
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 Green (Holdings) Limited (“Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser, the 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 GREEN (HOLDINGS) LIMITED

中國綠色食品（控股）有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 904)

**(I) PLACING OF NEW SHARES UNDER SPECIFIC MANDATE;
(II) ISSUE OF NOTES UNDER SPECIFIC MANDATE FOR
RESTRUCTURING OF LOAN;
AND
(III) NOTICE OF THE SPECIAL GENERAL MEETING**

Lead Placing Agent in relation to the Placing



CSL SECURITIES LIMITED

Joint Financial Advisers to the Placing



Convo Capital Hong Kong Limited



Corporate Finance Advisory

A notice convening the special general meeting of the Company to be held at 5/F, Euro Trade Centre, 13-14 Connaught Road Central, Hong Kong on Monday, 25 July 2016 at 3:00 p.m., is set out on pages SGM-1 to SGM-3 of this circular.

Whether or not you intend to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so desire. In such event, the instrument appointing a proxy will be deemed to be revoked.

8 July 2016

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DEFINITIONS

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

“7.00 per cent. Bonds”	US\$ settled 7.00 per cent. secured convertible bonds due 2016 issued by the Company
“10.00 per cent. Bonds”	US\$ settled 10.00 per cent. secured convertible bonds due 2016 issued by the Company
“acting in concert”	has the meaning as ascribed to it in the Code on Takeovers and Mergers of Hong Kong
“Admission of Conversion Shares”	the granting or agreement to grant by the Stock Exchange of the listing of, and permission to deal in, all the maximum number of the Shares to be issued upon the exercise of the Conversion Rights in full
“Admission of Placing Shares”	the granting or agreement to grant by the Stock Exchange of the listing of, and permission to deal in, all of the Placing Shares
“Announcement”	the announcement of the Company dated 20 May 2016 in relation to the Placing and the Notes Issue
“associate”	has the meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Bondholder(s)”	person(s) whose name(s) is/are registered in the register(s) of holders of the Bonds from time to time
“Bonds”	collectively, the 7.00 per cent. Bonds and the 10.00 per cent. Bonds
“Business Day”	a day (other than a Saturday, a Sunday or public holiday or any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which commercial banks in Hong Kong are open for business
“Company”	China Green (Holdings) Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Stock Exchange

DEFINITIONS

“connected person”	has the meaning as ascribed to it under the Listing Rules
“Conversion Price”	the initial conversion price of HK\$0.15 per Conversion Share (subject to adjustments) of the Notes
“Conversion Rights”	the rights attaching to the Notes to convert the principal amount of the Notes and the interest accrued thereon or any part thereof into Conversion Shares
“Conversion Share(s)”	Share(s) to be allotted and issued upon an exercise of the Conversion Rights
“CSL Securities” or “Lead Placing Agent”	CSL Securities Limited, a licensed corporation under the SFO licensed to conduct Type 1 (dealing in securities) regulated activity under the SFO, the lead placing agent of the Placing and one of the Placing Agents
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of the Company and its subsidiaries and not connected nor acting in concert with any of the connected persons of the Company or any of their respective associates
“Latest Practicable Date”	5 July 2016, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained therein
“Lender”	Convoy Collateral Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the loan in the principal amount of HK\$190,000,000 due on 31 August 2016 under the Principal Loan Agreement
“Loan Restructuring”	restructuring of the Loan by way of the Notes Issue
“Maturity Date”	the date falling on the first anniversary of the date of issue of the Notes

DEFINITIONS

“Noteholder(s)”	the holder(s) of the Notes
“Notes”	the direct, unconditional, unsubordinated and unsecured 12% convertible notes due 2017 in the principal amount of HK\$190,000,000 to be issued by the Company pursuant to the Supplemental Deed
“Notes Issue”	the issue of the Notes by the Company to the Lender subject to the terms and conditions pursuant to the terms of the Supplemental Deed
“Notes Issue Completion”	the completion of the Notes Issue
“Notes Issue Completion Date”	the date of the Notes Issue Completion, which means the 5th Business Day following the day on which the last outstanding condition as set out in sub-paragraph headed “Issue of Notes under Specific Mandate for Loan Restructuring – Conditions of the Notes Issue” in the section headed “Letter from the Board” (other than the condition(s) which is/are only capable of being fulfilled at the Notes Issue Completion) shall have been satisfied (or such other date as the Lender and the Company may agree in writing) on which the Notes Issue Completion is to take place
“Notes Issue Long Stop Date”	31 August 2016 or such later date as the parties to the Supplemental Deed may agree in writing
“Notes Specific Mandate”	the specific mandate to be sought from the Shareholders at the SGM to grant the authority to the Board for the allotment and issue of the maximum number of the Shares to be issued upon the exercise of the Conversion Rights in full
“Nuada”	Nuada Limited, a licensed corporation under the SFO licensed to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, one of the joint financial advisers to the Placing and one of the Placing Agents
“Placee(s)”	any individual(s), corporate(s), institutional investor(s) or other investor(s) procured by or on behalf of the Placing Agents to subscribe for any of the Placing Shares pursuant to the Placing Agents’ obligations under the Placing Agreement
“Placing”	the offer by way of private placing of the Placing Shares by, on a fully underwritten basis, or on behalf of the Placing Agents to the Placee(s), on the terms and subject to the conditions set out in the Placing Agreement

DEFINITIONS

“Placing Agents”	CSL Securities acting as Lead Placing Agent and the other six corporations which are licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO as described in the sub-section headed “(I) Placing of new Shares under Specific Mandate – Placing Agreement – Placing Agents” in the section headed “Letter from the Board”, and “Placing Agent” refers to any one of them
“Placing Agreement”	the placing agreement dated 20 May 2016 entered into between the Company and the Placing Agents in relation to the Placing
“Placing Commitment”	in relation to any Placing Agent, the maximum number of Placing Shares in respect of which such Placing Agent has agreed to subscribe for or procure subscribers under the Placing pursuant to the terms of the Placing Agreement, subject to final allocation at the discretion of the Lead Placing Agent
“Placing Completion”	Completion of the Placing
“Placing Completion Date”	the date of the Placing Completion, which means the 5th Business Day following the day on which the last outstanding condition as set out in sub-paragraph headed “Placing of New Shares under Specific Mandate – Conditions of the Placing” in the section headed “Letter from the Board” (other than those condition(s) which is/are only capable of being fulfilled at the Placing Completion) shall have been satisfied (or such other date as the Placing Agents and the Company may agree in writing) on which the Placing Completion is to take place
“Placing Long Stop Date”	31 August 2016, being the extended Placing Long Stop Date (or such date the Company and the Lead Placing Agent (on behalf of the other Placing Agents) may agree in writing)
“Placing Price”	HK\$0.10 per Placing Share
“Placing Shares”	5,750,000,000 new Shares to be allotted and issued pursuant to the terms and conditions of the Placing Agreement and each, a “Placing Share”
“Placing Specific Mandate”	the specific mandate to be sought from the Shareholders at the SGM to grant the authority to the Board for the allotment and issue of 5,750,000,000 Placing Shares
“PRC”	the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan

DEFINITIONS

“Principal Loan Agreement”	the lump sum loan agreement dated 18 November 2015 in respect of the Loan signed between the Lender and the Company, as supplemented by an extension agreement dated 18 May 2016 entered into between the Lender and the Company to extend the maturity date of the Loan to 31 August 2016 (as may be varied or supplemented from time to time)
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	a special general meeting of the Company to be held at 5/F, Euro Trade Centre, 13-14 Connaught Road Central, Hong Kong on Monday, 25 July 2016 at 3:00 p.m., for the Shareholders to consider and, if thought fit, approve (i) the Placing Agreement and all the transactions contemplated thereunder (including the grant of the Placing Specific Mandate); and (ii) the Supplemental Deed and all the transactions contemplated thereunder (including the grant of the Notes Specific Mandate), the notice of which is set out on pages SGM-1 to SGM-3 of this circular
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Deed”	a deed dated 20 May 2016 (as amended by an addendum to the Supplemental Deed dated 5 July 2016) made by and among the Company and the Lender in connection with the restructuring of the Loan such that the principal amount of the Loan shall be repaid by the Company by way of issuing the Notes
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

LETTER FROM THE BOARD



CHINA GREEN (HOLDINGS) LIMITED

中國綠色食品（控股）有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 904)

Executive Directors:

Mr. Sun Shao Feng (*Chairman and
Chief Executive Officer*)

Mr. Chen Changgai

Independent Non-executive Directors:

Mr. Wei Xiongwen

Mr. Hu Ji Rong

Mr. Zeng Shaoxiao

Ms. Yu Xiao Min

Registered office:

Clarendon House
2 Church Street
Hamilton, HM11
Bermuda

*Head office and principal place
of business in Hong Kong:*

Room 1502, 15/F
The Chinese Bank Building
61-65 Des Voeux Road Central
Hong Kong

8 July 2016

Dear Sir or Madam,

**(I) PLACING OF NEW SHARES UNDER SPECIFIC MANDATE
AND
(II) ISSUE OF NOTES UNDER SPECIFIC MANDATE
FOR RESTRUCTURING OF LOAN**

INTRODUCTION

Reference is made to the Announcement. The purpose of this circular is to provide you with further details of, among other things, (i) the Placing; and (ii) the Notes Issue, together with a notice of the SGM.

(I) PLACING OF NEW SHARES UNDER SPECIFIC MANDATE

PLACING AGREEMENT

Date

20 May 2016

LETTER FROM THE BOARD

Issuer

the Company

Placing Agents

- (1) CSL Securities (as the Lead Placing Agent);
- (2) Nuada;
- (3) Astrum Capital Management Limited;
- (4) Fordjoy Securities And Futures Limited;
- (5) Jensen Capital Limited;
- (6) Jun Yang Securities Company Limited; and
- (7) Win Fung Securities Limited.

Subject to the terms and conditions of the Placing Agreement, the Company has appointed, to the exclusion of others, CSL Securities as the Lead Placing Agent, and the above companies, which are licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO, as the Placing Agents. The Placing Agents have conditionally agreed, on a fully underwritten basis, to severally (not on a joint and several basis) procure subscribers or failing which, each Placing Agent itself will subscribe for its Placing Commitment.

As at the Latest Practicable Date, each of the Placing Agents does not hold any Shares. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, each of the Placing Agents is an Independent Third Party.

Each Placing Agent will receive a placing commission of 3.5% of the aggregate Placing Price of its Placing Commitment. Such placing commission was arrived at after arm's length negotiations between the Company and the Placing Agents under normal commercial terms and with reference to, among other things, the prevailing market conditions and the fully underwritten basis, size and scale of the Placing.

LETTER FROM THE BOARD

Number of Placing Shares

The 5,750,000,000 Placing Shares represent (i) approximately 482.27% of the existing issued share capital of the Company of 1,192,285,077 Shares as at the Latest Practicable Date; and (ii) approximately 82.83% of the issued share capital of the Company as enlarged by the issue of the Placing Shares; and (iii) approximately 68.77% of the issued share capital of the Company as enlarged by the issue of the Placing Shares and the Conversion Shares, assuming that the Conversion Rights under the Notes are exercised in full (and assuming that there is no other change in the issued share capital of the Company from the Latest Practicable Date and up to the date of allotment and issue of the Placing Shares and the exercise of the Conversion Rights in full). The aggregate nominal value of the Placing Shares under the Placing is HK\$575,000,000.

Placees

The Placing Shares are to be placed to not less than six Placees. Each of the Placing Agents has represented, warranted and undertaken to the Company (in respect of itself) that the Placee(s) and their respective ultimate beneficial owners shall be Independent Third Parties and (i) none of the Placees to be procured by such Placing Agent will; or (ii) in the event of the Placing Agent is to subscribe for the Placing Shares pursuant to the Placing Agreement, such Placing Agent shall not subscribe, for its own account, for such number of Placing Shares which will result in the shareholding of it and parties acting in concert with it in the Company to be 29.90% or more of the then issued share capital of the Company immediately upon the Placing Completion. The obligations of the Placing Agents to procure Placees for the Placing Shares shall be several (and not on a joint and several basis).

The Directors are currently unable to determine whether any Placee will become a substantial Shareholder (as defined in the Listing Rules) of the Company as a result of the Placing. The Lead Placing Agent has undertaken to the Company that in the event that there is insufficient public float of the Company within the meaning of the Listing Rules immediately upon the Placing Completion solely because of the Placing Agents' performance of their obligations pursuant to the Placing Agreement, the Lead Placing Agent shall take such appropriate steps as may be reasonably to maintain the minimum public float for the Shares in compliance with Rule 8.08 of the Listing Rules.

Placing Price

The Placing Price of HK\$0.10 per Placing Share represents:

- (i) a discount of approximately 59.02% to the closing price of HK\$0.244 per Share as quoted on the Stock Exchange on 20 May 2016, the date of the Placing Agreement;
- (ii) a discount of approximately 59.81% to the average closing price of HK\$0.2488 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to 20 May 2016, the date of the Placing Agreement; and
- (iii) a discount of approximately 38.65% to the closing price of HK\$0.163 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

LETTER FROM THE BOARD

The Placing Price was negotiated on an arm's length basis between the Company and the Placing Agents and in coming up with the current Placing Price, the Company and the Placing Agents have considered, amongst others, the following factors:

- (1) the recent trading prices of the Shares and the market condition prior to the entering into of the Placing Agreement;
- (2) the reasons for the Company conducting the Placing, as more particularly described in the section headed "Reasons for the Placing and the Notes Issue and use of proceeds" in this letter from the Board, in particular, the imminent need to raise a substantial sum with sufficient certainty to repay the Bonds and the interest accrued thereon in full;
- (3) ensuring the attractiveness of the Placing Price to the potential investors; and
- (4) the fully underwritten basis and substantial size of the Placing which necessitate a substantial discount to the market price of the Shares in order to be acceptable to the Placing Agents as generally consistent with market practice.

The Board has considered other fund raising alternatives such as debt financing or equity financing by way of open offer or rights issue. The Board is of the view that debt financing will result in additional interest burden and cannot relieve the Group from repayment obligations in the short term, and given that the Company is technically in default in payment of the Bonds, additional borrowings may not be achievable on favourable terms or on terms which are acceptable to the Group under the current market conditions. The Board also considered that additional interests obligations required under debt financing are not warranted for the purpose of this fund raising exercise which is primarily due to PRC foreign exchange remittance restrictions affecting the Company's ability to remit funds offshore rather than a lack of funds. As to an open offer or a rights issue, given the current circumstances and the fact that the Company has completed a substantial open offer with gross proceeds of approximately HK\$794.9 million on 9 July 2015 which was slightly undersubscribed, the Board is of the view that conducting an open offer or a rights issue would be unduly burdensome on shareholders and not practical under the circumstances.

The Company has also considered the dilutive nature of the Placing in that if the Placing is to proceed, the percentage of shareholding (assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date up to and including the Placing Completion) of the existing Shareholders will be reduced to approximately 17.17%, representing a dilution effect of approximately 82.83% as a result of the Placing. Nevertheless, the Directors consider that, although the Placing has an inherent dilutive effect, under the Listing Rules the Placing is subject to Shareholders' approval, who will have opportunity to consider as to whether the terms of the Placing, including the Placing Price and the placing commission, are fair and reasonable based on the current market condition and that the Placing is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Ranking of the Placing Shares

The Placing Shares, when issued, will be fully paid up and will (i) rank pari passu in all respects with the other Shares in issue as at the date of allotment and issue of the Placing Shares and (ii) be free from all liens, charges, encumbrances, claims, options or other third party rights together with all rights attaching thereto as at the date of allotment and issue of the Placing Shares.

Mandate to issue the Placing Shares

The Placing Shares will be issued under the Placing Specific Mandate which will be sought at the SGM.

Conditions of the Placing

The Placing Completion is conditional upon:

- (1) the Admission of Placing Shares being obtained and such approval not being subsequently revoked prior to the Placing Completion;
- (2) the Placing Specific Mandate being obtained at the SGM;
- (3) the Company having entered into the Supplemental Deed with the Lender in form and substance to the reasonable satisfaction of the Lead Placing Agent and the Supplemental Deed having become unconditional in all respects (other than the conditions relating to the Placing Completion and the repayment of the Bonds and interests accrued thereon in full);
- (4) the Company having produced evidence to the reasonable satisfaction of the Lead Placing Agent to show that not less than 75% of holders of each of the 7.00 per cent. Bonds and the 10.00 per cent. Bonds have agreed to withhold exercising such rights conferred upon them to declare default under the terms of the Bonds for a period up to a date not earlier than 31 July 2016, in form and substance to the reasonable satisfaction of the Lead Placing Agent, and not having subsequently revoked the same prior to the Placing Completion; and
- (5) all representations and warranties given by the Company in the Placing Agreement remaining true and accurate in all respects prior to the Placing Completion.

The conditions (1) and (2) above are not capable of being waived by any parties to the Placing Agreement. If the above conditions are not satisfied by 3:00 p.m. on the Placing Long Stop Date (which was extended by the parties from 31 July 2016 to 31 August 2016 in accordance with the terms of the Placing Agreement), all obligations of the Placing Agents and of the Company under the Placing Agreement shall cease and determine and none of the parties thereto shall have any claim against the other in relation thereto (save in respect of any antecedent breach of any obligation under the Placing Agreement).

LETTER FROM THE BOARD

As at the Latest Practicable Date, save that (a) the Company has entered into the Supplemental Deed with the Lender as referred to in condition (3) above; and (b) the Company has entered into agreements with not less than 75% of holders of each of the 7.00 per cent. Bonds and the 10.00 per cent. Bonds who have agreed to withhold exercising such rights conferred upon them to declare default under the terms of the Bonds up to 31 August 2016 to the satisfaction of the Lead Placing Agent as referred to in condition (4) above, none of the other conditions above have been fulfilled.

The Placing Completion

The Placing Completion will take place on the Placing Completion Date (or such other date as may be agreed between the Placing Agents and the Company in writing).

Undertaking

The Company has undertaken to the Placing Agents, among other matters, that the Company shall not from the date of the Placing Agreement until after the Placing Completion Date, without the prior consent of the Lead Placing Agent (for itself and on behalf of the other Placing Agents), issue any Shares (other than pursuant to the exercise of the conversion rights attached to the Bonds or as a result of the Loan Restructuring) or issue or grant any share options or other securities convertible into, exchangeable for or which carry rights to acquire Shares (other than the Placing Shares or as a result of the Loan Restructuring) and there are no rights (whether conditional or unconditional) in existence which require the issue of any Shares or other securities of the Company now or at any time thereafter save for the issue of Shares pursuant to the exercise of the conversion rights attached to the outstanding Bonds or as a result of the Loan Restructuring.

Termination of the Placing

Under the Placing Agreement, the Lead Placing Agent (for itself and on behalf of the other Placing Agents) may, in its absolute opinion, terminate the Placing Agreement by notice in writing to the Company at any time up to 8:00 a.m. on the Placing Completion Date if:

- (1) there comes to the notice of the Lead Placing Agent:
 - (a) any matter or event showing any of the warranties to be untrue, inaccurate or misleading in any material aspect when given or repeated or there has been a breach of any of the obligations and provisions, representations and warranties or any other provision of the Placing Agreement by any party to the Placing Agreement other than the Placing Agents, in any such case, is considered, in the sole opinion of the Lead Placing Agent (for itself and on behalf of the other Placing Agents), to be material in the context of the Placing; or
 - (b) any matter which, had it arisen immediately before the date of the Announcement and not having been disclosed in the Announcement, would have constituted a material omission in the sole opinion of the Lead Placing Agent (for itself and on behalf of the other Placing Agents) in the context of the Placing; or

LETTER FROM THE BOARD

- (c) any statement contained in the Announcement and the related circular in relation to the Placing reasonably considered to be material by the Lead Placing Agent which is discovered to be or becomes untrue, incorrect or misleading in any respect considered in the sole opinion of the Lead Placing Agent (for itself and on behalf of the other Placing Agents) to be material; or
 - (d) any breach by any party to the Placing Agreement other than the Placing Agents of any provision of the Placing Agreement which is considered in the sole opinion of the Lead Placing Agent (for itself and on behalf of the other Placing Agents) to be material; or
 - (e) any material adverse change or a prospective material adverse change in the business, results of operation, financial or trading position, or prospects of the Company or the Group as a whole the effect of which is, in the sole opinion of the Lead Placing Agent (for itself and on behalf of the other Placing Agents), so material and adverse as to make it impracticable or inadvisable to proceed with the Placing; or
 - (f) any Bondholder or the trustee of the Bonds exercising its rights to declare default under the terms and conditions of its rights which may have a material adverse effect on the success of the Placing; or
- (2) any of the following events occurring or continuing which in the sole opinion of the Lead Placing Agent (for itself and on behalf of the other Placing Agents) is or will be or is likely to be materially adverse to the business, financial condition or prospects of the Company or the Group taken as a whole or the success of the Placing or makes it impracticable, inadvisable or inexpedient for the Placing Agents to proceed with the Placing as a whole:
- (a) any new law or regulation or any material change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority of any of the jurisdictions in which the Group operates or has or is deemed by any applicable law to have a presence (by whatever name called) or any other jurisdiction relevant to the Group, including but not limited to Hong Kong, Bermuda, the PRC and Singapore; or
 - (b) any material adverse change (whether or not permanent) in the conditions of the Hong Kong or international securities markets (or in conditions affecting a sector only of such markets) including, for the avoidance of doubt, any significant adverse change in the index level or value of turnover of any such markets; or
 - (c) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise; or

LETTER FROM THE BOARD

- (d) any material adverse change or development involving a prospective change in taxation or exchange control (or the implementation of any exchange control) in Hong Kong, Bermuda, the PRC or elsewhere; or
- (e) any material adverse change in the business or in the financial or trading position of the Group or otherwise; or
- (f) any material adverse change or development (whether or not permanent), or any event or series of events resulting in any material adverse change in the financial, legal, political, economic, military, industrial, fiscal, regulatory, market (including stock market) or currency matters or condition in Hong Kong, Bermuda, the PRC or elsewhere; or
- (g) a general moratorium on commercial banking business activities is declared by Hong Kong, the PRC or elsewhere; or
- (h) any event of force majeure including but without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out.

Upon termination of the Placing Agreement pursuant to the above paragraphs, all liabilities of the parties thereto thereunder (save for the above paragraphs and the obligations in relation to the payment of fees and expenses as reasonably and properly incurred by the Placing Agents in relation to the Placing) shall cease and determine and no party thereto shall have any claim against the other parties in respect of any matter or thing arising out of or in connection with the Placing Agreement save in respect of any antecedent breach of any obligation under the Placing Agreement.

APPLICATION OF LISTING

Application will be made to the Stock Exchange for the Admission of Placing Shares.

(II) ISSUE OF NOTES UNDER SPECIFIC MANDATE FOR LOAN RESTRUCTURING

INTRODUCTION

For the purpose of raising funds for repayment of certain of the then indebtedness of the Group, the Company entered into the Principal Loan Agreement with the Lender for a loan in the principal amount of HK\$190,000,000 on 18 November 2015 (as amended by the extension agreement dated 18 May 2016 between the parties). Pursuant to the Principal Loan Agreement as amended, the Loan is due and payable to the Lender on 31 August 2016.

LETTER FROM THE BOARD

SUPPLEMENTAL DEED

On 20 May 2016 the Company entered into the Supplemental Deed with the Lender, pursuant to which the Company and the Lender have conditionally agreed to restructure the Loan due under the Principal Loan Agreement such that the principal amount of the Loan amounting to HK\$190,000,000 shall be repaid by the Company by way of issuing the Notes in the principal amount of HK\$190,000,000. The Notes carry the right to convert into Conversion Shares at the Conversion Price of HK\$0.15 per Conversion Share (subject to adjustments).

As at the date of the Supplemental Deed, the Company was indebted to the Lender in the sum of HK\$190,000,000 and interest accrued in respect of the Loan up to 18 May 2016 (the date of the extension agreement in respect of the Principal Loan Agreement) has been repaid by the Company to the Lender. Pursuant to the Supplemental Deed, the interest accrued on the Loan at a rate of 13.9% per annum up to the date immediately preceding the Notes Issue Completion Date shall become due and payable immediately prior to Notes Issue Completion on the Notes Issue Completion Date. The Company intends to fully settle such interest as may accrue on the Loan until the Notes Issue Completion Date in cash.

The Lender is a company incorporated in Hong Kong and a licensed money lender in Hong Kong. The Lender is a wholly-owned subsidiary of Convoy Financial Holdings Limited, which is a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange. To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, save and except that the Lender is a fellow subsidiary of the Lead Placing Agent and Convoy Capital Hong Kong Limited, the joint financial adviser to the Placing, as at the Latest Practicable Date, there is no relationship between the Company and the Lender (and its associates) and the Lender is an Independent Third Party.

ISSUE OF NOTES

The terms of the Notes have been negotiated on an arm's length basis and the principal terms of which are summarised below:

Issuer	: the Company
Principal amount	: HK\$190,000,000
Interest	: The Notes bear interest from the date of issue at the rate of 12% per annum and payable quarterly in arrears beginning from the date of issuance of the Notes, and as regards each Note, the last interest payment date shall be the earlier of (i) the Maturity Date; (ii) the date of conversion of such Note; and (iii) the date on which the Company makes full payment in respect of its rights to early redeem all the outstanding principal amount of such Note. If an interest payment date would otherwise fall on a day which is not a

LETTER FROM THE BOARD

Business Day, it shall be brought forward to the immediately preceding Business Day. The Noteholders have the right to convert any accrued but unpaid interest (other than any default interest accrued) into Conversion Shares at the Conversion Price during the Conversion Period.

Status and Ranking : The Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Company and shall at all times rank *pari passu* with all other present and future unsecured and unsubordinated obligations of the Company except for obligations accorded preference by mandatory provisions of applicable law.

The Conversion Shares to be issued upon conversion of the Notes and if applicable, any accrued but unpaid interest (other than any default interest accrued) shall be in all respects rank *pari passu* with the Shares in issue on the relevant registration date as if the Shares issued on conversion or subscription had been issued on such date (except for any right excluded by mandatory provisions of applicable law). A holder of Shares issued on conversion of the Notes shall not be entitled to any rights the record date for which precedes the relevant registration date.

Transferability : The Notes or any amount outstanding under the Notes may be transferred to any person prior to the Maturity Date provided that any such transfer shall be in whole multiples of HK\$1,000,000 (or such amount as may represent the entire principal amount thereof).

Maturity Date : The date falling on the first anniversary of the date of issue of the Notes, or, if that is not a Business Day, the first Business Day thereafter.

Redemption upon maturity : Unless previously redeemed, converted, purchased or cancelled, the Notes will be redeemed by the Company on the Maturity Date at 100% of its principal amount outstanding.

Redemption at the option of the Company : The Company shall have the right at any time during the period commencing from the date of issue of the Notes and expiring on the Maturity Date to redeem the whole or in part (in an integral multiple of HK\$1,000,000) of the outstanding amount of the principal of the Notes on any Business Day.

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- Redemption upon event of default : Upon the occurrence of an event of default set out in the terms and conditions of the Notes and at any time thereafter, the Noteholder may, unless such event of default has been waived in writing by Noteholders holding not less than 75% of the Notes outstanding, by notice in writing require the Company to redeem the whole (but not part) of the outstanding principal amount of the Notes together with all accrued interest.
- Conversion period : The period commencing from the date of issue of the Notes up to 4:00 p.m. (Hong Kong time) on the Maturity Date and where any Note remains outstanding at 4:00 p.m. (Hong Kong time) on the Maturity Date, such period shall be automatically extended until the earlier of (i) the Conversion Rights attached to such Notes have been exercised in full; or (ii) the principal amount of such Notes and the interest accrued thereon (including the default interest) have been repaid/paid in full (the “**Conversion Period**”).
- Conversion Rights : Noteholder will have the right to convert the Notes and any accrued but unpaid interest (other than any default interest accrued) in whole or in part (in an integral multiple of HK\$1,000,000) of the outstanding principal amount of the Notes during the Conversion Period.

Conversion Rights shall not be exercised by the Noteholder if:

- (a) the Company will be unable to meet the public float requirements under the Listing Rules;
- (b) the Noteholder and parties acting in concert with him/her/it, taken together, will directly or indirectly, control or be able to exercise the control of 29.9% or more of the voting rights of the Company immediately following the exercise of the Conversion Rights;
- (c) the exercising Noteholder(s) who is a resident or national of any jurisdiction (other than Hong Kong) under the laws and regulations of which an exercise of Conversion Rights by such Noteholder or the performance by the Company of the obligations expressed to be assumed by it under the instrument constituting the Notes or the terms and conditions of the Notes or the allotment and issue and holding of

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the Conversion Shares cannot be carried out lawfully or cannot be carried out lawfully without the Company first having to take certain actions in such jurisdiction; or

- (d) an acknowledgement to the Company by the exercising Noteholder(s) that the Notes and the Shares into which the Notes are convertible cannot be transferred unless registered under the United States Securities Act or unless an exemption from such registration is available.

Conversion Price : The initial Conversion Price is HK\$0.15 per Conversion Share, subject to adjustments as set out and in accordance with the terms and conditions of the Notes. The number of Conversion Shares to be issued on exercise of the Conversion Rights shall be determined by dividing the principal amount of the relevant Notes and if applicable, any accrued but unpaid interest thereof to be converted by the Conversion Price in effect on the date of the conversion, rounded down to the nearest integral number.

Conversion Shares : Based on the initial Conversion Price of HK\$0.15 per Conversion Share, a maximum of 1,418,666,666 Conversion Shares will be issued upon full exercise of the Conversion Rights.

In the event that only the principal amount of the Notes is exercised in full, based on the initial Conversion Price of HK\$0.15 per Conversion Share, a maximum of 1,266,666,666 Conversion Shares will be issued.

In the event that all interest (other than the default interest accrued) accrued under the Notes were unpaid and the Conversion Rights thereto were exercised in full, based on the initial Conversion Price of HK\$0.15 per Conversion Share, a maximum of 152,000,000 Conversion Shares will be issued.

Adjustments to Conversion Price : The Conversion Price shall from time to time be subject to adjustments upon occurrence of certain events:

- (i) consolidation or sub-division or reclassification of Shares;
- (ii) capitalization of profits or reserves;

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- (iii) capital distribution;
- (iv) rights issue of Shares or options, etc. over Shares;
- (v) rights issue of other securities (other than Shares or options, warrants or other rights to subscribe for or purchase any Shares);
- (vi) issue wholly for cash any Shares, or issue or grant of options, warrants or other rights to subscribe for or purchase any Shares, at a price per Share which is less than 85% of the then current market price;
- (vii) issue wholly for cash being made by the Company or its subsidiary of securities (other than the Notes) convertible into or exchangeable for or carrying rights of subscription for Shares, if in any case the consideration per Share receivable by the Company is less than 85% of the then market price, or the conversion, exchange, subscription or redesignation rights of any such issue are modified so that the said consideration receivable is less than 85% of the then market price; and
- (viii) other offer to the Shareholders at a price per Share less than 85% of the then market price per Share.

Voting : Noteholder will not be entitled to attend or vote at any shareholders' meetings of the Company by reason only of its being a Noteholder.

Listing : No application will be made by the Company to the Stock Exchange for listing of the Notes. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

Events of default : If any of the following events occurs, the Noteholder may give notice to the Company that the Notes are immediately due and repayable:

- (i) a default is made in the payment of any principal, premium or interest due in respect of the Notes, and such default shall not have been cured by payment by the Company within seven days after the due date; or

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- (ii) any failure by the Company to deliver any Shares as and when the Shares are required to be delivered following conversion of Notes and/or any accrued but unpaid interest thereof; or
- (iii) a default is made by the Company in the performance or observance of any covenant, condition or provision contained in the instrument creating the Notes or in the Notes and on its part to be performed or observed (other than the covenant to pay the principal, premium (if any) and interest in respect of any of the Notes) and such default continues for the period of 15 days next following the service by any Noteholder on the Company of notice specifying brief details of such default and requiring such default to be remedied; or
- (iv) the Company issues any notes or bonds or convertible notes or bonds or similar securities and the maturity date thereof is earlier than the Maturity Date; or
- (v) a resolution is passed or an order of a court of competent jurisdiction is made that the Company or any of its subsidiaries be wound up or dissolved or the Company or any subsidiary disposes of all or substantially all of the Group's assets considered as a whole, otherwise, in any such case, than (i) for the purposes of or pursuant to and followed by a consolidation, amalgamation, merger or reorganisation, the terms of which shall have previously been approved in writing by an ordinary resolution passed by the Noteholders; or (ii) in respect of any dissolution of subsidiaries of the Company for the purpose of its internal reorganisation which would not result in a winding up or dissolution of a material part of the Group's assets taken as a whole; or
- (vi) it becomes illegal under any applicable law for the Company to perform or comply with any one or more of its obligations under the Notes or any enforceable final ruling is rendered by a competent court to the effect that any obligation of the Company under the Notes is illegal or invalid;

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- (vii) an encumbrancer takes possession or a receiver is appointed of the whole or a material part of the assets or undertaking of the Company or any of its subsidiaries; or
- (viii) if the trading of the Shares on the Stock Exchange is suspended for a period of 10 consecutive trading days (other than any suspension of trading pending the release of any announcement as required under Chapter 14 or Chapter 14A of the Listing Rules) or listing of the Shares on the Stock Exchange is being revoked or withdrawn or the Company submits a notification to the Stock Exchange of its proposed cancellation of the admission of the Shares; or
- (ix) if there is not a sufficient number of Shares of the Company available for the fulfilment of the obligations regarding the conversion of the Notes; or
- (x) any case, proceeding or other action being commenced by or against the Company or any of its subsidiaries: (A) under any law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganisation or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it bankrupt or insolvent, or seeking reorganisation, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other similar relief to it or its debts; or (B) seeking appointment of a liquidator, administrator, administrative receiver, receiver, trustee, custodian, conservator or other similar official for it or for all or any part of its assets; or
- (xi) the Group ceases or threatens to cease to carry on its business or any material part of its business in the normal course or any material respect or changes the nature or mode of conduct of its trading in any material respect; or
- (xii) any final judgment or order made against the Company is not complied with within seven days or if an execution distress sequestration or other process is levied or enforced upon or sued out against any part of the undertaking property assets or revenues of the Company; or

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- (xiii) if the Company stops payment or agrees to declare a moratorium or becomes or is deemed to be insolvent or unable to pay its debts within the meaning of section 178 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) or if a notice is issued convening a meeting of or the Company proposes or enters into any composition or arrangement with its creditors generally or any class of them; or
- (xiv) any material part of the undertaking property assets or revenues of the Group is sold or disposed of or proposed to be sold or disposed of (otherwise than in the normal course of trading) whether in a single transaction or a series of transactions); or
- (xv) any lease license authorisation consent or registration at any time necessary or desirable to enable the Group to comply with its obligations to the Noteholders or to carry on its business in the normal course shall be revoked withheld or materially modified or shall fail to be granted to perfected or shall cease to remain in full force and effect; or
- (xvi) any representation or warranty made by the Company in the instrument constituting the Notes or the conditions under the Notes is or becomes or proves to have been incorrect or misleading in any respect; or
- (xvii) an order made for the bankruptcy of any member of the Group; or
- (xviii) the Company is in default of any obligations under another lending arrangement that it has entered into.

Conversion Price

The initial Conversion Price is HK\$0.15 per Conversion Share, subject to adjustments as set out in accordance with the terms and conditions of the Notes, represents:

- (i) a discount of approximately 38.52% to the closing price of HK\$0.244 per Share as quoted on the Stock Exchange on 20 May 2016, the date of the Supplemental Deed;

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- (ii) a discount of approximately 39.71% to the average closing price of HK\$0.2488 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to 20 May 2016, the date of the Supplemental Deed; and
- (iii) a discount of approximately 7.98% to the closing price of HK\$0.163 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Conversion Price was determined after arm's length negotiation between the Company and the Lender which has taken into account the recent trading price performance of the Shares prior to the date of the Supplemental Deed, the then current market conditions and sentiment, the Group's historical financial performance and existing financial position and the likely impact on the price of the Share as a result of the Placing. The Directors consider that the Conversion Price is fair, reasonable and in the interests of the Company and its Shareholders as a whole. Based on the initial Conversion Price of HK\$0.15 per Conversion Share, the net issue price, after deduction of the relevant expenses, is approximately HK\$0.15 per Conversion Share.

Conversion Shares

Based on the initial Conversion Price of HK\$0.15 per Conversion Share (subject to adjustments), a maximum of 1,418,666,666 Conversion Shares will fall to be issued to the Noteholder, such maximum number represents (i) approximately 118.99% of the existing issued share capital of the Company as at the Latest Practicable Date; (ii) approximately 20.44% of the issued share capital of the Company as enlarged by the issue of the Placing Shares; and (iii) approximately 16.97% of the issued share capital of the Company as enlarged by the issue of the Placing Shares and the Conversion Shares assuming that the Conversion Rights are exercised in full (assuming that there is no other change in the issued share capital of the Company from the Latest Practicable Date and up to the date on which the Conversion Rights are exercised in full).

The Conversion Shares will be issued pursuant to the Notes Specific Mandate to be sought from the Shareholders at the SGM.

Application for Listing

Application will be made to the Stock Exchange for the Admission of Conversion Shares.

Conditions of the Notes Issue

The Notes Issue Completion is conditional upon and subject to the following conditions:

- (1) all sums due under the Principal Loan Agreement (other than the principal amount of HK\$190,000,000) have been settled in full without any deduction and withholding on the Notes Issue Completion Date;
- (2) the Admission of Conversion Shares being obtained and such approval not being subsequently being revoked prior to the Notes Issue Completion;

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- (3) the Notes Specific Mandate being obtained at the SGM;
- (4) completion of the Placing having taken place; and
- (5) all outstanding principal amount under each of the 7.00 per cent. Bonds and 10.00 per cent. Bonds and all interest accrued thereon having been paid and repaid in full by the Company such that all the rights of the holders of the Bonds (or any of them) shall have been extinguished.

The above conditions are not capable of being waived by any parties to the Supplemental Deed. If the above conditions are not satisfied by 3:00 p.m. on the Notes Issue Long Stop Date, the provisions of the Supplemental Deed shall become null and void, all obligations of the Lender and of the Company under the Supplemental Deed shall cease and determine and none of the parties thereto shall have any claim against the other in relation thereto (save in respect of any antecedent breach of any obligation under the Supplemental Deed). For the avoidance of doubt, under such circumstances, the provisions of the Principal Loan Agreement shall continue to apply.

As at the Latest Practicable Date, none of the conditions above had been fulfilled.

The Notes Issue Completion

The Notes Issue Completion will take place on the Notes Issue Completion Date (or such other date as may be agreed between the Lender and the Company in writing). Upon the Notes Issue Completion, the Principal Loan Agreement shall terminate and cease to be of any further effect.

REASONS FOR THE PLACING AND THE NOTES ISSUE AND USE OF PROCEEDS

The Group is principally engaged in growing, processing and sales of agricultural products and consumer food.

Owing to previously unforeseen restrictions in the PRC relating to the remittance of monies offshore, as disclosed in the Company's announcement dated 4 April 2016, which affected the Company's ability to remit its onshore PRC funds to Hong Kong, the Company became in urgent need for a substantial amount of offshore funds to settle its loan obligations outside the PRC (including the Bonds). The Directors are of the view the Placing will allow the Company to have access to sufficient funds offshore to redeem the Bonds in full in the most practicable timeframe and to prevent the continuing incurrence of default interest that is currently accruing on the Bonds. In the meantime, the Company can take this opportunity to broaden the capital and shareholders base of the Company. The Placing therefore will enable the Company to raise sufficient funds to redeem the Bonds in full and/or reduce its indebtedness so as to improve the gearing ratio of the Group in an expedient and sufficiently certain manner (when compared to fund-raising exercises through rights issue or open offer).

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The gross proceeds from the Placing will be HK\$575 million and the net proceeds will be approximately HK\$553 million (after deduction of commission and other expenses of the Placing). On such basis, the net issue price of each Placing Share is approximately HK\$0.096. The Company intends to use the net proceeds from the Placing in the following manner: as to approximately HK\$530 million for redemption of the Bonds and payment of the interest accrued thereon; and the remaining of approximately HK\$23 million for general working capital.

Given that the Notes are proposed to be issued to repay the Loan in full, no cash proceeds will be received by the Company in connection with such issue. The Directors consider that the issue of the Notes could substantially reduce the pace of cash outflow of the Company to repay the Loan. In addition, the issue of the Notes will broaden the capital base of the Company upon exercise of the Conversion Rights, if any.

As disclosed above, a substantial part of the net proceeds from the Placing will be used to repay the principal amount of the Bonds and the interest accrued thereon and only approximately HK\$23 million from such net proceeds are set aside as general working capital of the Group. While the Company does not have any immediate plan and is not currently contemplating to conduct further fund raising as at the Latest Practicable Date, in view of the fact the Group has been in a loss-making position for the past two years, and the potential ramp up of new businesses after completion of the Group's very substantial disposal as announced on 23 March 2016, the Company does not rule out the possibility that it may conduct further fund raising in the coming 12 months to fund the future development of the Group's existing agricultural business and its other future business opportunities.

Having considered the above reasons, the Directors consider that the terms of the Placing Agreement (including the Placing Price and the placing commission) and the Supplemental Deed (including the interest rate of the Notes and the Conversion Price) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST TWELVE MONTHS

Apart from the fund raising activities mentioned below, the Company had not carried out any other fund raising activities in the past 12 months immediately preceding the Latest Practicable Date:

Date of announcement	Fund raising activity	Net proceeds raised	Proposed use of the net proceeds	Actual use of the net proceeds
17 April 2015 and 7 July 2015	Open offer on the basis of two offer shares for every one share held on the then record date at an offer price of HK\$0.20 per offer share	HK\$772.9 million	(i) HK\$400 million for the repayment of the 19.2% per annum notes issued by the Company on 8 April 2015 (“ 19.2%-Notes ”);	(i) HK\$395.2 million had been utilised as intended for the repayment of the 19.2%-Notes;
			(ii) HK\$200 million to reduce other indebtedness of the Group;	(ii) HK\$204.8 million had been utilised as intended for reducing other indebtedness of the Group;
			(iii) HK\$100 million to strengthen and develop the fresh produce and processed products and branded food products related businesses of the Group;	(iii) HK\$63.2 million had been utilised as intended to strengthen and develop the fresh produce and processed products and branded food products related businesses of the Group;
			(iv) HK\$24 million for the payment of professional fees and initial costs estimated for restructuring (“ Restructuring ”) of the Group’s business in preparation of the very substantial disposal as announced by the Company on 17 April 2015; and	(iv) HK\$24.0 million had been utilised as intended for the payment of part of the professional fees and costs for the Restructuring; and
			(v) HK\$48.9 million as general working capital and operating expenses of the Group.	(v) HK\$48.9 million had been utilised as intended as general working capital and operating expenses of the Group.

The remaining net proceeds of approximately HK\$36.8 million have remained unused and are intended to be used as planned.

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Reference is made to the announcement of the Company dated 19 January 2016 in which the Company announced, amongst other matters, the proposed issue of not less than 2,384,570,154 new Shares and not more than 2,895,459,776 new Shares by way of open offer at HK\$0.12 per Share. As announced by the Company on 25 April 2016, such open offer did not proceed due to change in circumstances and the then market sentiment.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY AS A RESULT OF THE PLACING AND THE LOAN RESTRUCTURING

To the best of the Directors' knowledge, information and belief after having made all reasonable enquires, the tables below set out the issued share of the Company (i) as at the Latest Practicable Date; (ii) as it would be immediately after the Placing Completion; (iii) as it would be immediately after the Placing Completion and the exercise of the Conversion Rights in full (assuming that there is no other change in the issued share capital of the Company from the Latest Practicable Date and up to the date of allotment and issue of the Placing Shares and the exercise of the Conversion Rights in full):

Shareholder	(i) As at the Latest Practicable Date		(ii) Immediately after the Placing Completion		(iii) Immediately after the Placing Completion and the exercise of the Conversion Rights in full	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Capital Mate Limited	366,546,600	30.74	366,546,600	5.28	366,546,600	4.38
<i>Public Shareholders:</i>						
Placing Agents or Placees procured by them (Note)	–	–	5,750,000,000	82.83	5,750,000,000	68.77
Lender/Holder(s) of the Notes	–	–	–	–	1,418,666,666	16.97
Other public Shareholders	825,738,477	69.26	825,738,477	11.89	825,738,477	9.88
Total:	1,192,285,077	100.00	6,942,285,077	100.00	8,360,951,743	100.00

Note:

Shareholders and potential shareholders should note that such scenarios are for illustration purposes only. The Company will ensure compliance with the public float requirements pursuant to Rule 8.08 of the Listing Rules at all times. Pursuant to the Placing Agreement, the Lead Placing Agent has undertaken to the Company that in the event that there is insufficient public float of the Company within the meaning of the Listing Rules immediately upon the Placing Completion solely because of the Placing Agents' performance of their obligations pursuant to the Placing Agreement, the Lead Placing Agent shall take such appropriate steps as may be reasonably to maintain the minimum public float for the Shares in compliance with Rule 8.08 of the Listing Rules.

LETTER FROM THE BOARD

The Placing Shares are to be placed to not less than six Placees. Each of the Placing Agents has represented, warranted and undertaken to the Company (in respect of itself) that the Placee(s) and their respective ultimate beneficial owners shall be Independent Third Parties and (i) none of the Placees to be procured by such Placing Agent will; or (ii) in the event of the Placing Agent is to subscribe for the Placing Shares pursuant to the Placing Agreement, such Placing Agent shall not subscribe, for its own account, for such number of Placing Shares which will result in the shareholding of it and parties acting in concert with it in the Company to be 29.90% or more of the then issued share capital of the Company immediately upon the Placing Completion.

WARNING OF THE RISK OF DEALINGS IN THE SHARES

Shareholders and potential investors should note that as the completion of each of the Placing, the Loan Restructuring and the Notes Issue is, in each case, subject to the fulfilment of certain conditions, the Placing, the Loan Restructuring and the Notes Issue may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

SGM

The SGM will be held at 5/F, Euro Trade Centre, 13-14 Connaught Road Central, Hong Kong on Monday, 25 July 2016 at 3:00 p.m., the notice of which is set out on pages SGM-1 to SGM-3 of this circular, for the Shareholders to consider and, if thought fit, approve (i) the Placing Agreement and all the transactions contemplated thereunder (including the grant of the Placing Specific Mandate); and (ii) the Supplemental Deed and all the transactions contemplated thereunder (including the grant of the Notes Specific Mandate).

In compliance with the Listing Rules, the resolutions will be voted on by way of a poll at the SGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Shareholders has a material interest in the transactions contemplated under the Placing Agreement and the Supplemental Deed and accordingly, none of the Shareholders will be required to abstain from voting at the SGM in respect of the relevant resolution(s) relating to the Placing Agreement, the Placing Specific Mandate, the Supplemental Deed and the Notes Specific Mandate.

Whether or not you are able to attend the SGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time of the SGM or any adjournment thereof to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the SGM (or any adjournment thereof) in person should you so wish, and in such event, the form of proxy previously submitted shall be deemed to be revoked.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors are of the opinion that each of the Placing, the Loan Restructuring and the Notes Issue is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders should vote in favour of the resolutions set out in the notice of the SGM.

Yours faithfully
On behalf of the Board
China Green (Holdings) Limited
Sun Shao Feng
Chairman

NOTICE OF THE SGM



CHINA GREEN (HOLDINGS) LIMITED

中國綠色食品（控股）有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 904)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (“**Meeting**”) of China Green (Holdings) Limited (“**Company**”) will be held at 5/F, Euro Trade Centre, 13-14 Connaught Road Central, Hong Kong on Monday, 25 July 2016 at 3:00 p.m., for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**THAT**

- (a) the Placing Agreement (as defined in the circular of the Company dated 8 July 2016 despatched to the shareholders of the Company (“**Circular**”), a copy of the Circular has been produced to the Meeting marked “A” and initialled by the chairman of the Meeting for the purpose of identification), a copy of which has been produced to the Meeting marked “B” and initialled by the chairman of the Meeting for the purpose of identification, and all the transactions contemplated thereunder be and is hereby approved;
- (b) the board of directors of the Company or a committee thereof be and is hereby specifically authorised to allot and issue the Placing Shares (as defined in the Circular) in accordance with the terms of the Placing Agreement; and
- (c) any one director of the Company be and is hereby authorised to sign, execute, perfect and deliver all such documents and deeds, and do all acts, matters and things, as the case may be in his/her discretion consider desirable or expedient to give effect to the Placing Agreement and all the transactions contemplated thereunder as well as in relation to the allotment, issue and admission for trading of the Placing Shares and to agree to such variation, amendment or waiver as are, in the opinion of such director of the Company, in the interest of the Company provided that such variation, amendment or waiver shall not be fundamentally different from the terms as provided in the Placing Agreement.”

NOTICE OF THE SGM

2. “THAT

- (a) the Supplemental Deed (as defined in the Circular), a copy of which has been produced to the Meeting marked “C” and initialled by the chairman of the Meeting for the purpose of identification, the creation and issue of the Notes (as defined in the Circular) pursuant to, and on terms and conditions of, the Supplemental Deed and the allotment and issue of the Conversion Shares (as defined in the Circular), credited as fully paid, upon exercise of the conversion rights attached to the Notes be and is hereby approved; and
- (b) the board of directors of the Company or a committee thereof be and are hereby authorised to sign, execute, perfect, deliver and do all such documents, deeds, acts, matters and things, as the case may be in their discretion consider desirable or expedient to give effect to the Supplemental Deed and all the transactions contemplated thereunder as well as in relation to the creation and issue of the Notes, the allotment, issue and admission for trading of the Conversion Shares upon exercise of the conversion rights attached to the Notes and all the transactions contemplated thereunder and to agree to such variation, amendment or waiver as are, in the opinion of the directors of the Company, in the interest of the Company provided that such variation, amendment or waiver shall not be fundamentally different from the terms as provided in the Supplemental Deed.”

On behalf of the Board
China Green (Holdings) Limited
Sun Shao Feng
Chairman

Hong Kong, 8 July 2016

Registered office:

Clarendon House
2 Church Street
Hamilton, HM 11
Bermuda

Head office and

principal place of business in Hong Kong:

Room 1502, 15/F.
The Chinese Bank Building
61-65 Des Voeux Road Central
Hong Kong

NOTICE OF THE SGM

Notes:

1. A member of the Company entitled to attend and vote at the Meeting convened by the above notice is entitled to appoint one or, if he/she/it is the holder of two or more shares, more proxy to attend and, subject to the provisions of the bye-laws of the Company, to vote on his/her/its behalf. A proxy need not be a member of the Company, but must be present in person at the Meeting to represent the member.
2. In the case of joint holders of shares in the Company, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s), seniority being determined by the order in which names stand in the register of members.
3. In order to be valid, the form of proxy and (if required by the directors of the Company), the power of attorney or other authority (if any), under which it is signed, or a certified copy of such power or authority must be deposited with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (together with the power of attorney or other authority, if any, under which it is signed or a certified copy thereof) not less than 48 hours before the time fixed for holding the Meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Meeting or any adjournment thereof should you so wish. In such event, the form of proxy previously submitted shall be deemed to be revoked.
4. As at the date of this notice, the board of directors of the Company comprises two executive directors, namely Mr. Sun Shao Feng (Chairman and Chief Executive Officer) and Mr. Chen Changgai; and four independent non-executive directors, namely Mr. Wei Xiongwen, Mr. Hu Ji Rong, Mr. Zeng Shaoxiao and Ms. Yu Xiao Min.