IN THE GRAND COURT OF THE CAYMAN ISLANDS

FINANCIAL SERVICES DIVISION

CAUSE NO. FSD OF 2020 ()

IN THE MATTER OF SECTION 86 OF THE COMPANIES LAW (2020 REVISION)

AND IN THE MATTER OF ORDER 102 OF THE GRAND COURT RULES 1995

AND IN THE MATTER OF CHANGSHOUHUA FOOD COMPANY LIMITED

PETITION

TO: The Grand Court of the Cayman Islands

THE PETITION of Changshouhua Food Company Limited shows as follows:

Object of Petition

1. The object of this Petition is to seek:
 - (i) the sanction of the Court, pursuant to section 86 of the Companies Law (2020 Revision) (as revised) (the “Companies Law”), to a proposed scheme of arrangement (the “Scheme of Arrangement”) between the petitioner, Changshouhua Food Company Limited (the “Company”) and the Scheme Shareholders as defined in the Scheme of Arrangement contained in a composite scheme document (“Scheme Document”) a draft of which is attached as Exhibit “CYYS-1” to the first affirmation of Chan Yuen Ying Stella; and
 - (ii) the Scheme of Arrangement is a recap scheme and the issued share capital of the Company will be maintained at the same amount as that immediately before the Scheme of Arrangement by the issue, contemporaneously with the cancellation of the Scheme Shares, to the Offeror of an aggregate number of

new Shares equal to the number of Scheme Shares cancelled, but the confirmation of the Court of any reduction of the issued share capital (“Reduction of Capital”) of the Company associated with the Scheme of Arrangement is also sought. Any Reduction of Capital is expected to be approved by a special resolution of the Shareholders at an extraordinary general meeting of the Company to be held immediately after the Court Meeting.

The Company

2. The Company was incorporated as an exempted company on 9 September 2009 in the Cayman Islands under the Companies Law with registration number CT-230575 and the name China Corn Oil Company Ltd. On 23 September 2009 the Company changed its name to China Corn Oil Company Limited. On 25 May 2012 the Company changed its name to Changshouhua Food Company Limited.
3. The registered office of the Company is situated at the offices of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the principal place of business of the Company in Hong Kong is at Suites 1106-08, 11th Floor, The Chinese Bank Building, 61-65 Des Voeux Road Central, Hong Kong. The Company is engaged in the production and sale of edible oil, crude oil and corn meal.
4. As an exempted company, the objects for which the Company was established are unrestricted, save for generally applicable statutory restrictions on its powers to trade in the Cayman Islands and is otherwise capable of exercising all the functions of a natural person as provided by section 27(2) of the Companies Law.
5. As at the date of this Petition, the Company has an authorised share capital of HK\$900,000,000 divided into 9,000,000,000 shares of par value HK\$0.10 each (the “Shares”), 573,560,000 of which have been issued fully paid-up or credited as fully paid-up and the remainder are unissued.
6. The Shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

7. On the Latest Practicable Date (as defined in the Scheme of Arrangement), on the assumption that there is no change in shareholdings in the Company, the profile of the major shareholders of the Company (the “Shareholders”) is expected to be as follows:

	As at the Latest Practicable Date	
Shareholders	Number of Shares	%
Scheme Shareholders	274,522,751	47.86
Independent Shareholders	268,526,751	46.82

Offeror

8. SanXing Trade Co., Ltd. is a company incorporated in Mauritius on 8 November 2006. Its registered office is at FelixHouse, 24 Dr. Joseph Riviere Street, Port Louis, Mauritius. It is principally engaged in the business of investment holding, and is a wholly-owned subsidiary of Zouping Sanxing Grease Industry Company Limited.
9. The Offeror will undertake to be bound by the terms of the Scheme of Arrangement.

The Scheme of Arrangement

10. The purpose of the Scheme of Arrangement is to privatise the Company and de-list the Company from the Stock Exchange so that Offeror, will own 100% of the Company.
11. The Scheme of Arrangement involves:
- (i) the cancellation of all Scheme Shares in return for payment of the Cancellation Price;
 - (ii) the issued share capital of the Company being maintained at the same amount as immediately before the Scheme of Arrangement by the issue to the Offeror,

contemporaneously with the cancellation of the Scheme Shares, of an aggregate number of new Shares equal to the number of Scheme Shares cancelled; and

- (iii) the Company applying the reserve created in its books of account as a result of the cancellation of the Scheme Shares in paying up in full such new Shares issued to the Offeror which shall be issued credited as fully paid.
12. The Scheme of Arrangement provides the Scheme Shareholders with an opportunity to realise their investment in the Company for cash at a premium during current uncertain market conditions. The Cancellation Price is fully explained in the Scheme Document together with the recommendation from the Independent Financial Adviser.
 13. After careful consideration, the Board has determined that the Scheme of Arrangement is in the best interests of the Company.
 14. Under the Takeovers Code (as defined in the Scheme of Arrangement), persons acting in concert with Offeror in connection with the implementation of the Scheme of Arrangement who are also Scheme Shareholders may not be counted (unless permitted by the Securities and Futures Commission of Hong Kong) for the purposes of satisfying the voting requirements of Rule 2.10 of the Takeovers Code. Scheme Shareholders who attend the Court Meeting and who are parties acting in concert with Offeror will not be counted for the purposes of the Takeovers Code but may vote on the Scheme of Arrangement at the Court Meeting for the purposes of section 86 of the Companies Law.
 15. The Company intends to make an application for directions herein for declarations and orders that, amongst other things:
 - (i) all Scheme Shareholders form one class for the purposes of approving the Scheme of Arrangement and are identified as such in the Scheme Document;
 - (ii) the Company be at liberty to convene a meeting of the Scheme Shareholders (the "Court Meeting") for the purpose of considering and, if thought fit, approving (with or without modification) the Scheme of Arrangement;

- (iii) directions as to the mode of delivery of the Scheme Document (including an explanatory memorandum) together with a proxy form to the Scheme Shareholders; and
 - (iv) the appointment of a chairman of the Court Meeting and for the conduct of the Court Meeting generally.
16. The Company proposes to convene the Court Meeting at which the following resolution (with such amendments as may be approved at the Court Meeting) will be considered:

*“THAT a scheme of arrangement (the “**Scheme of Arrangement**”) dated October 2020 between the Company and the Scheme Shareholders (as defined in Scheme of Arrangement) in the form of the print thereof which has been produced to the meeting and, for the purpose of identification signed by the chairman of the meeting, or in such other form and on such terms and conditions or may be approved or imposed by the Grand Court of the Cayman Islands, be and is hereby approved.”*

Each of the capitalised terms referred to in the resolution above are defined in the Scheme Document exhibited as Exhibit “CYYS-1” to the first affirmation of Chan Yuen Ying Stella which will be sent to all Scheme Shareholders.

17. Article 6 of the Articles of Association of the Company provides as follows:
- “The Company may from time to time by special resolution, subject to any confirmation or consent required by the Law, reduce its share capital or any capital redemption reserve or other undistributable reserve in any manner permitted by law.”*
18. The Company intends to convene an extraordinary general meeting to take place immediately after the Court Meeting at which it is intended to submit a special resolution to confirm any Reduction of Capital associated with the Scheme of Arrangement and to issue new Shares, credited as fully paid, equal in number to the Scheme Shares cancelled to the Offeror so as to maintain the share capital of the Company at the same amount as immediately prior to the Scheme of Arrangement.

SPECIAL RESOLUTION

1. “THAT:

- (A) subject to the approval of the scheme of arrangement dated 2020 (the “**Scheme**”) between the Company and the holders of the Scheme Shares in the form of the print contained in the scheme document dated 2020 which has been produced to this Extraordinary General Meeting and for the purpose of identification signed by the chairman of this Extraordinary General Meeting, with any modification of or addition to it, or any condition, as may be approved or imposed by the Grand Court, for the purpose of giving effect to the Scheme, on the date on which the Scheme becomes effective in accordance with the Companies Law (as defined in the Scheme Document)(the “**Effective Date**”):
- (i) any reduction of the share capital of the Company as a result of the cancellation of the Scheme Shares pursuant to the Scheme be and is hereby approved;
 - (ii) subject to and contemporaneously with the cancellation of the Scheme Shares, the issued share capital of the Company be maintained by the issue of the same number of new shares of HK\$0.1 each in the share capital of the Company (the “**New Shares**”) as the number of Scheme Shares cancelled; and
 - (iii) the Company shall apply the reserve created in its books of account as a result of the cancellation of the Scheme Shares in paying up in full the New Shares, which New Shares shall be allotted and issued, credited as fully paid, to the Offeror and the directors of the Company be and are hereby unconditionally authorised to allot and issue the New Shares accordingly;
- (B) any one of the directors of the Company be and is hereby unconditionally authorised to do all acts and things considered by him to be necessary or desirable in connection with the implementation of the Scheme, including (without limitation) (i) the making of an application to The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) for the withdrawal of the listing of Shares on the Stock Exchange, subject to the Scheme taking effect; (ii) the cancellation of the Scheme Shares; (iii) the allotment and issue of the New Shares referred to above; and (iv) the giving, on behalf of the Company, of consent to any modification of, or addition

to, the Scheme, which the Grand Court may see fit to impose and to do all other acts and things considered by them to be necessary or desirable in connection with the implementation of the Scheme.”

19. The Scheme of Arrangement will not involve any diminution of liability in respect of any unpaid share capital or the payment to any member of the Company of any paid up capital or other monies by the Company or alteration of the underlying assets, business operations, management or financial position of the Company and will have no effect on the creditors of the Company. The scheme is a recap scheme and it is to be noted that the share capital of the Company will be maintained at the same amount as the amount immediately prior to the Scheme of Arrangement. The Company will continue to be able to pay its debts as they fall due in the ordinary course of business. It is therefore suggested that preparing a list of creditors be dispensed with and no enquiry as to creditors is necessary.

20. The form of Minute proposed to be registered is as follows:

*“274,522,751 issued shares of par value HK\$0.10 each in the issued share capital of Changshouhua Food Company Limited (the “**Company**”) amounting to HK\$27,452,275.1 were cancelled by virtue of a scheme of arrangement effected on • 2020 and a special resolution passed on • 2020 and with the sanction and confirmation of the Grand Court of the Cayman Islands dated • 2020, and contemporaneously with such cancellation, the issued share capital of the Company was maintained at HK\$27,452,275.1 by the issue to SanXing Trade Co., Ltd., credited as fully paid at par, of 274,522,751 shares of par value HK\$0.10 each.*

The authorised share capital of the Company, on the registration of this Minute, is HK\$900,000,000 divided into 9,000,000,000 shares of par value HK\$0.10 each.”

21. The Company therefore humbly prays as follows:

- (i) That the Scheme of Arrangement to be approved at the Court Meeting to be convened at the direction of this Honourable Court may be sanctioned by this Honourable Court.
- (ii) That any Reduction of Capital may be confirmed and that the above mentioned minute may be approved by the Court.

- (iii) That the preparation of a list of creditors be dispensed with and an enquiry as to creditors is not necessary.
- (iv) That to this end, all necessary inquiries and directions may be made and given.
- (v) That such further or other order be made as this Honourable Court shall see fit.

Dated this 24th day of September 2020



Conyers Dill & Pearman
Attorneys-at-Law for the Petitioner herein

NOTE: It is intended to serve this Petition on Changshouhua Food Company Limited at its registered office located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands

This Petition was filed by Conyers Dill & Pearman, Attorneys-at-Law for and on behalf of the Petitioner whose address for service is that of its Attorneys, Cricket Square, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

Notice of Hearing

This Petition, having been presented to the Court on _____ day of _____
2020, will be heard at the Law Courts, George Town, Grand Cayman, on _____ day
of _____ 2020 at _____ a.m. or as soon thereafter as the Petition can be heard.