
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 Culiangwang Beverages 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 CULIANGWANG BEVERAGES HOLDINGS LIMITED

中國粗糧王飲品控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 904)

(1) VERY SUBSTANTIAL DISPOSAL

(2) PROPOSED CHANGE OF COMPANY NAME

(3) NOTICE OF SPECIAL GENERAL MEETING

Exclusive Financial Advisor to the Company



A notice convening the SGM to be held at 35th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Monday, 14 September 2015 at 10:30 a.m. (or so soon after the conclusion of the annual general meeting of the Company convened to be held on the same date and place at 10:00 a.m.) is set out on pages SGM-1 to SGM-2 of this circular. A form of proxy for use at the SGM is enclosed.

Whether or not you intend to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, 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 SGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so desire. In such event, the instrument appointing a proxy will be deemed to be revoked.

21 August 2015

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	7
Appendix I – Financial information of the Group	I-1
Appendix II – Financial information of Quanzhou Group	II-1
Appendix III – Financial information of Xiamen Company	III-1
Appendix IV – Pro forma financial information of the Remaining Group	IV-1
Appendix V – General information	V-1
Notice of SGM	SGM-1

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 in the aggregate principal amount of RMB514,880,000 issued by the Company
“10.00 per cent. Bonds”	US\$ settled 10.00 per cent. secured convertible bonds due 2016 in the aggregate principal amount of RMB173,867,696 issued by the Company
“Anti-Monopoly Law”	Anti-Monopoly Law of the PRC promulgated by the National People’s Congress on 30 August 2007 and implemented as of 1 August 2008
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Bonds”	collectively, the 7.00 per cent. Bonds and the 10.00 per cent. Bonds
“Bondholder(s)”	person(s) whose name(s) is/are registered in the register(s) of holders of the Bonds from time to time
“business day”	any day other than a Saturday or Sunday or public holiday in the PRC or the United States of America
“Capital Mate”	Capital Mate Limited, a company incorporated in the British Virgin Islands with limited liability and is an entity controlled by the Founder
“Change of Company Name”	the proposed change of the Company’s name, details of which are set out in the “Letter from the Board” in this circular
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Company”	China Culiangwang Beverages Holdings Limited (中國粗糧王飲品控股有限公司), a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	the completion of the Disposal

DEFINITIONS

“Completion Date”	(a) the date (not being later than the Long Stop Date) by 5:00 p.m. of which the last of the Conditions to be satisfied or waived is satisfied or waived or (b) if the last of the Conditions to be satisfied or waived is satisfied or waived after 5:00 p.m. on such date or if such date is not a business day, then the next following business day or (c) such other date as the Purchaser and the Seller may agree in writing
“Conditions”	the conditions to the Completion as set out in the Equity Transfer Agreement
“Directors”	the directors of the Company
“Disposal”	the disposal of the entire equity interest in the Target Company by the Seller to the Purchaser in accordance with the terms of the Equity Transfer Agreement
“Disposed Business”	the business of the manufacturing, marketing and sale of beverage products (excluding porridge or congee and beverage products in powder form), as carried on by the Seller Group Companies at any time during the 12 months prior to the date of the Equity Transfer Agreement
“Equity Target Companies”	collectively Quanzhou Newco, Tianmen Company and Hebei Company
“Equity Transfer Agreement”	the equity transfer agreement dated 15 April 2015 entered into by and among the Company, the Seller, Quanzhou Company and the Purchaser in relation to the Disposal
“Escrow Agreement”	the escrow agreement to be entered into between the Seller, the Purchaser and Citibank (China) Co., Ltd. as the escrow agent on or before Completion
“Founder”	Mr. Sun Shao Feng, an executive Director, the Chairman of the Board and the Chief Executive Officer of the Company
“Group”	the Company and its subsidiaries
“Government Authority”	any national, provincial, municipal or local legislative body, government, administrative or regulatory body or department, court, tribunal, arbitrator or anybody exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government

DEFINITIONS

“Hebei Company”	中綠河北飲品科技開發有限公司 (China Green Hebei Beverages Science and Technology Development Co., Ltd.*), a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hubei Company”	中綠(湖北)實業發展有限公司 (China Green Hubei Industry Co., Ltd.*), a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company
“IP Transferors”	中綠食品集團有限公司 (China Green Foods Group Co., Ltd.*), Force Sky Limited and the Company
“Latest Practicable Date”	19 August 2015, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	the date that is eighteen months from the date of the Equity Transfer Agreement or such other date as the Purchaser and the Seller may agree in writing
“MOFCOM”	the Ministry of Commerce of the PRC or any of its relevant local counterparts authorised by applicable PRC law
“PRC”	the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	可口可樂飲料(上海)有限公司(Coca-Cola Beverages (Shanghai) Company Limited*), a limited liability company incorporated in the PRC
“Quanzhou Company”	中綠(泉州)食品開發有限公司 (Zhonglu (Quanzhou) Green Foods Developing Co., Ltd.*), a sino foreign equity joint venture enterprise incorporated in the PRC, which is an indirect wholly-owned subsidiary of the Company
“Quanzhou Group”	Quanzhou Company and its subsidiaries prior to the Restructuring, namely Hebei Company, Tianmen Company and Quanzhou Newco

DEFINITIONS

“Quanzhou Newco”	泉州粗糧王飲品開發有限公司 (Quanzhou Culiangwang Beverage Development Co., Ltd.*), a limited liability company incorporated in the PRC and is wholly-owned by Quanzhou Company
“Remaining Group”	the Company and its subsidiaries immediately after Completion, without taking into account any proposed acquisitions or investments by the Company
“Restructuring”	a series of restructuring steps to consolidate the Disposed Business under the Target Company pursuant to the Restructuring Agreement
“Restructuring Agreement”	the restructuring agreement dated 15 April 2015 entered into by and among the Company, Quanzhou Company, Xiamen Company, Zhonglu Agriculture, the Target Company, Hubei Company and the Purchaser pursuant to which the Restructuring will be carried out
“RMB”	Renminbi, the lawful currency of the PRC
“Seller”	Xiamen Company
“Seller Group Companies”	the Company, the Transferring Companies, the Equity Target Companies, Zhonglu Agriculture, Hubei Company, the IP Transferors and the Seller
“Seller Warrantors”	the Company, the Transferring Companies and the Seller
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be held at 35th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Monday, 14 September 2015 at 10:30 a.m. (or so soon after the conclusion of the annual general meeting of the Company convened to be held on the same date and place at 10:00 a.m.) or any adjournment thereof (as the case may be), for the purpose of considering, and if thought fit, approving the Equity Transfer Agreement, the Restructuring Agreement and the transactions contemplated thereunder and the Change of Company Name
“Share(s)”	ordinary share(s) with a par value of HK\$0.1 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supply Agreement”	the supply agreement to be entered into between the Company and the Target Company on Completion
“Target Company”	廈門粗糧王飲品科技有限公司 (Xiamen Culiangwang Beverage Technology Co., Ltd.*), a limited liability company incorporated in the PRC and wholly-owned by Xiamen Company
“Target Company AoA”	the amended and restated articles of association of the Target Company to be adopted on Completion
“Target Group”	Target Company and its subsidiaries
“Target Group Company”	Target Company or a subsidiary of the Target Company
“Tianmen Company”	中綠(天門)飲品科技有限公司 (China Green (Tianmen) Beverages Science and Technology Development Co., Ltd*), a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company
“Transferring Companies”	Quanzhou Company and Xiamen Company
“Transaction Documents”	the Equity Transfer Agreement, the Restructuring Agreement, the Restructuring Documents (as defined in the Restructuring Agreement), the Transitional Services Agreement, the Supply Agreement, the Escrow Agreement, the Target Company AoA and any other written agreements entered into by any or all of the parties as necessary to implement the transactions contemplated hereunder and thereunder
“Transitional Services Agreement”	the transitional services agreement to be entered into between the Seller Warrantors and the Target Company on Completion
“US\$”	United States dollars, the lawful currency of the United States of America
“Xiamen Company”	中綠之源(廈門)貿易有限公司 (China Green Resources (Xiamen) Sales Co., Ltd.*), a limited liability company incorporated in the PRC, which is an indirect wholly-owned subsidiary of the Company
“Xiamen Group”	Xiamen Company and Target Company prior to the Restructuring

DEFINITIONS

“Zhonglu Agriculture” 中綠（福建）農業綜合開發有限公司 (Zhonglu (Fujian) Agriculture Comprehensive Development Company Limited*), a limited liability company incorporated in the PRC, which is an indirect wholly-owned subsidiary of the Company

“%” per cent.

Unless otherwise specified in this circular, figures in US\$ and RMB are translated to HK\$ at the exchange rate of US\$1.00 = HK\$7.75 and RMB1.00 = HK\$1.25, respectively, for illustration purposes only. No representation is made that any amounts in RMB, US\$ or HK\$ could have been or could be converted at that rates or at any other rates or at all.

* *English names of the PRC established companies in this circular are only translations of their official Chinese names solely for identification purpose. In case of inconsistency, the Chinese names prevail.*

LETTER FROM THE BOARD



CHINA CULIANGWANG BEVERAGES HOLDINGS LIMITED

中國粗糧王飲品控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 904)

Executive Directors:

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

Mr. Chen Changgai

Registered office:

Clarendon House
2 Church Street
Hamilton, HM 11
Bermuda

Independent Non-executive Directors:

Mr. Hu Ji Rong

Mr. Wei Xiongwen

Mr. Zeng Shaoxiao

Ms. Yu Xiao Min

*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

21 August 2015

To the Shareholders and for information only, the Bondholders

Dear Sir or Madam,

(1) VERY SUBSTANTIAL DISPOSAL

(2) PROPOSED CHANGE OF COMPANY NAME

(3) NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

Reference is made to the announcement of the Company dated 17 April 2015 in which the Company announced that on 15 April 2015, the Company, Quanzhou Company, Xiamen Company and the Purchaser entered into the Equity Transfer Agreement, pursuant to which the Purchaser conditionally agreed to acquire, and Xiamen Company conditionally agreed to sell, the entire equity interest in the Target Company.

The purpose of this circular is to provide you with, among other things, further details of (i) Equity Transfer Agreement, the Restructuring Agreement and the transactions contemplated thereunder; and (ii) the proposed Change of Company Name, together with a notice of the SGM.

LETTER FROM THE BOARD

THE DISPOSAL

The key terms and conditions of the Equity Transfer Agreement are summarised below:

Date

15 April 2015

Parties

- (1) the Company
 - (2) Xiamen Company
 - (3) Quanzhou Company
 - (4) the Purchaser
- (collectively, the “**Parties**”)

Business to be Disposed

The Company is currently engaged in the Disposed Business through some of its subsidiaries, including Xiamen Company and Quanzhou Company. Subject to and in accordance with the terms and conditions of the Equity Transfer Agreement, the Purchaser agrees to acquire from Xiamen Company the entire equity interest in the Target Company.

Restructuring

For the purposes of the Disposal, the Parties, Zhonglu Agriculture, Hubei Company and the Target Company have entered into the Restructuring Agreement on the same date as the Equity Transfer Agreement to carry out a series of restructuring steps intended to consolidate the Disposed Business under the Target Company.

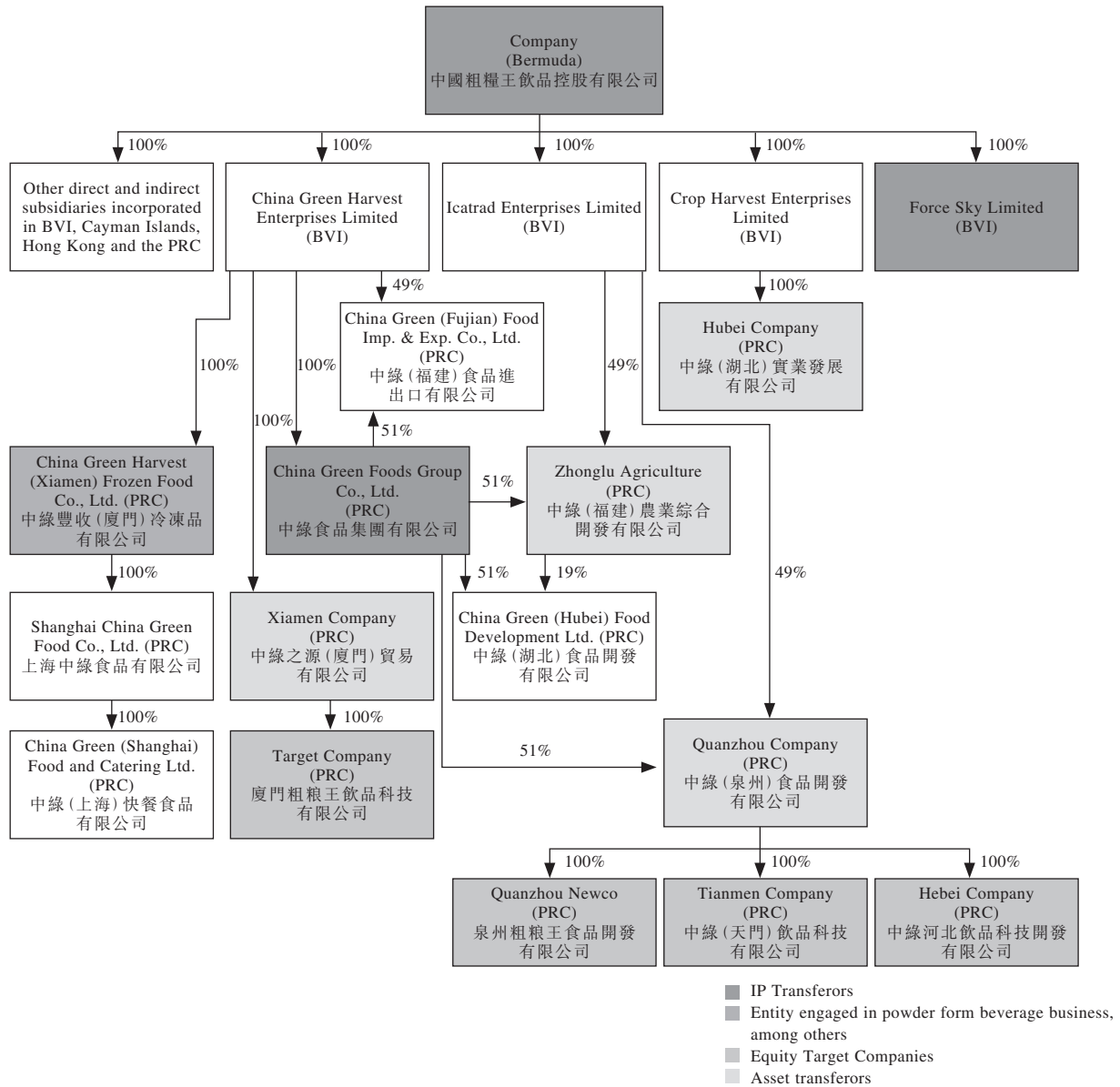
The Restructuring involves or envisages, among others, the following steps and actions:

- (1) the Target Company was established as a direct wholly-owned subsidiary of Xiamen Company and Quanzhou Newco was established as a direct wholly-owned subsidiary of Quanzhou Company;
- (2) the beverage business and related assets to be transferred by the Transferring Companies, Zhonglu Agriculture and Hubei Company to the Target Company and Quanzhou Newco;
- (3) the entire equity interest in Tianmen Company, Hebei Company and Quanzhou Newco to be transferred to the Target Company; and
- (4) certain intellectual property rights to be assigned or transferred by the IP Transferors to the Target Company.

LETTER FROM THE BOARD

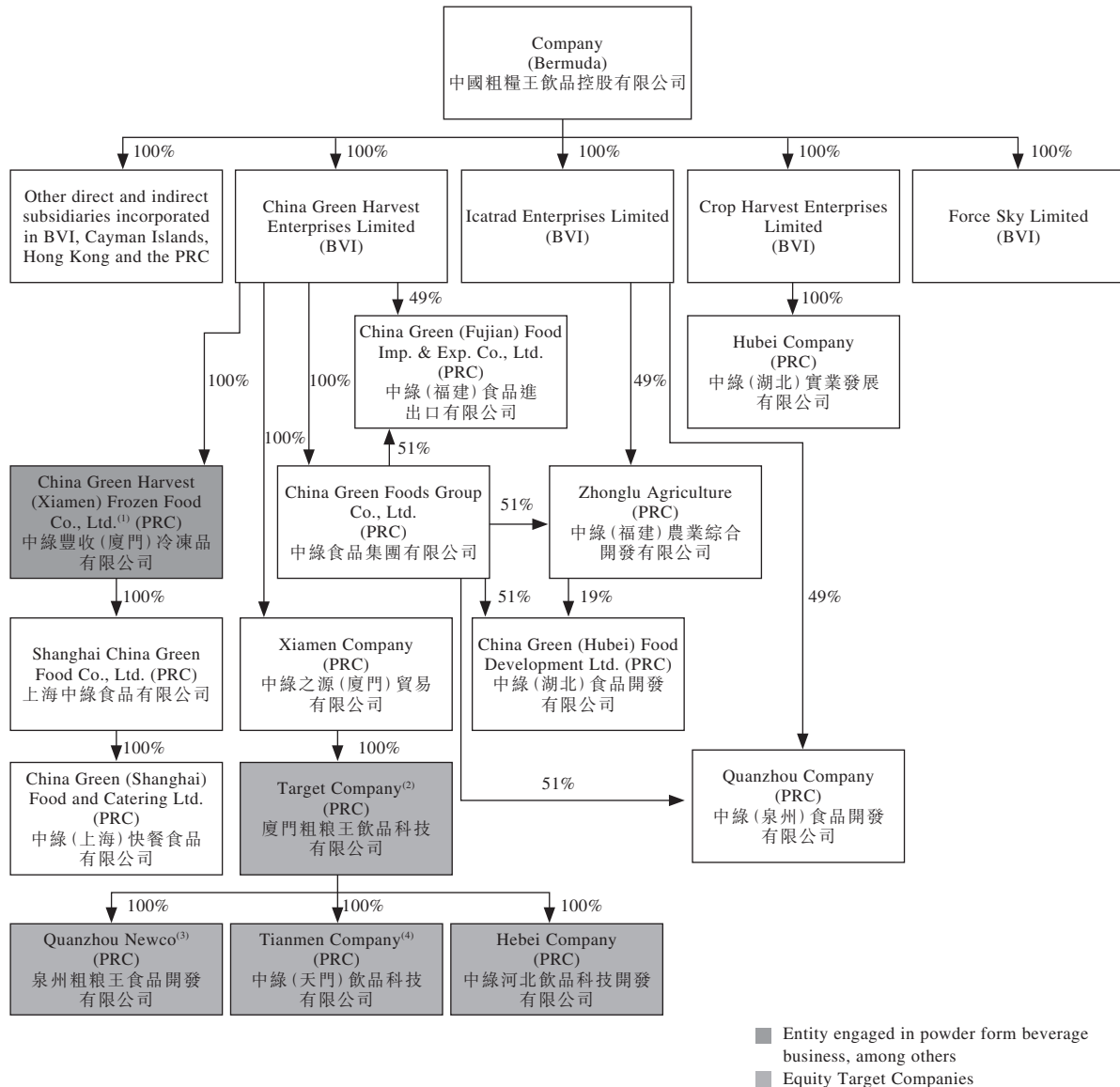
The Purchaser has agreed to acquire the entire equity interest of the Target Company subject to, among other things, completion of the Restructuring.

Current Structure of the Group



LETTER FROM THE BOARD

Structure of the Group after Restructuring

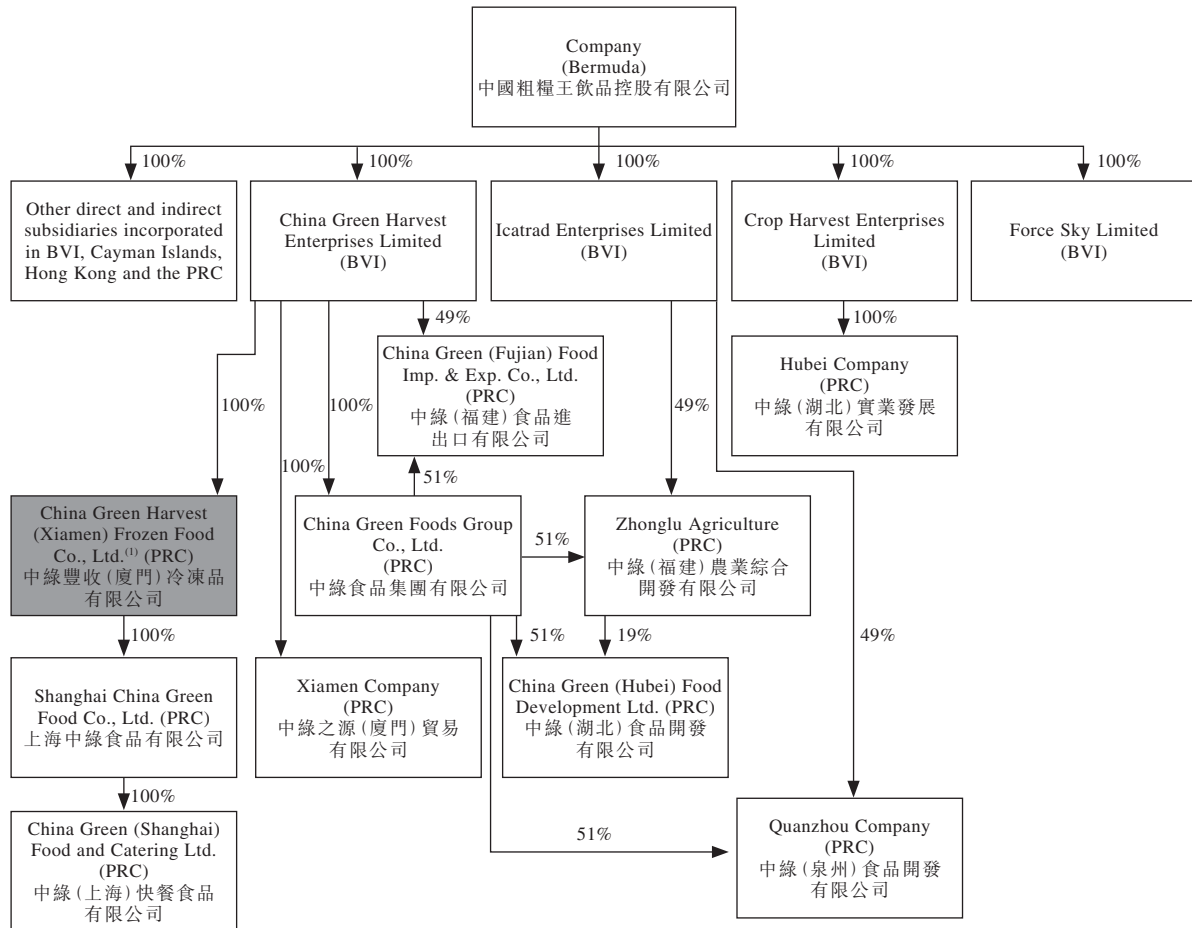


Notes:

1. Business of beverage products in powder form will be closed within 6 months of Completion.
2. Target Company will own Xiamen Company's beverage business and related assets, IP from the Company, Force Sky Limited and China Green Foods Group Co., Ltd.
3. Quanzhou Newco will own Zhonglu Agriculture's transferred land and property and Quanzhou Company's beverage business and related assets.
4. Tianmen Company will own Hubei Company's 3 production lines.

LETTER FROM THE BOARD

Structure of the Remaining Group after Completion



■ Entity engaged in powder form beverage business, among others

Note:

1. Business of beverage products in powder form will be closed within 6 months of Completion.

LETTER FROM THE BOARD

Effect of Completion

Upon Completion, the Company will not hold any interest in the Target Company, and the Target Company will cease to be a subsidiary of the Company.

Consideration

The purchase price to be paid by the Purchaser for 100% of the equity interest of the Target Company is determined based on an enterprise value of US\$400.5 million (equivalent to approximately HK\$3,103.9 million), subject to the following adjustments: (i) the purchase price will be reduced by the amount of indebtedness of the Target Group as at Completion; (ii) the purchase price will be increased or reduced by the amount that the actual net working capital of the Target Group as at Completion exceeds or is less than a normalized level of working capital of negative RMB13,000,000; and (iii) the purchase price may be further reduced (A) if the Seller Group Companies fail to transfer the specified “China Green” and “Culiangwang” trademarks to the Target Company, by an amount up to US\$10 million, and (B) if the Seller fails to procure the delivery of seven complete sets of production lines and certain specified ancillary facilities at each of the Tianmen plant and the Hebei plant by an agreed date, by an amount up to US\$20 million plus the costs required to complete the construction of the ancillary facilities and the installation of the production lines. The purchase price will be paid in RMB based on the closing spot rate on the day immediately prior to the Completion Date for conversion of US\$ into RMB.

The enterprise value of US\$400.5 million (equivalent to approximately HK\$3,103.9 million) on a cash free and debt free basis was determined and agreed between the Parties after arm’s length negotiations and on normal commercial terms after taking into account various factors:

- (i) an enterprise value of US\$400.5 million represents a significant premium over the daily market capitalisation of the Company in the last three years;
- (ii) the implied price-earnings multiple for the Disposed Business is approximately 16.5x, representing a 64.9% premium over the trailing twelve month price-earnings multiple for the Hang Seng Index as of the Latest Practicable Date;
- (iii) the positive cash generating ability of the Disposed Business historically and the substantial capital expenditure required to maintain the Disposed Business’ market leading position in the multi-grain beverage sector going forward;
- (iv) the historical financial performance of the Disposed Business;
- (v) the net asset value of the transferred assets including intellectual property rights and fixed assets such as buildings and equipments; and
- (vi) the value of the land use rights to be transferred.

In view of the above, the Directors take the view that the Disposal is in line with the Group’s business transformation and will provide the Group the required financial flexibility to fund working capital and future growth initiatives. Based on the aforesaid, the Directors are of the view that the purchase price is fair and reasonable and in the interest of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

Payment of Purchase Price

The Purchaser has agreed to pay a deposit of US\$20 million (the “**Deposit**”) to the Seller, which Deposit will be applied toward the payment of the purchase price upon Completion, or refunded (in whole or in part) to the Purchaser if Completion does not occur other than for reasons attributable to the Purchaser. The Deposit was paid by the Purchaser to the Seller on 20 April 2015.

The balance of the purchase price will be paid by the Purchaser on the Completion Date, subject to the following escrow of funds in accordance with the Escrow Agreement:

- (1) US\$15 million will be held in escrow until the final determination of the purchase price adjustments for indebtedness and net working capital;
- (2) US\$40 million will be held in escrow for the settlement of any indemnity claims under the Equity Transfer Agreement, of which the amount of any escrow balance in excess of US\$10 million will be released to the Seller upon 18 months after the Completion Date, and the amount of any remaining escrow balance will be released to the Seller upon 36 months after the Completion Date (in each case, subject to indemnity claims to which the Purchaser is entitled);
- (3) US\$10 million will be held in escrow until the completion of assignment of certain trademarks to the Target Company;
- (4) Up to US\$20 million will be held in escrow until the delivery of the agreed number of production lines if Completion occurs prior to the agreed date of such delivery; and
- (5) US\$15 million will be held in escrow until the completion of construction of the agreed ancillary facilities and the installation of the production lines if Completion occurs prior to the agreed date for construction and installation of such facilities.

Conditions to Completion

Completion of the Disposal is conditional upon the satisfaction (or, if applicable, the waiver) of certain Conditions prior to the Long Stop Date, including, among other things, the following:

- (1) there having been no material breach of any warranties as provided in the Equity Transfer Agreement by the Purchaser or any Seller Warrantor;
- (2) there having been no material breach of any provision of the Equity Transfer Agreement and the other Transaction Documents by the Purchaser or any Seller Warrantor, the Target Company or any of their affiliates;
- (3) there having been no material adverse change to the Target Group since the date of the Equity Transfer Agreement;

LETTER FROM THE BOARD

- (4) the Restructuring Documents provided under the Restructuring Agreement having been duly executed, and the Restructuring having been duly completed;
- (5) the assignment or transfer of certain intellectual property rights to the Target Company, including, without limitation, the transfer of “China Green Culiangwang” trademark having been duly completed;
- (6) the completion of the approval/filing/registration with the relevant government authorities in relation to the Disposal, including, among others, the issuance of a notice by MOFCOM approving the Disposal for merger control purposes pursuant to the Anti-Monopoly Law or the expiry of the statutory review period under the Anti-Monopoly Law and no objection having been raised by MOFCOM with respect to the Disposal (the “**Antitrust Approval**”);
- (7) the necessary approval from (i) the Shareholders of the Company, (ii) the shareholders of the Seller and the Target Company, and (iii) the board of directors of the Seller and the Purchaser in relation to the Disposal having been obtained (collectively, the “**Corporate Approvals**”);
- (8) the approval by the Shareholders of the Company of the change of name of the Company to remove references to “Culiangwang” and “Beverages” with effect from the Completion;
- (9) all consents or approvals other than the Corporate Approvals that are necessary in connection with the Disposal having been obtained, including, without limitation, the approvals from third party lenders;
- (10) there being no pending or threatened legal proceeding seeking to restrain or prohibit the consummation of the Disposal;
- (11) the termination and discharge of (i) all related party arrangements and debts involving any Target Group Company, and (ii) all encumbrances over assets in relation to the Disposed Business and the equity interest in the Target Company;
- (12) certain specified defects in relation to the Quanzhou plant having been rectified; and
- (13) the Purchaser having received (i) details of the suppliers of ingredients and co-packers for the products of the Disposed Business, (ii) documentary evidence that all knowhow relating to the production of products of the Disposed Business and all ingredients used therein comply with applicable PRC laws, and (iii) the proprietary product formula relating to the products of the Disposed Business.

LETTER FROM THE BOARD

Certain Conditions are conditions precedent to the obligations of either the Seller or the Purchaser (as the case may be) to consummate the Disposal. The Seller or the Purchaser (as the case may be) that is the beneficiary of such Conditions may waive such Conditions, except as follows:

- (i) Conditions (to the obligations of the Purchaser) relating to the approval of the Disposal by the shareholders of the Company, the Seller and the Target Company could not be waived by the Purchaser;
- (ii) Conditions (to the obligations of the Seller) relating to the approval of the Disposal by the directors of the Purchaser could not be waived by the Seller; and
- (iii) Condition relating to Antitrust Approval could not be waived by either the Seller or the Purchaser.

There is currently no intention that any conditions precedent to the obligations of the Seller to consummate the Disposal would be waived.

If any Conditions have not been waived or satisfied by the Long Stop Date in accordance with the terms of the Equity Transfer Agreement, either the Seller or the Purchaser may terminate the Equity Transfer Agreement with immediate effect by giving written notice to the other Parties. The Company and the Purchaser envisage that some of the Conditions will involve considerable time and efforts to satisfy. The Seller Warrantors and the Purchaser are using all reasonable efforts to achieve satisfaction of the Conditions as soon as possible.

Completion

Pursuant to the Equity Transfer Agreement, the Completion shall take place on the Completion Date.

Pre-completion Undertakings

Except with the prior written consent of the Purchaser, the Transferring Companies (in relation to the Disposed Business) and the Target Group Companies are required to comply with a detailed set of pre-completion undertakings as set out in the Equity Transfer Agreement, including, among others, the following:

- (1) not to increase or reduce its share capital or registered capital, or issue or repurchase any equity interest in its capital;
- (2) not to acquire or dispose of any interest in a company or undertake any types of corporate restructuring other than the Restructuring;
- (3) operate the Disposed Business in the ordinary course consistent with past practice and applicable laws;

LETTER FROM THE BOARD

- (4) not to declare, pay or make a dividend or distribution;
- (5) not to amend the terms of existing borrowings, lend money to third parties, or incur borrowings or indebtedness in the nature of the borrowings;
- (6) not to commence or comprise to settle litigation or arbitration proceedings, or release, discharge or compound any material liability or claim;
- (7) protect, defend and maintain ownership, validity and registration of intellectual property rights; and
- (8) use commercial reasonable efforts to maintain its current business organization and business relationships, including preserving the goodwill of the suppliers, contractors, licensors, employees, customers, distributors and others having business relations with the Target Group Companies or the Disposed Business.

Non-compete and Non-solicit Undertakings

Each of the Seller Warrantors undertakes to the Purchaser that it shall comply with, and shall procure each of their affiliates to comply with customary non-compete and non-solicitation undertakings as set out in the Equity Transfer Agreement for a period of five years after the Completion Date, including, among others, (a) not to carry on or be engaged in, be interested in, or manage or otherwise advise any non-alcoholic beverage business anywhere in the PRC (except for ownership of securities having no more than 5% of the outstanding voting power of any company whose shares are listed on a recognised stock exchange), (b) not to do anything or make any adverse comment regarding any Target Group Company which would reasonably be expected to result in material harm to any Target Group Company's goodwill or cause any person to cease dealing with any Target Group Company, (c) not to take away or adversely interfere with the trade, business or patronage of any Target Group Company in relation to the Disposed Business, (d) not to contract with any supplier of goods or services of any Target Group Company in a way as to adversely affect in any material respect any business of such Target Group Company, and (e) not to employ or solicit for employment any director or employee who has confidential information or knowhow concerning the Disposed Business or would be in a position to exploit any Target Group Company's trade connection (subject to customary exceptions for general solicitations of employment and employment of terminated employees).

As part of the Disposal, certain intellectual property rights, including the "China Green Culiangwang" trademark, will be transferred to the Target Company and the non-compete and non-solicitation undertakings are material terms sought by the Purchaser for protection of the Target Group's interest. Taking into account the purchase price and other terms of the transaction, the Board considers that the non-compete and non-solicitation undertakings are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

Exclusivity

Each of the Seller Warrantors undertakes that it shall not, and shall procure that each of their affiliates will not, prior to Completion, directly or indirectly: (i) enter into or be involved in any discussion or arrangement with any person except the Purchaser, or (ii) make available to any person except the Purchaser, its directors, managers or advisers any information, in relation to the equity investment or sale of any equity interest in the Target Company or the Disposed Business or any of the material assets of any Target Group Company in relation to the Disposed Business. If the Purchaser terminates the Equity Transfer Agreement as a result of a breach by the Seller Warrantors of such obligations, the Seller Warrantors shall, in addition to the requirement to return the Deposit (and all interest accrued thereon) to the Purchaser, indemnify the Purchaser for all losses arising as a result of such breach.

Founder's Undertakings

As part of the comfort and assurances sought by the Purchaser, the Founder and Capital Mate have undertaken to the Purchaser that they shall, among others, vote for (and procure their controlled affiliates and immediate family members of the Founder to vote for) the transactions contemplated by the Transaction Documents at any Shareholders' meeting of the Company. In addition, the Founder has undertaken to the Purchaser that he shall comply with (and procure his controlled entities and immediate family members to comply with) the non-compete and non-solicitation undertakings as described above.

Termination

The Equity Transfer Agreement may be terminated by the Purchaser or the Seller, as the case may be, at any time before Completion upon the occurrence of certain termination events including, among others, the following:

- (1) material adverse change to the Target Group Companies or the Disposed Business, taken as a whole;
- (2) issuance, promulgation or enforcement by any Government Authority of any law, regulation, rule, policy, order or notice that prohibits the Completion;
- (3) breach of warranties, agreements or covenants contained in the Transaction Documents by the Seller Warrantors, which would give rise to the failure of a Condition and which breach cannot be or has not been cured within 30 days after the giving of written notice of breach by the Purchaser;
- (4) breach by any Seller Group Company or Target Group Company or any of their affiliates of its obligations under the Transaction Documents, which would give rise to the failure of a Condition and which breach cannot be or has not been cured within 30 days after the giving of written notice of breach by the Purchaser; and
- (5) breach of warranties, agreements or covenants contained in the Transaction Documents by the Purchaser, which would give rise to the failure of a Condition and which breach cannot be or has not been cured within 30 days after the giving of written notice of breach by the Seller.

LETTER FROM THE BOARD

Supply Agreement and Transitional Services Agreement

On Completion, the Company will enter into the Supply Agreement with the Target Company, pursuant to which the Remaining Group may supply certain raw materials for the Target Group's use in the manufacture of beverages or their component parts for a term of at least five years, subject to the purchase orders that the Target Company may issue in its discretion.

On Completion, the Seller Warrantors will enter into the Transitional Services Agreement with the Target Company, pursuant to which the Seller Warrantors will render, or cause their affiliates to render, certain transitional services for the purpose of ensuring the efficient transition of the Target Group and the operation of the Disposed Business under the ownership of the Purchaser.

BUSINESS OF THE COMPANY AFTER THE DISPOSAL

The Group will cease to be engaged in the Disposed Business following Completion. As part of the non-compete undertakings, the Group will also close down its business of manufacturing, marketing and sale of beverage products in powder form within six (6) months after Completion. Beverage products in powder form is an insignificant part of the business of the Remaining Group. Based on the unaudited financial information of the Group, revenue from the business of beverage products in powder form for the year ended 30 April 2014 and 30 April 2015 were approximately RMB1.7 million and RMB1.5 million, respectively, accounting for approximately 0.27% and 0.29%, respectively, of the Remaining Group's total revenue for the respective periods.

Following the Disposal, the Company will continue with its business and strategy shift towards a consumer product driven business, from the cultivation and production of agricultural products and processing business. This shift has already seen the successful transformation of the Company into a consumer product driven business in 2009, with its agricultural raw materials and processed capability started serving as a support function. Since then, the Company has been placing a significant emphasis on the multi grain products targeting the health and brand conscious customers in the PRC. Despite the Disposal, the Company will continue with its strategic focus on multi grain, with an emphasis on non-beverage branded consumer products. The Directors would wish to emphasize that the Disposal does not change the Company's overall strategy and commitment to becoming a leading player in the multi grain consumer field. The Disposal will, however, accelerate the optimization of the Company's consumer products range, by moving out of the beverage products into other forms of multi grain food and snack products. Such products include light meals and snacks, taking the forms of pastry, biscuit, cereal, red or green bean soup, and dessert. Some of these products are already under development or production. For example, the Company commenced the development of the multi grain breakfast meals and production and sales of dessert in 2014, utilizing its R&D capacities and proprietary deep-processing techniques. The Company plans to diversify and expand the multi grain non-beverage product range to meet the market demand and potential for functional food and snack consumer products in the PRC and elsewhere. The Remaining Group will continue its porridge and congee business.

LETTER FROM THE BOARD

INFORMATION ON THE PARTIES

The Company, Zhonglu Agriculture, Xiamen Company, Quanzhou Company and Hubei Company

The Company was incorporated under the laws of Bermuda and the Shares are listed on the Main Board of the Stock Exchange. The Company is an investment holding company and conducts businesses through its subsidiaries in the PRC. The Company and its subsidiaries are principally engaged in the growing, processing and sales of agricultural products, consumer food and beverage products.

Zhonglu Agriculture is an indirect wholly-owned subsidiary of the Company, principally engaged in the processing and sales of agricultural products. Xiamen Company is an indirect wholly-owned subsidiary of the Company, principally engaged in the sales of beverage products. Quanzhou Company is an indirect wholly-owned subsidiary of the Company, principally engaged in the processing and sales of beverage products. Hubei Company, an indirect wholly-owned subsidiary of the Company, is the owner of three production lines for the manufacturing of beverage products.

The Disposed Business

The Target Company is a company recently incorporated in the PRC and is wholly-owned by Xiamen Company. The existing registered capital of the Target Company is RMB100,000,000. The Target Company currently does not have any operation. The Parties, Zhonglu Agriculture, Hubei Company and the Target Company have agreed to carry out the Restructuring to consolidate the Disposed Business under the Target Company.

The Disposed Business comprises the manufacturing, marketing and sale of beverage products (excluding porridge or congee and beverage products in powder form), as carried on by the Seller Group Companies at any time during the 12 months prior to the date of the Equity Transfer agreement. The unaudited financial information of the Target Group, which was prepared under the Hong Kong Financial Reporting Standards, is set out in Appendices II and III to this circular. Set out below is a summary of the net profit (before and after taxation) of the Target Group for the three financial years ended 30 April 2015 (after the pro forma adjustments set out in Appendix IV to this circular):

	For the year ended		
	30 April		
	2013	2014	2015
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net profit before taxation	229,418	268,595	269,378
Net profit after taxation	164,883	192,967	178,475

For the Disposed Business, revenue contracted slightly from approximately RMB1,453.7 million for the year ended 30 April 2014 to approximately RMB1,421.8 million for the year ended 30 April 2015. This was attributed to the slower growth in the overall economy in China compared with the past few years and the beverage market growth experiencing temporary downward pressure. The Directors believe that the recent monetary easing policy implemented by the Chinese government will likely promote the growth of domestic consumption after the preceding lackluster period.

LETTER FROM THE BOARD

As at 30 April 2015, the Target Group had unaudited net assets of approximately RMB1,698.0 million.

The Purchaser

The Purchaser is a company incorporated in the PRC with limited liability. It is principally engaged in the manufacturing and selling of beverage base and concentrates for non-alcoholic beverages.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

REASONS FOR AND BENEFITS OF THE DISPOSAL AND USE OF NET SALE PROCEEDS

The Directors believe that the terms of the Disposal are fair and reasonable and are in the interests of the Shareholders and Bondholders as a whole. It is expected that the Company will realise a gain (after taxation and expenses) on the Disposal of approximately RMB234.1 million (equivalent to approximately HK\$292.6 million) as set out in the paragraph headed “Financial effects of the Disposal”.

In arriving at the Disposal decision, the Directors had given full consideration to the Company’s broader multi grain strategy as outlined in the section “Business of the Company after the Disposal” above. The Directors view the initial development of the Company’s branded beverage products business as the Company’s first step in implementing its multi grain strategy. The Company will continue to pursue multi grain food and snacks business following the Disposal. In addition, the Company will continue to have agricultural production and processing capability through third party owned or self-owned cultivation bases in the PRC.

As set out in the paragraph headed “Indebtedness” in Appendix I to this circular, as at 30 June 2015, the Group had two tranches of Bonds with an aggregate amount of RMB514,880,000 and RMB173,867,696 respectively, secured bank borrowings of approximately RMB835,270,000 and unsecured interest-bearing notes of approximately RMB304,000,000. From the net proceeds of an open offer completed on 8 July 2015, the Group has utilized approximately HK\$400,000,000 for the early redemption of the notes in full together with interest accrued thereon and approximately HK\$166,400,000 for repayment of bank borrowings.

The Disposal will further improve the Group’s financial and liquidity position and enable the Group to further expand the business of the Remaining Group as outlined in the section headed “Business of the Company after the Disposal” above. On Completion, the expected amount of net proceeds from the Disposal after deducting relevant taxes and expenses is approximately RMB1,932,100,000 (equivalent to approximately HK\$2,415,100,000). The proceeds of the Disposal, after they are dispersed following Completion, are intended to be applied as to approximately RMB1,170,600,000 towards repayment of the outstanding Bonds and indebtedness when such debts are in maturity for payments and assuming that the debts are not rolled-over. For the remaining sale proceeds of RMB761,500,000, the Company currently intends to invest (i) 40% in the development of existing agriculture business, including development of Jilin cultivation bases for supply of high-quality raw materials required by multi-grain food and beverage producers, and expansion of online sales capability with a view to integrating it into its existing, well-established offline distribution and sales channels; (ii) 30% in the development of branded food business, including development of a further variety of multi-grain food and snack products; and (iii) the remaining as general working capital.

LETTER FROM THE BOARD

FINANCIAL EFFECTS OF THE DISPOSAL

Upon Completion, the Company will not hold any interest in the Target Company, and the Target Company will cease to be a subsidiary of the Company.

Assuming that the Disposal had been completed on 30 April 2015, the Group would have recognized a gain on Disposal before taxation of approximately RMB785.1 million (equivalent to approximately HK\$981.4 million) which is calculated as follows:

- agreed enterprise value of the Target Company of US\$400.5 million (equivalent to approximately RMB2,483.1 million based on an exchange rate of 6.2 from US\$ to RMB as of 30 April 2015)

less

- the net asset value of the assets and business to be disposed of as of 30 April 2015 of RMB1,698.0 million.

After deduction of estimated direct tax expenses of approximately RMB486.5 million and other direct expenses of approximately RMB64.4 million in connection with the Disposal, the Group would have recognized a net gain on Disposal of approximately RMB234.1 million (equivalent to approximately HK\$292.6 million) assuming that the Disposal had been completed on 30 April 2015.

As the purchase price is subject to adjustment, the gain on Disposal may be adjusted accordingly. Shareholders should note that the actual gain from the Disposal to be recorded by the Company will depend on the financial position of the Target Group as at the Completion Date.

Based on the unaudited pro forma financial information of the Remaining Group as set out in Appendix IV to this circular, (i) assuming that the Disposal had been completed on 30 April 2015, the total assets of the Group would have been increased by approximately RMB216.2 million from approximately RMB5,607.7 million as at 30 April 2015 to approximately RMB5,823.9 million, and total liabilities of the Group would have been decreased by approximately RMB17.9 million from approximately RMB2,118.3 million as at 30 April 2015 to approximately RMB2,100.4 million; and (ii) assuming that Disposal had been completed on 30 April 2015, the Group's net loss attributable to the owners of the Company would have been reduced by approximately RMB71.9 million from approximately RMB269.5 million for the year ended 30 April 2015 to approximately RMB197.6 million.

FINANCIAL AND TRADING PROSPECTS OF THE REMAINING GROUP

The Remaining Group is principally engaged in two major lines of businesses: (1) fresh produce and processed products, primarily consisting of fresh vegetables and (2) branded food products and others, primarily consisting of rice and hotpot products sold under the Group's own brand.

As stated in the annual results of the Company for the year ended 30 April 2015, the Remaining Group recorded a consolidated turnover of approximately RMB521.1 million, loss before taxation of approximately RMB449.5 million, and loss attributable to owners of the Company of approximately RMB448.0 million for the year ended 30 April 2015.

LETTER FROM THE BOARD

For the fresh produce and processed products business, the total revenue decreased from approximately RMB441.1 million for the year ended 30 April 2014 to approximately RMB364.5 million for the year ended 30 April 2015, mainly attributable to reduction of yield from certain farmlands used by the Remaining Group.

For the branded food and related products business, the total revenue decreased from approximately RMB198.9 million for the year ended 30 April 2014 to approximately RMB156.6 million for the year ended 30 April 2015, mainly attributable to less focus on hotpot products by the Remaining Group.

Overall, the gross profit of the Remaining Group for the year ended 30 April 2015 increased by 94.0% to approximately RMB94.3 million from RMB48.6 million for the year ended 30 April 2014 and gross profit margin has improved from 7.6% for the year ended 30 April 2014 to 18.1% for the year ended 30 April 2015, primarily driven by an improved product sales mix and increase in output efficiency from the Group's farmlands.

As mentioned in the paragraph headed "Business of the Company after the Disposal", the Company will continue with its business and strategy shift towards a consumer product driven business following the Disposal, from the cultivation and production of agricultural products and processing business.

Since 2009, the Company has gained significant experience and traction in the development, manufacturing, sale and marketing of branded consumer products. The Company plans to leverage on this experience by continuing with this momentum in the development of branded non-beverage consumer products featuring multi grains ingredients. The Remaining Group still has substantial operating assets after the Disposal including production lines and four processing facilities located in Hubei, Jiangxi, Fujian and Hebei provinces. These facilities will be readily available to switch into the development and production of the new variety and flavors offered by the Company's broadened food and snack consumer product segment. The Company will harness its brand development experience by creating new brands for its broadened food and snack segment. The new brands can be used in conjunction with the Company's renowned "China Green" brand, or as standalone brands. As of 30 April 2015, the Remaining Group had a dedicated R&D team comprising approximately 20 staff, a sales and marketing team of approximately 115 staff, and management and other processing and general staff of over 700. They will stay with the Remaining Group following the Disposal.

The Company has formulated strategies customised for the fresh produce and processed products business. The Company plans to take steps to develop an online sales capability, with a view to integrating it into its existing, well-established offline distribution and sales channels. The new online to offline (O2O) model will serve to expand and optimize the reach and market access of the Remaining Group to its distribution and sales network. The Company also plans to continue with the cultivation and processing of agriculture products for internal use and sale to other food producers.

The Remaining Group will benefit from its upstream cultivation and agricultural product processing resources, through its own cultivation bases and those leased from its cultivation base partners. The access to these cultivation bases will provide the Remaining Group with a dependable and steady source of high-quality agricultural raw materials required of the multi grain food and snack production. The high safety standards of the agricultural raw materials adopted by the Company in these cultivation bases will reinforce the health driven theme to be featured by the Company's broadened food and snack products.

LETTER FROM THE BOARD

The Company is committed to developing itself into a leading multi grain non-beverage consumer food and snack producer. As evidenced by the Disposal, the Company's venture into the Disposed Business has proven to be a step in the right direction. The Company will seek to continue with the momentum already gathered in its existing multi grains related consumer business through the above-mentioned food and snack business strategies.

PROPOSED CHANGE OF COMPANY NAME

As referred to in the section "Conditions to Completion" above, completion of the Disposal is conditional upon, inter alia, the approval by the Shareholders of the change of name of the Company to remove references to "Culiangwang" and "Beverages" with effect from Completion. Accordingly, the Board proposes to change the English name of the Company from "China Culiangwang Beverages Holdings Limited" to "China Green (Holdings) Limited" and the secondary name in Chinese of the Company from "中國粗糧王飲品控股有限公司" to "中國綠色食品(控股)有限公司".

Conditions of the Change of Company Name

The Change of Company Name will be subject to the following conditions:

1. the passing of a special resolution by the Shareholders at the SGM approving the Change of Company Name; and
2. the approval of the Registrar of Companies in Bermuda for the change of the English name and secondary name in Chinese of the Company.

Subject to the satisfaction of the conditions set out above, the Change of Company Name will take effect from the date on which the Registrar of Companies in Bermuda enters the new names on the register maintained by it in place of the existing names of the Company. Thereafter, the Company will then carry out all necessary filing procedures with the Companies Registry in Hong Kong.

Effects of the Change of Company Name

The Change of Company Name will not affect any of the rights of the existing Shareholders. All existing share certificates of the Company in issue bearing the existing name of the Company will, after the Change of Company Name becoming effective, continue to be evidence of title to the Shares and will be valid for trading, settlement, registration and delivery for the same number of Shares in the new English name and the secondary name in Chinese of the Company. As soon as the Change of Company Name has become effective, any new issue of share certificates will be issued in the new English name and secondary name in Chinese of the Company. There will not be any arrangement for free exchange of the existing share certificates of the Company for new share certificates bearing the new name of the Company.

Further announcements concerning the effective date of the Change of Company Name and the arrangement for the trading and dealings in the Shares (including the date on which the Shares will commence to be traded under the new stock short name on the Stock Exchange) will be made in due course.

LETTER FROM THE BOARD

IMPLICATIONS OF THE DISPOSAL UNDER THE LISTING RULES

As some of the applicable percentage ratios in respect of the Disposal are over 75%, the Disposal constitutes a very substantial disposal of the Company and is therefore subject to announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As set out in Appendix V to this circular, Capital Mate had an interest in 1,832,733,000 Shares, representing 30.74% of the issued Shares of the Company as at the Latest Practicable Date. Capital Mate is an entity controlled by the Founder and, as referred to in the section headed "Founder's Undertakings" above, the Founder and Capital Mate have undertaken to the Purchaser that they shall vote for (and procure their controlled entities and immediate family members of the Founder to vote for) the transactions contemplated by the Transaction Documents at any Shareholders' meeting to be held.

Any Shareholder with a material interest in the Disposal and his close associates will abstain from voting on the resolutions to be proposed at the SGM. The Directors are not aware of the Purchaser and/or any of its associates holding any Shares and to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder is required to abstain from voting at the SGM and all the Shareholders are eligible to vote on the resolutions to be proposed at the SGM.

SGM

A notice convening the SGM at 35th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Monday, 14 September 2015 at 10:30 a.m. (or so soon after the conclusion of the annual general meeting of the Company convened to be held on the same date and place at 10:00 a.m.) is set out on pages SGM-1 to SGM-2 of this circular. Whether or not you are able to attend the SGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon 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, as soon as practicable but in any event not later than 48 hours before the time appointed for the holding of the SGM or the adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the SGM or any adjourned meeting thereof (as the case may be) should you so desire. In such event, the instrument appointing a proxy will be deemed to be revoked.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolutions to be proposed at the SGM. In compliance with the Listing Rules, the resolutions as set out in the notice of the SGM will be voted by way of a poll at the SGM.

The result of the voting at the SGM will be announced by the Company following the conclusion thereof.

LETTER FROM THE BOARD

WARNING

The Disposal is subject to the Conditions under the Equity Transfer Agreement, which may or may not be fulfilled. Fulfillment of all the Conditions is likely to take an extended period of time and Shareholders of the Company and potential investors should exercise caution when they deal or contemplate dealing in the Shares or other securities of the Company.

RECOMMENDATION

Taking into account all the factors stated above as a whole, the Directors are of the view that the terms of the Disposal and the transactions contemplated under the Transaction Documents (including the provision of the non-compete and non-solicit undertakings as described above) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that the Shareholders vote in favour of:

1. the ordinary resolution to be proposed at the SGM to approve the Equity Transfer Agreement, the Restructuring Agreement and the transactions contemplated thereunder; and
2. the special resolution to be proposed at the SGM to approve the Change of Company Name.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

By Order of the Board
Sun Shao Feng
Chairman

1. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY

The audited consolidated financial statements of the Group for the year ended 30 April 2013, the year ended 30 April 2014 and the year ended 30 April 2015 together with accompanying notes have been included in the annual report of the Company for the year ended 30 April 2013 (pages 34 to 117), the annual report of the Company for the year ended 30 April 2014 (pages 41 to 145) and the annual report of the Company for the year ended 30 April 2015 (pages 46 to 169) respectively.

The said annual reports of the Company are available on the Company's website at www.chinacfw.com.hk and the website of the Stock Exchange at www.hkexnews.hk.

2. MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP**Management discussion and analysis of the Remaining Group**

Set out below are the management discussion and analysis of the Remaining Group for the years ended 30 April 2013, 30 April 2014 and 30 April 2015.

Liquidity, financial resources and capital structure*Cash position*

The Remaining Group had cash and bank balances of RMB406.4 million, RMB185.2 million and RMB141.7 million as at 30 April 2013, 2014 and 2015.

Gearing ratio

The gearing ratio, as a ratio of total borrowings net of total cash and cash equivalents to the total equity, of the Remaining Group as at 30 April 2013, 2014 and 2015 were approximately 33.7%, 37.2% and 45.4% respectively.

*Borrowings**Bank and other borrowings*

The Remaining Group's borrowings were denominated in RMB which include bank and other borrowings and convertible bonds. The effective interest rate of the Remaining Group's bank and other borrowings in relation to fixed-rate were ranging from 5% to 10% and 5.0% to 7.3% and variable-rate were ranging from 7.2% to 8.65% and 4.8% to 10.7% as at 30 April 2014 and 30 April 2015 respectively. No bank borrowings were granted as of 30 April 2013.

The imputed interest expenses on the convertible bonds at 7% and 10% are calculated using effective interest method by using the effective interest rates of from the range of 12.15% to 12.48% (2014: 12.06% to 12.82%) respectively.

As at 30 April 2015, the bank deposits amounting to approximately RMB255.9 million (2014: RMB388.8 million) has been pledged to secure the Remaining Group's bank loans and banking facilities. In addition, certain property, plant and equipment with book value amounting to approximately RMB469.2 million (2014: RMB443.8 million) had been pledged to secure the Remaining Group's bank loans of RMB234 million (2014: RMB195.5 million) for the purpose of working capital. No pledge of assets were granted as of 30 April 2013.

Convertible Bonds

Pursuant to a bond subscription agreement dated 17 March 2010, the Company issued US Dollar Settled guaranteed convertible bonds ("**Convertible Bonds**") with an aggregate principal amount of RMB1.35 billion to independent investors on 12 April 2010. The Convertible Bonds bear interest at 3% per annum payable by the Company semi-annually in arrear and will mature on 11 April 2013.

As at 30 April 2013, the convertible bonds which was issued by the Company in April 2010 was matured on 12 April 2013 that was still outstanding and regarded as a convertible bonds, though technically default.

On 1 May 2013, the Company issued a consent solicitation memorandum (the "**Consent Solicitation Memorandum**") which contemplated, among other things, the payment of an agreed cash payment (the "**Cash Payment**") and the issue of two tranches of new bonds (the "**New Bonds**") to the bondholders (collectively, the "**Proposed Restructuring Plan**") in consideration of the bondholders approving the cancellation of the amount of principal, premium or interest or the equivalent amount or US dollar equivalent payable in respect of the Convertible Bonds by way of an extraordinary resolution.

On 13 May 2013, the bondholders passed an extraordinary resolution binding on all bondholders and the trustee to approve, among other things, the Proposed Restructuring Plan.

The RMB1,350,000,000 US Dollar settled 3.00% convertible bonds due 2013 issued by the Company in April 2010 were successfully restructured in November 2013. As part of the consideration for this restructuring, the Company issued the RMB515,280,000 US Dollar settled 7.00% secured convertible bonds due April 2016 ("**7.00 per cent. 2016 Bonds**") and RMB515,280,000 US Dollar settled 10.00% secured convertible bonds due April 2016 ("**10.00 per cent. 2016 Bonds**", together with the 7.00 per cent. 2016 Bonds, "**Convertible Bonds due 2016**").

On 14 April 2014, the Company made a mandatory redemption on the 10.00 per cent. 2016 Bonds in the aggregate principal amount of RMB120,356,526 (equivalent to US\$19,566,985.21) in accordance with the terms and conditions of the 10.00 per cent. 2016 Bonds.

On 13 April 2015, the Company made a mandatory redemption on the 10.00 per cent. 2016 Bonds in the aggregate principal amount of RMB220,655,788 (US\$35,973,748.41) in accordance with the terms and conditions of the 10.00 per cent. 2016 Bonds. As at the Latest Practicable Date, the aggregate principal amount of the 10.00 per cent. 2016 Bonds was RMB173,867,696.

The Remaining Group's total borrowings were repayable as follows:

	As at 30 April		
	2013	2014	2015
	RMB'000	RMB'000	RMB'000
Bank and other borrowings			
Within one year	–	246,571	544,638
Between one and two years	–	108,296	277,166
Between two and five years	–	424,442	240,000
	–	779,309	1,061,804
Convertible bonds			
Current portion	1,370,487	178,701	665,085
Non-current portion	–	669,628	–
	1,370,487	848,329	665,085
Total borrowings	1,370,487	1,627,638	1,726,889

Capital structure

During the fiscal year of 2014, the Company has issued 176,805,000 new shares under top-up placing in March. During the year ended 30 April 2015, the Company has issued (i) 530,420,270 new shares under open offer in September 2014 and (ii) 395,328,000 new shares by way of Share Subscription in October 2014.

As at 30 April 2013, 2014 and 2015, the Company issued 884,035,000 ordinary shares, 1,060,840,000 ordinary shares and 1,986,588,810 ordinary shares respectively, of HK\$0.1 each.

Business review

For the year ended 30 April 2013

The Remaining Group was comprised of fresh produce, processed products and branded food products businesses. Fresh produce business recorded a significant decline in revenue owing to a lower level of crop plantation and harvestation during the second half of the year. Sales of processed products recorded a significant decline largely as a result of unsatisfactory performance of the export market, in particular the Japanese market. Branded food products recorded a drop in revenue mainly attributable to rice related products.

The gross profit margin in fresh produce and processed product decreased significantly as a result of downward pressure in price driven by competition and increase in the production cost during the year under review. The gross profit margin in branded food products decreased as a result of the increase in materials, wages and other incidental costs.

For the year ended 30 April 2014

The Remaining Group was comprised of fresh produce, processed products and branded food products businesses. Fresh produce and processed products recorded a significant drop in revenue owing to the continuous deterioration of export business. Branded food products recorded a slightly decrease in revenue and this segment was still in its early development stage and the associated brand was not yet well recognized in the consumer market.

The gross profit margin of the sale of fresh produce and processed products decreased significantly as there was no export sales made during the year under review. The gross profit margin in branded food products decreased slightly as a result of an increase in raw materials price and labor costs.

For the year ended 30 April 2015

The Remaining Group was comprised of fresh produce, processed products and branded food products businesses. The reduction in sales revenue was due to decrease in sales revenue of both fresh produce and processed products and branded food products and others. Gross profit for the year was increased and the gross profit margin has been improved in 2015 driven by an improved product sales mix and increase in output efficiency from our own farmlands.

Operating results and financial review***For the year ended 30 April 2013***

The Remaining Group recorded a significant decline in revenue from the sales of fresh produce and processed products which was RMB708.2 million (compared to RMB1,200.3 million in 2012) during the year under review. The drop in the revenue was attributable to a lower level of crop plantation and harvestation and poor sales performance of the export market.

The Remaining Group also recorded a decline in revenue from the branded food products of RMB246.4 million (2012: RMB294.7 million) which was mainly attributable to rice related products.

The gross profit margin was 15.0% (2012: 41.1%) during the year under review and the drop in the margin was due to downward pressure in price driven by competition and increase in the production cost during the year under review.

The gross profit margin in branded food products decreased as a result of an increase in materials, wages and other incidental costs.

A gain of approximately RMB23.5 million arising from changes in fair value less costs to sell biological assets was recorded in the year under review, as compared with RMB77.0 million gain in FY2012. Such decrease is mainly due to a smaller amount of fresh produce grown during the year under review.

Due to the abovementioned reasons and factors, the loss after tax of the Remaining Group amounted to RMB131.2 million for the year of 30 April 2013.

Prospects

The Remaining Group will continue to consolidate its leading position as a nationwide branded multi-grain food manufacturer by leveraging on its premium position in the industry, proven business model, well-developed management system, high standard production facilities and quality customer services. The Baicheng project is expected to commence operation in the near future and the Remaining Group believes that this new flagship multi-grain project will demonstrate a good business and operation model for its various multi-grain line of businesses.

The Remaining Group is confident that our strategy and business model will deliver long-term benefits to the shareholders of the Company.

For the year ended 30 April 2014

The Remaining Group recorded a significant decline in revenue from the sale of fresh produce and processed products which amounted to RMB441.1 million (2013: RMB708.2 million) during the year under review. The decline in the revenue was attributable to the weak demand in export.

Revenue from branded food products decreased from approximately RMB246.4 million in 2013 to approximately RMB198.9 million in 2014 resulted from the early stage of development and not well recognised in the market.

The gross profit margin was 7.6% (2013: 15.0%) during the year under review and the decline in the margin was due to downward pressure in price driven by competition and increase in the production cost during the year under review.

The gross profit margin in branded food products decreased as a result of an increase in materials, wages and other incidental costs.

A loss of approximately RMB8.0 million arising from changes in fair value less costs to sell biological assets was recorded in the year under review, as compared with RMB23.5 million gain in FY2013. Such decrease is mainly due to reduction in prices of fresh produces during the year under review.

This year is the first year for fresh produce and processed products to record an operating loss. The net loss of the Remaining Group amounted to RMB667.7 million (2013: RMB131.2 million), which included a provision of approximately RMB244.5 million for impairment of values of the assets and loss on disposal of a subsidiary, Zhonglu (Shanghai) Industry Investment Limited*, of approximately RMB50.3 million.

Prospects

The Remaining Group will continue to build a nationwide branded multi-grain food network with implemented safety system in the cultivation and production processes. It is expected that the internal sourcing proportion of multi grains raw materials would gradually increase once the Group's multi grains farm in Baicheng City of Jilin province commences its commercial production in 2015.

For the year ended 30 April 2015

The Remaining Group recorded a reduction in sales revenue from fresh produce and processed products to approximately RMB364.5 million (2014: RMB441.1 million). The decrease in sales is mainly due to reduction of product yield from certain farmlands in use during the year under review.

The sales revenue of branded food products also recorded a reduction in sales from approximately RMB198.9 million to RMB156.6 million in 2015, mainly due to the less focus on hotpot products by the Remaining Group in the market during the year under review.

Gross profit for the year increased by approximately 94.0% to approximately RMB94.3 million (2014: RMB48.6 million) and the gross profit margin has been improved from 7.6% in 2014 to 18.1% in 2015 driven by an improved product sales mix and increase in output efficiency from our own farmlands.

There is a gain from changes in fair value less costs to sell biological assets of approximately RMB5.7 million as compared with a loss of approximately RMB8 million in FY2014. Such gain is mainly due to the increase in the prices of agricultural fresh produces during the year under review.

The net loss attributable to the Remaining Group amounted RMB448.0 million (2014: RMB667.7 million), representing a year-on-year reduction in loss of 32.9%. This was as a result of improved in gross profit margin, less impairment loss in respect of property, plant and equipment and reduction in operating expenses.

Prospects

The Remaining Group will continue to grow and improve its profitability and build shareholders' value in the long term. The outlook for the global macro-economic growth remains mixed. In the coming year, the Directors expect a stable economic growth in China with continuous structural adjustments in the industry and a moderate GDP growth rate. Upon implementing economic structural adjustments gradually, the Directors believe that the food market will experience steady growth.

The Remaining Group will continue with its business and strategy shift towards a consumer product driven business from the cultivation and production of agricultural products and processing business.

Significant investments

On 8 October 2012, the Remaining Group entered into leases of multi-grain farmland in Baicheng City of Jilin Province and undertook incidental roadwork leveling and soil improvement expenditure which amounted to approximately RMB1,342.5 million.

On 28 October 2014, the Company entered into two subscription agreements with Oriental Unicorn Agricultural Group Limited (now known as "China Demeter Investments Limited") ("OUA"), the issued shares of which are listed on the Growth Enterprise Market of the Stock Exchange. Pursuant to the subscription agreements, the Company has agreed to subscribe for 260,000,000 new ordinary shares of OUA ("OUA Shares") (the "**First Tranche Subscription**")

and 83,000,000 new OUA Shares (the “**Second Tranche Subscription**”) at the subscription price of HK\$0.175 per OUA Share. The First Tranche Subscription was completed on 10 November 2014 and the Second Tranche Subscription was completed on 11 February 2015. The aforesaid investment in OUA Shares was classified as “available-for-sale financial assets”. For details, please refer to the Company’s announcement dated 28 October 2014.

Save as disclosed, the Remaining Group did not hold any other significant investment as at three years ended 30 April 2013, 2014 and 2015 respectively.

Disposal and acquisition of material subsidiaries and associated companies

On 18 October 2013, the Remaining Group entered into a sales and purchase agreement to dispose of its 100% equity interest in Zhonglu (Shanghai) Industry Investment Limited* to an independent third party for a cash consideration of RMB104 million.

There was no other disposal and acquisition of material subsidiaries and associated companies for the Remaining Group during the three years ended 30 April 2013, 2014 and 2015.

Staff and remuneration policy

To keep pace with the growth of the Remaining Group in the future, the Remaining Group is continuing of recruiting qualified staff. For the years ended 30 April 2013, 2014 and 2015, the number of staff of the Remaining Group were 3,144, 2,713 and 2,380 respectively and the staff remuneration was approximately RMB110.8 million, RMB99.2 million and RMB93.6 million respectively.

The Remaining Group’s remuneration policy is reviewed periodically and remuneration is determined by reference to market trend, company results, individual qualifications and performance. Options were granted between the years 2005 and 2008 under the share option scheme adopted by the Company on 12 December 2003 and 10,812,000 options were outstanding as at 30 April 2013. No options were outstanding as at 30 April 2014 and 2015.

Charges relating to the Remaining Group

As at 30 April 2013, the Remaining Group did not pledge any assets to banks or others to secure banking facilities to be granted to the Remaining Group.

As at 30 April 2014, the following assets of Remaining Group were pledged in order to secure bank loans and banking facilities in relation with letter of credit: (i) certain property, plant and equipment with book value amounting to approximately RMB443.8 million; (ii) certain bank deposits of approximately RMB388.8 million.

As at 30 April 2014 and 2015, interests of the share capital of certain subsidiaries were charged in favour of the trustee for the benefit of the bondholders of the convertible bonds due 2016.

As at 30 April 2015, the following assets of the Remaining Group were pledged: (i) certain property, plant and equipment with book value amounting to approximately RMB469.2 million; (ii) certain bank deposits of approximately RMB255.9 million; (iii) interest of shares in certain subsidiaries.

Exchange Risk

The Remaining Group did not have any outstanding foreign exchange contracts, interest or currency swaps or other financial derivatives as at 30 April 2013, 30 April 2014 and 30 April 2015. The revenue, operating costs and bank deposits of the Remaining Group are mainly denominated in Renminbi and Hong Kong dollars. Therefore, the Remaining Group is not exposed to any material foreign currency exchange risk.

RMB is not freely convertible into foreign currencies. All foreign exchange transactions involving RMB must take place through the People's Bank of China ("PBOC") or other financial institutions authorized to buy and sell foreign currencies.

In respect of cash at banks, trade and other receivables, trade and other payables and borrowings held in a currency other than the functional currency of the operations to which they relate, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

Contingent liabilities

As at 30 April 2013, 30 April 2014 and 30 April 2015, the Remaining Group did not have any significant contingent liabilities.

3. INDEBTEDNESS

As at the close of business on 30 June 2015, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular:

Borrowings

As at the close of business on 30 June 2015, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had outstanding indebtedness of approximately RMB1,139,270,000. The outstanding indebtedness was comprised of (i) secured bank borrowings of approximately RMB835,270,000; (ii) unsecured interest-bearing notes of approximately RMB304,000,000.

Collateral security

The aforesaid secured bank borrowings of approximately RMB835,270,000 were secured by the property, plant and equipment, interest in leasehold land held for own use under operating leases and pledged bank deposit with a carrying amount of approximately RMB309,922,000, RMB158,199,000 and RMB287,629,000 respectively.

Convertible bonds

As at the close of business on 30 June 2015, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had two tranches of convertible bonds which are 7.00 per cent. Bonds and 10.00 per cent. Bonds both due in 2016 with an principal amount of RMB514,880,000 and RMB173,867,696 respectively.

For the Bonds, all the shares in China Green Food Group Limited, a subsidiary of the Company incorporated in Hong Kong, and Dragon Choice Enterprises Limited, Goldprosper Enterprises Limited, Crop Harvest Enterprises Limited, China Green Harvest Enterprises Limited, Icatrad Enterprises Limited, Summit Achieve Holdings Limited and On Success Enterprises Limited, all are subsidiaries of the Company incorporated in the British Virgin Islands, held by the Company were charged in favour of the trustee for the benefit of the Bondholders.

Contingent liabilities

As at the close of business on 30 June 2015, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had no other material contingent liabilities outstanding.

Disclaimer

Save as aforesaid and apart from intra-group liabilities and normal trade payables, at the close of business on 30 June 2015, the Group did not have any loan capital issued or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade payables) or acceptance credits, debentures, mortgages, charges, financial lease, hire purchases commitments, guarantees or other material contingent liabilities.

Foreign currency amounts have been translated into Hong Kong dollars at the exchange rates prevailing as at close of business on 30 June 2015.

Save as disclosed above, the Directors were not aware of any material changes in the indebtedness and contingent liabilities of the Group after 30 June 2015 and up to the Latest Practicable Date.

4. WORKING CAPITAL STATEMENT

The Directors, after due and careful consideration, are of the opinion that in the absence of unforeseeable circumstance, taking into account of the internal resources of the Group and the available banking facilities, the Group will have sufficient working capital for its present requirements for at least the next twelve months following the date of this circular.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 30 April 2015, being the date on which the latest published audited financial statements of the Company were made up.

UNAUDITED CONSOLIDATED FINANCIAL INFORMATION OF 中綠(泉州)食品開發有限公司 (ZHONGLU (QUANZHOU) GREEN FOODS DEVELOPING CO., LTD) AND ITS SUBSIDIARIES (“QUANZHOU GROUP”)

Set out below are the unaudited consolidated statements of financial position of 中綠(泉州)食品開發有限公司 (Zhonglu (Quanzhou) Green Foods Developing Co., Ltd) and its subsidiaries, namely, 中綠(天門)飲品科技有限公司 (China Green (Tianmen) Beverages Science and Technology Development Co., Limited), 中綠河北飲品科技開發有限公司 (China Green (Hebei) Beverages Science and Technology Development Co., Limited) and 泉州粗糧王飲品開發有限公司 Quanzhou Culiangwang Beverage Development Co., Ltd. (referred to as the “**Quanzhou Group**”) as of 30 April 2013, 2014 and 2015 and the unaudited consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three year ended 30 April 2013, 2014 and 2015 and explanatory notes (collectively referred to as the “**Unaudited Financial Information of the Quanzhou Group**”), which have been prepared by the Directors in accordance with Rule 14.68(2)(a)(i)(A) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Unaudited Consolidated Financial Information of the Quanzhou Group is prepared by the Directors solely for the purpose of inclusion in this circular in connection with the proposed disposal of certain subsidiaries, assets and trade payables relating to the beverage businesses.

HLB Hodgson Impey Cheng Limited, the auditors of the Company, was engaged to reviewed the Unaudited Financial Information of the Quanzhou Group in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” and with reference to Practice Note 750 “Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal” issued by the Hong Kong Institute of Certified Public Accountants. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the auditors to obtain assurance that the auditors would become aware of all significant matters that might be identified in an audit. Accordingly, the auditors do not express an audit opinion. The auditors have issued an unmodified review report.

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited		
	As at 30 April		
	2013	2014	2015
	RMB'000	RMB'000	RMB'000
Non-current assets			
Fixed assets			
– Property, plant and equipment	816,828	785,281	778,900
– Interests in leasehold land held for own use under operating leases	52,904	93,115	91,087
Interest in subsidiaries	20,000	40,000	119,000
Deposits paid for acquisition of fixed assets	241,948	317,292	317,292
	<u>1,131,680</u>	<u>1,235,688</u>	<u>1,306,279</u>
Current assets			
Inventories	39,216	44,444	45,529
Amounts due from group companies	–	9	10,092
Other receivables	2,339	3,106	7,397
Bank deposits with maturity over 3 months	–	6,500	–
Cash and cash equivalents	12,310	108,383	442,878
	<u>53,865</u>	<u>162,442</u>	<u>505,896</u>
Current liabilities			
Trade and other payables	50,329	60,628	36,984
Borrowings	–	50,000	50,000
Income tax payable	8,383	10,640	11,310
Amounts due to group companies	342,635	284,014	462,757
	<u>401,347</u>	<u>405,282</u>	<u>561,051</u>
Net current liabilities	(347,482)	(242,840)	(55,155)
Total assets less current liabilities	784,198	992,848	1,251,124

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Unaudited		
	As at 30 April		
	2013 RMB'000	2014 RMB'000	2015 RMB'000
Non-current liabilities			
Deferred tax liabilities	8,625	8,625	8,625
Amounts due to group companies	60,000	60,000	60,000
	68,625	68,625	68,625
Net assets	715,573	924,223	1,182,499
Capital and reserves			
Share capital	151,124	151,124	151,124
Reserves	564,449	773,099	1,031,375
Total equity attributable to owners of the Quanzhou Company	715,573	924,223	1,182,499

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited		
	For the year ended 30 April		
	2013 RMB'000	2014 RMB'000	2015 RMB'000
Turnover	971,495	1,340,174	1,364,239
Cost of sales	(704,965)	(935,509)	(904,954)
Gross profit	266,530	404,665	459,285
Other revenue	764	3,814	1,806
Selling and distribution expenses	(45,210)	(84,000)	(80,395)
General and administrative expenses	(47,817)	(39,993)	(27,715)
Profit from operations	174,267	284,486	352,981
Finance costs	–	(208)	(3,802)
Profit before taxation	174,267	284,278	349,179
Income tax	(43,872)	(75,628)	(90,903)
Profit for the year	130,395	208,650	258,276

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

	Unaudited		
	For the year ended 30 April		
	2013	2014	2015
	RMB'000	RMB'000	RMB'000
Other comprehensive income, net of tax			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference on translating foreign operations	—	—	—
Other comprehensive income for the year	—	—	—
Total comprehensive income for the year	130,395	208,650	258,276
Profit for the year attributable to owners of the Quanzhou Company	130,395	208,650	258,276
Total comprehensive income attributable to owners of the Quanzhou Company	130,395	208,650	258,276

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited				
	Share capital	Statutory reserve	Capital reserve	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At as 1 May 2012	151,124	38,316	13,261	382,477	585,178
Transfer to statutory reserve	–	9,636	–	(9,636)	–
Profit for the year	–	–	–	130,395	130,395
Other comprehensive income for the year	–	–	–	–	–
Total comprehensive income for the year	–	9,636	–	120,759	130,395
At as 30 April 2013 and 1 May 2013	151,124	47,952	13,261	503,236	715,573
Transfer to statutory reserve	–	22,277	–	(22,277)	–
Profit for the year	–	–	–	208,650	208,650
Other comprehensive income for the year	–	–	–	–	–
Total comprehensive income for the year	–	22,277	–	186,373	208,650
At as 30 April 2014 and 1 May 2014	151,124	70,229	13,261	689,609	924,223
Transfer to statutory reserve	–	6,044	–	(6,044)	–
Profit for the year	–	–	–	258,276	258,276
Other comprehensive income for the year	–	–	–	–	–
Total comprehensive income for the year	–	6,044	–	252,232	258,276
As at 30 April 2015	151,124	76,273	13,261	941,841	1,182,499

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited		
	Year ended 30 April		
	2013	2014	2015
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Operating activities			
Profit before taxation	174,267	284,278	349,179
Adjustments for:			
Amortisation of interests in leasehold land held for own use under operating lease	859	1,956	2,028
Depreciation of property, plant and equipment	49,357	49,453	50,745
Interest income	(758)	–	(808)
Loss on disposal on property, plant and equipment	1	–	–
Interest expense	–	208	3,802
	223,726	335,895	404,946
Changes in working capital:			
Increase in inventories	(9,121)	(5,228)	(1,084)
Decrease/(increase) in other receivables	2,662	94	(4,291)
(Decrease)/increase in amount due to group companies	(19,713)	(58,621)	178,743
Increase in amount due from group companies	–	(8)	(10,085)
Increase/(decrease) in trade and other payables	4,060	10,299	(23,643)
Cash generated from operating activities	201,614	282,431	544,586
The PRC enterprise income tax paid	(41,254)	(73,371)	(90,232)
Net cash generated from operating activities	160,360	209,060	454,354

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	Unaudited		
	Year ended 30 April		
	2013	2014	2015
	RMB'000	RMB'000	RMB'000
Investing activities			
Payment of interests in leasehold land held for own use under operating leases	(3,347)	(161)	–
Payment for purchase of property, plant and equipment	(5,390)	(17,908)	(44,365)
Capital injection in subsidiaries	(20,000)	(20,000)	(79,000)
Increase in deposits in acquisition for fixed assets	(332,935)	(118,210)	–
(Increase)/decrease in pledged bank deposits	–	(6,500)	6,500
Interest received	758	–	808
Net cash used in investing activities	(360,914)	(162,779)	(116,057)
Financing activities			
Proceeds from bank borrowing	–	50,000	50,000
Repayment of bank borrowing	–	–	(50,000)
Interest paid	–	(208)	(3,802)
Net cash generated from/(used in) financing activities	–	49,792	(3,802)
Net (decrease)/increase in cash and cash equivalents	(200,554)	96,073	334,495
Cash and cash equivalents at beginning of the year	212,864	12,310	108,383
Cash and cash equivalents at the end of the year	12,310	108,383	442,878

NOTES TO THE UNAUDITED FINANCIAL INFORMATION**1. General Information**

On 15 April 2015, the Company entered in the Equity Transfer Agreement to dispose the beverage business, which is currently engaged through some of its subsidiaries, including Xiamen Company and Quanzhou Company. Subject to and in accordance with the terms and conditions of the Equity Transfer Agreement, the Purchaser agrees to acquire from Xiamen Company the entire equity interest in the Target Company.

For the purposes of disposal, the Parties, Zhonglu Agriculture, Hubei Company and the Target Company have entered into Restructuring Agreement on the same date as Equity Transfer Agreement to carry out a series of restructuring steps intended to consolidate the disposal business under the Target Company.

The Restructuring involves or envisages, among others, the following steps and actions:

1. the Target Company was established as a direct wholly-owned subsidiary of Xiamen Company and Quanzhou Newco was established as a direct wholly-owned subsidiary of Quanzhou Company;
2. the beverage business and related assets to be transferred by the Transferring Companies, Zhonglu Agriculture and Hubei Company to the Target Company and Quanzhou Newco;
3. the entire equity interest in Tianmen Company, Hebei Company and Quanzhou Newco to be transferred to the Target Company; and
4. certain intellectual property rights to be assigned or transferred by the IP Transferors to the Target Company.

The Purchaser has agreed to acquire the entire equity interest of the Target Company subject to, among other things, completion of the Restructuring.

Immediately after completion of the disposal, the Company will cease to have control over the Target Company, Quanzhou Newco, Tianmen Company and Hebei Company.

2. Basis of Preparation

The Unaudited Financial Information of the Quanzhou Group has been prepared in accordance with the accounting policies adopted by the Company as set out in its annual report for the year ended 30 April 2015, and the new accounting standards introduced that are effective for the year ended 30 April 2015, where applicable, and paragraph 68(2)(a)(i) of Chapter 14 of the Listing Rules. The Unaudited Financial Information of the Quanzhou Group is prepared by the Directors solely for the purpose of inclusion in this Circular and has been prepared under the historical cost. The Unaudited Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 (Revised) “Presentation of Financial Statements” or an interim financial report as defined in Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

3. Principal accounting policies

The accounting policies used in the preparation of the Unaudited Financial Information of the Quanzhou Group are consistent with those used in the audited financial statements of the Group for the year ended 30 April 2015 except for the adoption of certain new and revised standards, amendments and interpretations (new “HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are effective for the Group’s financial year beginning 1 May 2015. The adoption of these new HKFRSs has had no material effects on the results and financial positions of the Group for the current and prior accounting periods.

The Group has not early applied the new standards, amendments and interpretation that have been issued by the HKICPA but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised standards and amendments but is not yet in a position to determine whether these new and revised standards and amendments would have a material impact on its results of operations and financial position.

4. Information of disposal assets and liabilities

(i) *Quanzhou Company*

In accordance to the Quanzhou Company’s Local Asset Transfer Agreement, Quanzhou Company shall contribute the tangible assets and all beneficial title to the tangible assets free and clear from of any encumbrance to Quanzhou Newco.

The real property and related fixtures, systems and equipment of Quanzhou Company located at Yin Village Huangtang Town shall not transfer to Quanzhou Newco.

Trade payable and trade receivables together with the detail of customer and supplier information shall be transferred to Quanzhou Newco.

Except for the above items, no other liabilities will be transferred to Quanzhou Newco.

(ii) *Tianmen Company*

In accordance to the Tianmen Company’s Equity Transfer Agreement, the Target Company agreed to purchase 100% of equity interest of Tianmen Company.

(iii) *Hebei Company*

In accordance to the Hebei Company’s Equity Transfer Agreement, the Target Company agreed to purchase 100% of equity interest of Hebei Company.

(iv) *Quanzhou Newco*

In accordance to the Quanzhou Newco’s Equity Transfer Agreement, the Target Company agreed to purchase 100% of equity interest of Quanzhou Newco.

UNAUDITED CONSOLIDATED FINANCIAL INFORMATION OF 中綠之源(廈門)貿易有限公司 (CHINA GREEN RESOURCES (XIAMEN) SALES CO., LTD) AND ITS SUBSIDIARY (“XIAMEN GROUP”)

Set out below are the unaudited consolidated statements of financial position of 中綠之源(廈門)貿易有限公司 (China Green Resources (Xiamen) Sales Co., Ltd) and its subsidiary, namely 廈門粗糧王飲品科技有限公司 (Xiamen Culiangwang Beverage Technology Co., Ltd.) (referred to as the “**Xiamen Group**”) as of 30 April 2013, 30 April 2014 and 30 April 2015 and the unaudited consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three year ended 30 April 2013, 30 April 2014, 30 April 2015 and explanatory notes (collectively referred to as the “**Unaudited Financial Information of the Xiamen Group**”), which have been prepared by the Directors in accordance with Rule 14.68(2)(a) (i)(A) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Unaudited Financial Information is prepared by the Directors solely for the purpose of inclusion in this circular in connection with the proposed disposal of certain assets and trade payable relating to the beverage business.

HLB Hodgson Impey Cheng Limited, the auditors of the Company, was engaged to review the Unaudited Consolidated Financial Information of the Xiamen Group in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” and with reference to Practice Note 750 “Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal” issued by the Hong Kong Institute of Certified Public Accountants. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the auditors to obtain assurance that the auditors would become aware of all significant matters that might be identified in an audit. Accordingly, the auditors do not express an audit opinion. The auditors have issued an unmodified review report.

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited		
	As at 30 April		
	2013	2014	2015
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets			
Fixed assets			
– Property, plant and equipment	575	327	192
– Pledged bank deposits	–	31,750	31,750
Interest in a subsidiary	–	–	1,000
	<u>575</u>	<u>32,077</u>	<u>32,942</u>
Current assets			
Amounts due from group companies	366,092	283,009	452,929
Trade and other receivables	14,461	23,754	7,872
Pledged bank deposits	–	95,250	–
Cash and cash equivalents	3,911	1,262	14,104
	<u>384,464</u>	<u>403,275</u>	<u>474,905</u>
Current liabilities			
Trade and other payables	27,530	27,544	151,680
Tax payable	–	–	–
Borrowings	–	–	120,000
Amounts due to group companies	1,676	–	–
	<u>29,206</u>	<u>27,544</u>	<u>271,680</u>
Net current assets	<u>355,258</u>	<u>375,731</u>	<u>203,225</u>
Total assets less current liabilities	<u>355,833</u>	<u>407,808</u>	<u>236,167</u>

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Unaudited		
	As at 30 April		
	2013	2014	2015
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current liabilities			
Deferred tax liabilities	4,263	4,263	4,263
Amount due to a group company	–	93,368	15,229
	4,263	97,631	19,492
Net assets	351,570	310,177	216,675
Capital and reserves			
Share Capital	35,256	35,256	35,256
Reserves	316,314	274,921	181,419
Total equity attributable to owners of the Xiamen Company	351,570	310,177	216,675

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited		
	For the year ended 30 April		
	2013	2014	2015
	RMB'000	RMB'000	RMB'000
Turnover	807,079	380,687	211,380
Cost of sales	(521,015)	(258,993)	(142,571)
Gross profit	286,064	121,694	68,809
Other revenue	84	2,278	3,003
Selling and distribution expenses	(212,246)	(155,365)	(152,848)
General and administrative expense	(8,689)	(10,000)	(9,553)
Profit/(loss) from operations	65,213	(41,393)	(90,589)
Finance costs	—	—	(2,913)
Profit/(loss) before taxation	65,213	(41,393)	(93,502)
Income tax	(20,663)	—	—
Profit/(loss) for the year	44,550	(41,393)	(93,502)
Other comprehensive income, net of tax			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange difference on translating foreign operations	—	—	—
Other comprehensive income for the year	—	—	—
Total comprehensive income/(loss) for the year	44,550	(41,393)	(93,502)
Profit/(loss) for the year attributable to owners of the Xiamen Company	44,550	(41,393)	(93,502)
Total comprehensive income/(loss) attributable to owners of the Xiamen Company	44,550	(41,393)	(93,502)

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited				
	Share capital	Statutory reserve	Capital reserve	Retained earnings/ accumulated losses	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At as 1 May 2012	35,256	17,628	4,784	249,352	307,020
Profit for the year	–	–	–	44,550	44,550
Other comprehensive income for the year	–	–	–	–	–
Total comprehensive income for the year	–	–	–	44,550	44,550
At as 30 April 2013 and 1 May 2013	35,256	17,628	4,784	293,902	351,570
Loss for the year	–	–	–	(41,393)	(41,393)
Other comprehensive income for the year	–	–	–	–	–
Total comprehensive loss for the year	–	–	–	(41,393)	(41,393)
As at 30 April 2014 and 1 May 2014	35,256	17,628	4,784	252,509	310,177
Loss for the year	–	–	–	(93,502)	(93,502)
Other comprehensive income for the year	–	–	–	–	–
Total comprehensive loss for the year	–	–	–	(93,502)	(93,502)
As at 30 April 2015	35,256	17,628	4,784	159,007	216,675

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited		
	Year ended 30 April		
	2013	2014	2015
	RMB'000	RMB'000	RMB'000
Operating activities			
Profit/(loss) before taxation	65,213	(41,393)	(93,502)
Adjustments for:			
Depreciation of property, plant and equipment	236	253	145
Loss on disposal of property, plant and equipment	1	4	1
Interest income	(79)	(2,278)	(2,953)
Interest expenses	—	—	2,913
	65,371	(43,414)	(93,396)
Changes in working capital:			
(Increase)/decrease in trade and other receivables	(7,858)	(9,293)	15,882
Increase/(decrease) in amount due to group companies	240	91,693	(78,139)
(Increase)/decrease in amount due from group companies	(3,893)	83,083	(169,920)
(Decrease)/increase in trade and other payables	(20,645)	14	124,136
Cash generated from/(used in) operating activities	33,215	122,083	(201,437)
The PRC enterprise income tax paid	(29,466)	—	—
Net cash generated from/(used in) operating activities	3,749	122,083	(201,437)

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	Unaudited		
	Year ended 30 April		
	2013	2014	2015
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Investing activities			
Payment for purchase of properties, plant and equipment	(338)	(10)	(11)
Capital injection in a subsidiary	—	—	(1,000)
(Increase)/decrease in pledged bank deposits	—	(127,000)	95,250
Interest received	78	2,278	2,953
Net cash (used in)/generated from investing activities	(260)	(124,732)	97,192
Financing activities			
Proceeds from bank borrowing	—	—	140,000
Repayment of bank borrowing	—	—	(20,000)
Interest paid	—	—	(2,913)
Net cash generated from financing activities	—	—	117,087
Net increase/(decrease) in cash and cash equivalents	3,489	(2,649)	12,842
Cash and cash equivalents at beginning of the year	422	3,911	1,262
Cash and cash equivalents at the end of the year	3,911	1,262	14,104

NOTES TO THE UNAUDITED FINANCIAL INFORMATION**1. General Information**

On 15 April 2015, the Company entered in the Equity Transfer Agreement to dispose the beverage business, which is currently engaged through some of its subsidiaries, including Xiamen Group and Quanzhou Company. Subject to and in accordance with the terms and conditions of the Equity Transfer Agreement, the Purchaser agrees to acquire from Xiamen Group the entire equity interest in the Target Company.

For the purposes of disposal, the Parties, Zhonglu Agriculture, Hubei Company and the Target Company have entered into Restructuring Agreement on the same date as Equity Transfer Agreement to carry out a series of restructuring steps intended to consolidate the disposal business under the Target Company.

The Restructuring involves or envisages, among others, the following steps and actions:

1. the Target Company was established as a direct wholly-owned subsidiary of Xiamen Group and Quanzhou Newco was established as a direct wholly-owned subsidiary of Quanzhou Company;
2. the beverage business and related assets to be transferred by the Transferring Companies, Zhonglu Agriculture and Hubei Company to the Target Company and Quanzhou Newco;
3. the entire equity interest in Tianmen Company, Hebei Company and Quanzhou Newco to be transferred to the Target Company; and
4. certain intellectual property rights to be assigned or transferred by the IP Transferors to the Target Company.

The Purchaser has agreed to acquire the entire equity interest of the Target Company subject to, among other things, completion of the Restructuring.

Immediately after completion of the disposal, the Company will cease to have control over the Target Company, Quanzhou Newco, Tianmen Company and Hebei Company.

2. Basis of Preparation

The Unaudited Financial Information of the Xiamen Group has been prepared in accordance with the accounting policies adopted by the Company as set out in its annual report for the year ended 30 April 2015, and the new accounting standards introduced that are effective for the year ended 30 April 2015, where applicable, and paragraph 68(2)(a)(i) of Chapter 14 of the Listing Rules. The Unaudited Financial Information of the Xiamen Group is prepared by the Directors solely for the purpose of inclusion in this Circular and has been prepared under the historical cost. The Unaudited Financial Information of the Xiamen Group does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 (Revised) “Presentation of Financial Statements” or an interim financial report as defined in Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

3. Principal accounting policies

The accounting policies used in the preparation of the Unaudited Financial Information of the Xiamen Group are consistent with those used in the audited financial statements of the Group for the year ended 30 April 2015 except for the adoption of certain new and revised standards, amendments and interpretations (new “**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), which are effective for the Group’s financial year beginning 1 May 2015. The adoption of these new HKFRSs has had no material effects on the results and financial positions of the Group for the current and prior accounting periods.

The Group has not early applied the new standards, amendments and interpretation that have been issued by the HKICPA but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised standards and amendments but is not yet in a position to determine whether these new and revised standards and amendments would have a material impact on its results of operations and financial position.

4. Information of disposal assets and liabilities

(i) Xiamen Group

In accordance to the Xiamen Group’s Local Asset Transfer Agreement, Xiamen Group shall contribute certain tangible assets and all beneficial title to such tangible assets free and clear of any encumbrance to Xiamen Newco.

Trade payable and trade receivables together with the detail of customer and supplier information shall be transferred to Xiamen Newco.

Except for the above items, no other liabilities will be transferred to Xiamen Newco.

(ii) Xiamen Newco

In accordance to the Equity Transfer Agreement, the Purchaser agreed to purchase 100% of equity interest of Xiamen Newco.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION**Introduction**

The unaudited pro forma financial information (the “**Unaudited Pro Forma Financial Information**”) presented below is prepared to illustrate (a) the financial position of the Remaining Group as if the Disposal had been taken place on 30 April 2015; and (b) the results and cash flows of the Remaining Group for the year ended 30 April 2015 as if the Disposal had been completed on 1 May 2014. This Unaudited Pro Forma Financial Information has been prepared for illustrative purpose only, and because of its hypothetical nature does not purport to present the true picture of (i) the financial position of the Remaining Group as at 30 April 2015 or at any future date had the Disposal been taken place on 30 April 2015; or (ii) the results and cash flows of the Remaining Group for the year ended 30 April 2015 or for any future period had the Disposal been taken place on 1 May 2014.

The Unaudited Pro Forma Financial Information is prepared based on the consolidated statement of financial position of the Group as at 30 April 2015, the audited consolidated statement of profit or loss and other comprehensive income and audited consolidated statement of cash flows of the Group for year ended 30 April 2015, and the unaudited financial information of the Quanzhou Group and Xiamen Company set out in Appendix II & III to this Circular, after giving effect to pro forma adjustments described in the notes and has been prepared in accordance with Rules 4.29 and 14.68(2)(a)(ii) of the Listing Rules.

APPENDIX IV PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

**B. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
OF THE REMAINING GROUP**

	Audited consolidated statement of financial position of the Group as at 30 April 2015	Pro forma adjustments		Unaudited pro forma consolidated of financial position of the Remaining Group
	RMB'000	RMB'000	RMB'000	RMB'000
	Note (a)	Note (b)	Note (c i/ii)	
Non-current assets				
Fixed assets				
– Property, plant and equipment	2,090,063	–		2,090,063
– Interests in leasehold land held for own use under operating leases	156,275	–		156,275
Long-term prepaid rentals	1,007,373	–		1,007,373
Available-for-sales financial assets	42,818	–		42,818
Pledged bank deposits	255,879	–		255,879
	<u>3,552,408</u>	<u>–</u>		<u>3,552,408</u>
Current assets				
Inventories	2,617	–		2,617
Biological assets	21,640	–		21,640
Current portion of long-term prepaid rentals	97,370	–		97,370
Trade and other receivables	76,023	–		76,023
Cash and cash equivalents	141,715		2,483,100	2,073,854
			(64,433)	
			(486,528)	
	<u>339,365</u>	<u>–</u>		<u>2,271,504</u>
Assets classified as held for sale	1,715,954	(1,715,954)		–
	<u>2,055,319</u>	<u>(1,715,954)</u>		<u>2,271,504</u>
Current liabilities				
Trade and other payables	234,219	–		234,219
Bank and other borrowings	544,638	–		544,638
Income tax payable	26,178	–		26,178
Other financial liabilities	34,693	–		34,693
Convertible bonds	665,085	–		665,085
	<u>1,504,813</u>	<u>–</u>		<u>1,504,813</u>
Liabilities directly associate with assets classified as held for sale	17,937	(17,937)		–
	<u>1,522,750</u>	<u>(17,937)</u>		<u>1,504,813</u>

APPENDIX IV PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

**B. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
OF THE REMAINING GROUP (CONTINUED)**

	Audited consolidated statement of financial position of the Group as at 30 April 2015	Pro forma adjustments		Unaudited pro forma consolidated of financial position of the Remaining Group
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>Note (a)</i>	<i>Note (b)</i>	<i>Note (c)</i>	
Net current assets	532,569	1,698,017		766,691
Total assets less current liabilities	4,084,977	1,698,017		4,319,099
Non-current liabilities				
Deferred tax liabilities	78,420	–		78,420
Bank and other borrowings	517,166	–		517,166
	595,586	–		595,586
Net assets	3,489,391	1,698,017		3,723,513
Capital and reserves				
Share capital	179,575	–		179,575
Reserves	3,309,816	–	234,122	3,543,938
Total equity attributable to owners of the Company	3,489,391	–		3,723,513

APPENDIX IV PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF THE REMAINING GROUP

	Audited consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 30 April 2015	Pro forma adjustments			Unaudited pro forma consolidated statement of profit or loss and other comprehensive income of the Remaining Group
	RMB'000 Note (d)	RMB '000 Note (e)	RMB '000 Note (c i/ii)	RMB'000 Note (f)	RMB'000
CONTINUING OPERATIONS					
Turnover	521,094	–		15,736	536,830
Cost of sales	(426,790)	–		(124)	(426,914)
Gross profit	94,304	–			109,916
Other revenue	14,915	–		699	15,614
Other losses	(174,596)	–			(174,596)
Gain arising from changes in fair value less costs to sell biological assets	5,745	–			5,745
Net loss arising from changes in fair value of other financial liabilities	(13,157)	–			(13,157)
Selling and distribution expenses	(30,499)	–			(30,499)
General and administrative expenses	(181,508)	–	(64,433)		(732,469)
			(486,528)		
Gain on disposal of subsidiaries			785,083		785,083
Loss on disposal of a subsidiary	(14,036)	–			(14,036)
Loss from operations	(298,832)	–			(48,399)
Finance costs	(150,656)	–			(150,656)
Loss before taxation	(449,488)	–			(199,055)
Income tax	1,464	–			1,464
Loss for the year from continuing operations attributable to owners of the Company	(448,024)	–			(197,591)
DISCONTINUING OPERATIONS					
Profit for the year from discontinuing operations attributable to owners of the Company	178,475	(178,475)			–
Loss for the year attributable to owners of the Company	(269,549)	(178,475)			(197,591)

APPENDIX IV PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF THE REMAINING GROUP (CONTINUED)

	Audited consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 30 April 2015 RMB'000 Note (d)	Pro forma adjustments			Unaudited pro forma consolidated statement of profit or loss and other comprehensive income of the Remaining Group RMB'000
		RMB '000 Note (e)	RMB '000 Note (c i/ii)	RMB'000 Note (f)	
Other comprehensive income for the year (after tax)					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of financial statements of overseas subsidiaries	1,872	–			–
Net loss arising on change in fair value of available for sale financial assets	(4,309)	–			–
	<u>(271,986)</u>	<u>(178,475)</u>			<u>(197,591)</u>
Total comprehensive loss for the year attributable to owners of the Company	<u>(271,986)</u>				
Loss per share attributable to owners of the Company					
From continuing and discontinuing operations (Note (j))					
– Basic	<u>RMB(16.0) cents</u>				<u>RMB(11.8) cents</u>
– Diluted	<u>RMB(16.0) cents</u>				<u>RMB(11.8) cents</u>
From continuing operations					
– Basic	<u>RMB(26.7) cents</u>				<u>RMB(11.8) cents</u>
– Diluted	<u>RMB(26.7) cents</u>				<u>RMB(11.8) cents</u>

APPENDIX IV PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS OF THE REMAINING GROUP

	Audited consolidated statement of cash flows of the Group for the year ended 30 April 2015	Pro forma adjustments			Unaudited pro forma consolidated statement of cash flows of the Remaining Group
	RMB'000 Note (d)	RMB'000 Note (g)	RMB'000 Note (c (i))	RMB'000 Note (f)	RMB'000
Cash flows from operating activities					
(Loss)/profit before taxation					
– Continuing operations	(449,488)		234,122	16,311	(199,055)
– Discontinuing operations	269,378	(269,378)			–
	(180,110)	(269,378)			(199,055)
Adjustments for:					
Amortisation of interests in leasehold land held for own use under operating lease	4,989	(1,250)			3,739
Amortisation of long-term prepaid rentals	104,777	–			104,777
Depreciation of property, plant and equipment	178,380	(51,086)			127,294
Net loss arising from changes in fair value of other financial liabilities	13,157	–			13,157
Loss on disposal of property, plant and equipment	25,896	(1)			25,895
Loss on disposal of a subsidiary	14,036	–			14,036
Gain on changes in fair value less costs to sell biological assets	(5,745)	–			(5,745)
Impairment loss recognised on property, plant and equipment	38,994	–			38,994
Impairment loss recognised on long-term prepaid rentals	128,212	–			128,212
Impairment loss recognised on interest in leasehold land held for own use under operating leases	2,715	–			2,715
Gain on disposal of subsidiaries	–	–	(785,083)		(785,083)
Interest income	(15,007)	3,761			(11,246)
Interest expenses	157,371	(6,715)			150,656
Loss on redemption of convertible bonds	4,675	–			4,675
Changes in working capital	472,340	(324,669)			(386,979)
Decrease in inventories	3,762	1,084			4,846
Increase in biological assets	(2,627)	–			(2,627)
Decrease in trade and other receivables	95,502	(11,591)			83,911
Increase in amount due to group companies	–	(347,602)		124	(347,478)
Increase in amount due from group companies	–	276,440		(16,435)	260,005
Decrease in amount due to a director	(7,995)	–			(7,995)
Increase in trade and other payables	54,679	23,189			77,868
Cash generated from operations	615,661	(383,149)			(318,449)
The PRC enterprise income tax paid	(95,848)	90,232			(5,616)

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS OF THE REMAINING GROUP (CONTINUED)

	Audited consolidated statement of cash flows of the Group for the year ended 30 April 2015	Pro forma adjustments		Unaudited pro forma consolidated statement of cash flows of the Remaining Group
	RMB'000	RMB'000	RMB'000	RMB'000
	Note (d)	Note (g)	Note (c (i))	
Net cash generated from/(used to)				
operating activities	519,813	(292,917)		(324,065)
Investing activities				
Payment for purchase of fixed assets	(395,156)	44,376		(350,780)
Decrease in pledged bank deposits	101,033	(101,750)		(717)
Interest received	4,848	(3,761)		1,087
Net proceeds from disposal of a subsidiary, net of cash disposal	(2)	–		(2)
Proceeds from disposal of property, plant and equipment	148	–		148
Net proceeds from disposal	–	–	2,483,100	2,483,100
Net cash (used in)/generated from				
investing activities	(289,129)	(61,135)		2,132,836
Financing activities				
Payment of redemption of convertible bonds	(220,655)	–		(220,655)
Increase in available-for-sale financial assets	(47,127)	–		(47,127)
Issue of shares, net of transaction cost	77,128	–		77,128
Issue of shares upon open offer, net of transaction cost	102,408	–		102,408
Increase in bank and other borrowings	662,342	–		662,342
Repayment of bank and other borrowings	(376,026)	–		(376,026)
Decrease in amount due to a shareholder	(2,815)	–		(2,815)
Interest paid	(123,724)	6,715		(117,009)
Net cash generated from				
financing activities	71,531	6,715		78,246

APPENDIX IV PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS OF THE REMAINING GROUP (CONTINUED)

	Audited consolidated statement of cash flows of the Group for the year ended 30 April 2015 <i>RMB'000</i> <i>Note (d)</i>	Pro forma adjustments		Unaudited pro forma consolidated statement of cash flows of the Remaining Group <i>RMB'000</i>
		<i>RMB'000</i>	<i>RMB'000</i>	
		<i>Note (g)</i>	<i>Note (c(i))</i>	
Net increase/(decrease) in cash and cash equivalents	302,215	(347,337)		1,887,017
Cash and cash equivalents at beginning of the year	294,842	(109,645)		185,197
Effect of foreign exchange rate changes	1,640	–		1,640
Cash and cash equivalents at the end of the year	598,697	(456,982)		2,073,854
Cash and cash equivalents	141,715	(456,982)		2,073,854
Cash and cash equivalents included in assets classified as held for sale	456,982	–		–
	598,697	(456,982)		2,073,854

APPENDIX IV PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

Notes:

- a. The amounts are extracted from the audited consolidated statement of financial position of the Group as at 30 April 2015 as set out in the published annual report of the Company for the year ended 30 April 2015.
- b. The pro forma adjustment, which is extracted from the unaudited consolidated statement of financial position of the Target Group as at 30 April 2015 as set out in Appendix II & III represents the exclusion of the consolidated financial position of the Target Group as follows, assuming that the Disposal had been completed on 30 April 2015.

	Xiamen Company	Quanzhou Group	Pro forma Adjustments								Total
	RMB'000	RMB'000	RMB'000 (Note i)	RMB'000 (Note ii)	RMB'000 (Note iii)	RMB'000 (Note iv)	RMB'000 (Note v)	RMB'000 (Note vi)	RMB'000 (Note vii)	RMB'000 (Note viii)	RMB'000
Non-current assets											
– Property, plant and equipment	192	778,900		19,584							798,676
– Interest in leasehold land held for own use under operating leases	–	91,087		746	(41,377)						50,456
Interest in subsidiaries	1,000	119,000	(120,000)								–
Pledged bank deposits	31,750	–									31,750
Deposits paid for acquisition of fixed assets	–	317,292									317,292
	<u>32,942</u>	<u>1,306,279</u>									<u>1,198,174</u>
Current assets											
Inventories	–	45,529									45,529
Amounts due from group companies	452,929	10,092	120,000		43,027	(129)	(592,715)			(33,204)	–
Trade and other receivables	7,872	7,397									15,269
Cash and cash equivalents	14,104	442,878									456,982
	<u>474,905</u>	<u>505,896</u>									<u>517,780</u>
Current liabilities											
Trade and other payables	151,680	36,984						(170,727)			17,937
Income tax payable	–	11,310						(11,310)			–
Borrowings	120,000	50,000						(170,000)			–
Amounts due to group companies	–	462,757		19,819	1,650	(94,900)	(592,715)	364,925	18,921	(180,457)	–
	<u>271,680</u>	<u>561,051</u>									<u>17,937</u>
Net current assets/(liabilities)	<u>203,225</u>	<u>(55,155)</u>									<u>499,843</u>
Total assets less current liabilities	<u>236,167</u>	<u>1,251,124</u>									<u>1,698,017</u>
Non-current liabilities											
Deferred tax liabilities	4,263	8,625						(12,888)			–
Amounts due to group companies	15,229	60,000								(75,229)	–
	<u>19,492</u>	<u>68,625</u>									<u>–</u>
Net assets	<u>216,675</u>	<u>1,182,499</u>									<u>1,698,017</u>

- (i) The pro forma adjustment represents the elimination of investment in subsidiaries of 中綠(阜陽)飲品科技開發有限公司 (China Green (Fuyang) Beverages Science and Technology Development Limited) of RMB100,000,000 and 中綠(白城)飲品開發有限公司 (China Green (Baicheng) Beverages Development Limited) of RMB20,000,000.
- (ii) The pro forma adjustment represents the included assets – parcel of land of approximately RMB746,000 and factory building of approximately RMB19,584,000 transferred from 中綠(福建)農業綜合開發有限公司 (Zhonglu (Fujian) Agriculture Comprehensive Development Limited) and the related depreciation and amortisation charged.
- (iii) The pro forma adjustment represents the excluded assets - parcel of land of approximately RMB41,377,000 from Quanzhou Company and the related amortisation.
- (iv) The pro forma adjustment represents the elimination of inter-company transactions between the Target Group and Remaining Group.
- (v) The pro forma adjustment represents the elimination of inter-company current accounts.
- (vi) The pro forma adjustment represents the exclusion of other payables and bank borrowings from the Target Group.
- (vii) The pro forma adjustment represents the exclusion of branded food business of approximately RMB18,921,000 from the Target Group.
- (viii) The pro forma adjustment represents the exclusion of inter-company current accounts from the Target Group.

APPENDIX IV PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

- c. (i) The pro forma adjustment represents the estimated amount to be received from the Disposal and the estimated gain on the Disposal (as if the Disposal had been completed on 30 April 2015) as follows:

	<i>RMB'000</i>
Total consideration (estimated proceeds)	2,483,100
Less:	
Net assets of the Target Group as at 30 April 2015	(1,698,017)
Pro forma gain on disposal on 30 April 2015	785,083

- (ii) The pro forma adjustments represent the estimated direct legal and professional expenses and direct tax expenses in relation to Disposal of approximately RMB64,433,000 and RMB486,528,000 as if the Disposal completed on 30 April 2015.
- (iii) In accordance with Equity Transfer Agreement and the Local Asset Transfer Agreement, except for normal trade payables, It is assumed that the Target Group does not have any other indebtedness as if the transaction was completed on 30 April 2015.
- (iv) As if the transaction was completed on 30 April 2015, the amount of net working capital would be calculated as follows:

	<i>RMB'000</i>	<i>RMB'000</i>
Cash and cash equivalent	456,982	
Other current assets	60,798	
		517,780
Less:		
Current liabilities	(17,937)	
Normalized working capital	(13,000)	(30,937)
		486,843

- (v) As the result of (iii) and (iv) above, the Target Group's indebtedness status and normalized working capital are assumed to be fulfilled the conditions in accordance with the Equity Transfer Agreement and/or Local Asset Transfer Agreement, and therefore, no pro forma adjustment will be taken into the Consideration.

The Directors of the Company have considered the current condition and situation of the Target Group and believe that the Target Group is able to achieve the following terms and condition and therefore no pro forma adjustment will be taken into the consideration:

- the Group is assumed to successfully transfer the specified “China Green” and “Culiangwang” trademarks to the Target Company; and
- the Group is assumed to successfully deliver the seven complete sets of production lines and certain specified ancillary facilities at each of the Tianmen plant and the Hebei plant by an agreed date.

For the purpose of preparing the unaudited pro forma financial information, the total consideration for the Disposal of approximately US\$400,500,000 (equivalent to approximately RMB2,483,100,000) is assumed to be approximate to its fair value and received in accordance with the Equity Transfer Agreement. The net cash inflow is 1,932,139,000 which is calculated as total consideration of RMB2,483,100,000 less estimated direct expenses in relation to the Disposal of approximately RMB550,961,000.

The financial effect and the actual amount of loss on the Disposal are to be determined based on adjustments to the total consideration, estimated direct expenses in relation to the Disposal, the carrying amount of the net asset value of the Target Group and the amount due from/to the group company as at the completion date and are therefore subject to change upon Completion of the Disposal.

The Directors have assumed that the cash consideration in accordance with the Escrow Agreement will be received from the Purchaser as if the Disposal had been completed on 30 April 2015, and therefore no pro forma adjustment has been made.

APPENDIX IV PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

- d. The amounts are extracted from the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 30 April 2015 as set out in the published annual report of the Company for the year ended 30 April 2015.
- e. The pro forma adjustment, which is extracted from the unaudited consolidated statement of profit or loss and other comprehensive income of the Target Group for the year ended 30 April 2015 as set out in Appendix II & III, represents the exclusion of the income and expenses of the disposal group as follows, assuming that the disposal had been completed on 1 May 2014.

	Xiamen Group	Quanzhou Group	Pro forma adjustments					Total
	RMB'000	RMB'000	RMB'000 Note (i)	RMB'000 Note (ii)	RMB'000 Note (iii)	RMB'000 Note (iv)	RMB'000 Note (v)	RMB'000
Turnover	211,380	1,364,239	(136,722)	(17,023)			(124)	1,421,750
Cost of sales	(142,571)	(904,954)	136,722	13,831			15,736	(881,236)
Gross profit	68,809	459,285						540,514
Other revenue	3,003	1,806						4,809
Selling and distribution expenses	(152,848)	(80,395)						(233,243)
General and administrative expenses	(9,553)	(27,715)			860	(278)	699	(35,987)
(Loss)/profit from operations	(90,589)	352,981						276,093
Finance costs	(2,913)	(3,802)						(6,715)
(Loss)/profit before taxation	(93,502)	349,179						269,378
Income tax	–	(90,903)						(90,903)
(Loss)/profit for the year	(93,502)	258,276						178,475

- (i) The pro forma adjustment represents the elimination of inter-company sales of approximately RMB136,722,000 charged by Xiamen Group to Quanzhou Group.
- (ii) The pro forma adjustment represents the exclusion of part of branded food business of approximately RMB17,023,000 and cost of sales of approximately RMB13,831,000.
- (iii) The pro forma adjustment represents the elimination of depreciation charged by excluded assets - the parcel of land from Quanzhou of approximately RMB860,000.
- (iv) The pro forma adjustment represents the amortisation of approximately RMB82,000 and depreciation of approximately RMB196,000 charged by the included assets - land and building transferred from 中綠(福建)農業綜合開發有限公司 (Zhonglu (Fujian) Agriculture Comprehensive Development Limited).
- (v) The adjustments represent the elimination of inter-company transactions between the Disposal Subsidiaries and the Remaining Group for the year ended 30 April 2015.
- f. The pro forma adjustments represent the reinstatement of the transactions between the Remaining Group and the Target Group, including the (a) sales of approximately RMB15,736,000 charged by the Remaining Group to the Target Group and RMB124,000 charged by Target Group to Remaining Group (b) rental income of approximately RMB699,000 charged by Remaining Group to the Target Group, assuming the Transaction had been completed on 1 May 2014.
- g. The pro forma adjustment, which is extracted from the unaudited consolidated statement of cash flows of Target Group for year ended 30 April 2015 as set out in Appendix II & III, represents the exclusion of the cash flows of the Target Group as follows, as if the Disposal had been completed on 1 May 2014.

APPENDIX IV PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

	Xiamen Group	Quanzhou Group	Pro forma adjustments						Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
			Note (i)	Note (ii)	Note (iii)	Note (iv)	Note (v)	Note (vi)	
Cash flows from operating activities									
(Loss)/profit before taxation	(93,502)	349,179	(3,192)	860	(278)			16,311	269,378
Adjustments for:									
Amortisation of interests in leasehold land held for own use under operating lease	–	2,028		(860)	82				1,250
Depreciation of property, plant and equipment	145	50,745			196				51,086
Loss on disposal of property, plant and equipment	1	–							1
Interest income	(2,953)	(808)							(3,761)
Interest expenses	2,913	3,802							6,715
Operating cash flows before movements in working capital	(93,396)	404,946							324,669
Increase in inventories	–	(1,084)							(1,084)
Decrease/(increase) in trade and other receivables	15,882	(4,291)							11,591
(Decrease)/increase in amount due to group companies	(78,139)	178,743	3,192			243,682		124	347,602
Increase in amount due from group companies	(169,920)	(10,085)					(80,000)	(16,435)	(276,440)
Increase/(decrease) in trade and other payables	124,136	(23,643)				(123,682)			(23,189)
Cash (used in)/generated from operations	(201,437)	544,586							383,149
The PRC enterprise income tax paid	–	(90,232)							(90,232)
Net cash (used in)/generated from operating activities	(201,437)	454,354							292,917
Investing activities									
Payment for purchase of properties, plant and equipment	(11)	(44,365)							(44,376)
Capital injection in a subsidiary	(1,000)	(79,000)					80,000		–
Decrease in pledged bank deposits	95,250	6,500							101,750
Interest received	2,953	808							3,761
Net cash generated from/(used in) investing activities	97,192	(116,057)							61,135
Financing activities									
Proceed from bank borrowings	140,000	50,000				(190,000)			–
Repayment of bank borrowings	(20,000)	(50,000)				70,000			–
Interest paid	(2,913)	(3,802)							(6,715)
Net cash generated from/ (used in) financing activities	117,087	(3,802)							(6,715)
Net increase in cash and cash equivalents	12,842	334,495							347,337
Cash and cash equivalents at beginning of the year	1,262	108,383							109,645
Cash and cash equivalents at the end of the year	14,104	442,878							456,982

- (i) The pro forma adjustment represents the exclusion of branded food business sales of approximately RMB17,023,000 and cost of sales of RMB13,831,000 during the year.
- (ii) The pro forma adjustment represents the elimination of depreciation charged by excluded assets - the parcel of land from Quanzhou.
- (iii) The pro forma adjustment represents the amortisation of approximately RMB82,000 and depreciation of approximately RMB196,000 charged by the included assets - land and building transferred from 中綠 (福建) 農業綜合開發有限公司 (Zhonglu (Fujian) Agriculture Comprehensive Development Limited).
- (iv) The pro forma adjustment represents the elimination of bank borrowings and other payables from the target Group.
- (v) The pro forma adjustment represents the elimination of the capital injection of RMB1,000,000 and RMB79,000,000 from Xiamen Company and Quanzhou Company to 中綠 (阜陽) 飲品科技開發有限公司 (China Green (Fuyang) Beverages Science and Technology Development Limited) respectively.
- (vi) The pro forma adjustment represents the elimination of purchase of approximately RMB15,736,000 and rental expenses of approximately RMB699,000 from target group and remaining group and sales of approximately RMB124,000 from remaining group to target Group.
- h. The net cash flows of approximately RMB2,026,118,000 represents the net cash inflows as if the Disposal had been completed on 30 April 2015, being cash consideration of RMB2,483,100,000 offset by cash and cash equivalent of the Target Group disposed of approximately RMB456,982,000.
- i. Except for the pro forma adjustments b(ii), b(iii), b(iv), b(vii), e(i), e(ii), e(iii), e(iv), e(v) f, g(i), g(ii), g(iii) and g(vi), other pro forma adjustments to the pro forma consolidated statement of profit or loss and other comprehensive income and pro forma consolidated statement of cash flows are not expected to have a continuing effect in the Remaining Group.
- j. The calculation of the basic loss per share is based on the loss attributable to owners of the Company and the weighted average number of 1,681,226,549 ordinary shares in issue during the year ended 30 April 2015. Diluted loss per share was the same as the basic loss per share as there were no outstanding share options and the effect of the conversion of the Company's convertible bonds was anti-dilutive.



國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

21 August 2015

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

Dear Sirs,

We have completed our assurance engagement to report on the compilation of pro forma financial information of China Culiangwang Beverages Holdings Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) by the directors for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated statement of financial position as at 30 April 2015, the pro forma consolidated profit and loss and other comprehensive income for the year ended 30 April 2015, the pro forma cash flow statement for the year ended 30 April 2015, and related notes as set out on pages IV – 1 to IV – 14 of the investment circular issued by the Company. The applicable criteria on the basis of which the directors have compiled the pro forma financial information are described in Appendix IV.

The pro forma financial information has been compiled by the directors to illustrate the impact of the proposed disposal of the Group’s entire equity interest in 廈門粗糧王飲品科技有限公司 (Xiamen Culiangwang Beverage Technology Co., Ltd) on the Group’s financial position as at 30 April 2015 and the Group’s financial performance and cash flows for the year ended 30 April 2015 as if the proposed disposal had taken place at 30 April 2015. As part of this process, information about the Group’s financial position, financial performance and cash flows has been extracted by the directors from the Group’s financial statements for the year ended 30 April 2015, on which an audit has been published.

DIRECTORS’ RESPONSIBILITY FOR THE PRO FORMA FINANCIAL INFORMATION

The directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to AG 7 “*Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars*” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

REPORTING ACCOUNTANTS' RESPONSIBILITIES

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements (“**HKSAE**”) 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 April 2015 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants’ judgement, having regard to the reporting accountants’ understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion:

- (a) the pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully

HLB Hodgson Impey Cheng Limited

Certified Public Accountants

Hon Koon Fai, Alex

Practising Certificate Number: P05029

Hong Kong

1. 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.

2. DIRECTORS' INTERESTS

- (a) As at the Latest Practicable Date, the interests and short positions of each Director in the shares or underlying shares of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which he was deemed or taken to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long position in the Shares

Name of Director	Nature of interest	Number of Shares and underlying Shares	Approximate percentage of interest
Sun Shao Feng	Interest of controlled corporation	1,832,733,000 (Note)	30.74%

Note:

These 1,832,733,000 Shares are owned by Capital Mate which is an entity controlled by the Founder.

- (b) Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest and short positions in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions in which they were deemed or taken to have under such provisions of the SFO), or which are required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS

- (a) As at the Latest Practicable Date, so far as is known to the Directors, the following persons, other than a director or chief executive of the Company, had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

Name of Shareholder	Nature of interest	Number of Shares	Approximate percentage of interest
Capital Mate	Beneficial owner	1,832,733,000 (L) (Note 1)	30.74%

Notes:

- Capital Mate is an entity controlled by the Founder. Hence, the Founder is deemed to be interested in these 1,832,733,000 Shares held by Capital Mate.
 - The letter (L) above denotes long position.
- (b) Save as disclosed in this circular, so far as is known to the Directors, there is no other person who had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, had a direct or indirect interests amounting to 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any members of the Group.

4. INTERESTS IN CONTRACT OR ARRANGEMENT

As at the Latest Practicable Date, none of the Directors was materially interested in contract or arrangement subsisting which is significant in relation to the business of the Group, nor had any Director had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group since 30 April 2015, the date to which the latest published audited consolidated financial statements of the Group were made up.

5. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and there is no litigation or claim of material importance known to the Directors to be pending or threatened by or against any member of the Group.

6. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group, which is not determinable by such member of the Group within one year without payment of compensation other than statutory compensation.

7. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business of the Company) have been entered into by members of the Group within two years immediately preceding the Latest Practicable Date which are or may be material:

- (a) the master framework and subscription agreement (the “**Master Framework and Subscription Agreement**”) dated 4 September 2013 made between, amongst other parties, the Company and Partner Shanghai Limited in relation to amongst other matters, the subscription of 226,553,576 Shares, further particulars of which are set out in the circular of the Company dated 2 October 2013;
- (b) the entrusted loan agreement dated 14 October 2013 entered into between (i) a PRC bank (“**Entrusted PRC Bank**”); (ii) China Green Foods Group Co. Ltd.; and (iii) 紫荊控股有限公司 (in English for identification only, Tsinghua Redbud Holding Ltd.) (“**Tsinghua Redbud**”), pursuant to which funding arrangements have been effected to extend a loan to China Green Foods Group Co. Ltd. for a term of 5 years at an annual interest rate of 5%, further details of which are set out in the announcements of the Company dated 14 October 2013 and 23 October 2013;

- (c) the equity transfer agreement dated 18 October 2013 entered into between (i) Dragon Choice Enterprises Limited, a direct wholly-owned subsidiary of the Company (“**Dragon Choice**”); (ii) 上海康美醫藥諮詢有限公司 (Shanghai Kang Mei Pharmaceutical Consulting Ltd) (“**Shanghai Kang Mei Pharmaceutical**”); (iii) 中綠(上海)實業有限公司(Zhonglu (Shanghai) Industry Investment Limited) (“**Zhonglu Shanghai**”); and (iv) China Green Foods Group Co. Ltd., pursuant to which Dragon Choice has agreed to sell and Shanghai Kang Mei Pharmaceutical has agreed to acquire 100% equity interest in Zhonglu Shanghai at a consideration of RMB104,000,000, further details of which are set out in the announcement of the Company dated 20 October 2013;
- (d) the top-up placing agreement dated 14 March 2014 entered into between the Company; (ii) Oriental Patron Securities Limited (“**Oriental Patron**”) as placing agent; and (iii) Capital Mate as vendor, pursuant to which Oriental Patron has agreed, on a best effort basis, to place to not less than six placees who and whose ultimate beneficial owners are independent third parties, up to 176,807,000 Shares (“**Top-up Placing Shares**”) beneficially owned by Capital Mate at the placing price of HK\$0.60 per Share, for and on behalf of Capital Mate, further details of which are set out in the announcement of the Company dated 14 March 2014;
- (e) the top-up subscription agreement dated 14 March 2014 entered into between the Company and Capital Mate, pursuant to which Capital Mate has conditionally agreed to subscribe up to 176,807,000 new Shares and such number shall be equal to the number of the Top-up Placing Shares successfully placed by the Oriental Patron, further details of which are set out in the announcement of the Company dated 14 March 2014;
- (f) the specific mandate placing agreement (“**Specific Mandate Placing Agreement**”) dated 14 March 2014 entered into between the Company and the Oriental Patron, pursuant to which Oriental Patron has conditionally agreed, on a best effort basis, to place to not less than six placees who and whose ultimate beneficial owners are independent third parties, up to 265,210,000 new Shares at the price of HK\$0.60 per Share under specific mandate, for and on behalf of the Company, further details of which are set out in the announcement of the Company dated 14 March 2014;
- (g) the memorandum of understanding (“**MOU**”) dated 27 March 2014 entered into between the Company and OUA, pursuant to which the parties intend to (i) cooperate to enhance the existing business of the Company in agricultural products cultivation and development; and (ii) expand the existing business of OUA into investment in the field of cultivation, processing and sales of grains in the PRC, further details of which are set out in the announcement of the Company dated 27 March 2014;
- (h) the letter of termination dated 28 April 2014 entered into between the Company and the Oriental Patron, pursuant to which the parties agreed to terminate the Specific Mandate Placing Agreement with effect from 28 April 2014, whereupon the parties’ respective obligations shall forthwith cease and terminate, further details of which are set out in the announcement of the Company dated 28 April 2014;

- (i) the novation agreement dated 20 June 2014 entered into between the parties to the Master Framework and Subscription Agreement and Tsinghua Redbud, pursuant to which all the rights, benefits and obligations under the Master Framework and Subscription Agreement, including the loan granted by Tsinghua Redbud through the Entrusted PRC Bank were novated to Tsinghua Redbud, further details of which are set out in the announcement of the Company dated 20 June 2014;
- (j) the underwriting agreement dated 29 July 2014 entered into between the Company and SBI China Capital Financial Services Limited in relation to the proposed issue of offer shares by way of open offer on the basis of one offer share for every two existing Shares held on the record date (i.e. 27 August 2014) to the qualifying Shareholders, further details of which are set out in the prospectus of the Company dated 28 August 2014.
- (k) the subscription agreement dated 13 August 2014 entered into between the Company and Jun Yang Solar Power Investments Limited (“**Jun Yang**”), pursuant to which Jun Yang has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 395,328,000 new Shares at the subscription price of HK\$0.25 per Share, further details of which are set out in the announcement of the Company dated 13 August 2014;
- (l) the subscription agreements dated 28 October 2014 entered into between the Company and OUA, pursuant to which the Company has conditionally agreed to subscribe for, and OUA has conditionally agreed to allot and issue, (i) 260,000,000 new shares of OUA at the subscription price of HK\$0.175 per share; and (ii) 83,000,000 new shares of OUA at the subscription price of HK\$0.175 per share, further details of which are set out in the announcement of the Company dated 28 October 2014;
- (m) the placing agreement dated 25 March 2015 entered into between the Company as the issuer and Convoy Asset Management Limited (“**Convoy**”) as the placing agent, pursuant to which Convoy agreed to act as placing agent of the Company, to procure third party placees independent of and not connected with the Company to subscribe for the 19.2% per annum notes (“**Notes**”) to be issued by the Company in an aggregate principal amount of up to HK\$380,000,000 maturing on the same calendar date of the 6th month after the issue date of the Notes at the placing price equal to 100% of the principal amount of the Notes, further details of which are set out in the announcements of the Company dated 25 March 2015 and 8 April 2015;
- (n) the Equity Transfer Agreement and the Restructuring Agreement;
- (o) the underwriting agreement dated 17 April 2015 entered into between the Company, and SBI China Capital Financial Services Limited, Oriental Patron Securities Limited and China Everbright Securities (HK) Limited, collectively as the underwriters, in relation to the proposed issue of offer shares by way of open offer on the basis of two offer shares for every one existing Share held on the record date (i.e. 12 June 2015) to the qualifying Shareholders, further details of which are set out in the prospectus of the Company dated 15 June 2015; and

- (p) the termination agreement dated 7 July 2015 entered into between the existing contractual parties to the Master Framework and Subscription Agreement pursuant to which the parties conditionally agreed to terminate the Master Framework and Subscription Agreement, further details of which are set out in the announcement of the Company dated 7 July 2015.

8. COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors nor his associates (as defined in the Listing Rules) was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with that of the Group.

9. EXPERT AND CONSENT

The following is the qualifications of the expert whose statements have been included in this circular:

Name	Qualifications
HLB Hodgson Impey Cheng Limited	Certified Public Accountants

HLB Hodgson Impey Cheng Limited has given, and has not withdrawn, its written consent to the issue of this circular with the inclusion herein of its reports prepared for the purpose of incorporation in this circular, and the references to its name and reports in the form and context in which they respectively appear.

As at the Latest Practicable Date, HLB Hodgson Impey Cheng Limited did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, HLB Hodgson Impey Cheng Limited did not have any direct or indirect interests in any assets which had been, since 30 April 2015 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group.

10. GENERAL

- (a) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda.
- (b) The Company's head office and principal place of business in Hong Kong is situated at Room 1502, 15/F, The Chinese Bank Building, 61-65 Des Voeux Road Central, Hong Kong.
- (c) The Company's share registrar and transfer office in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (d) The secretary of the Company is Mr. Pang Wing Hong, an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.
- (e) The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at 12/F, Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong from the date of this circular up to and including 14 September 2015:

- (a) the memorandum of association and the bye-laws of the Company;
- (b) the material contracts referred to under the section headed "Material contracts" in this appendix;
- (c) the annual reports of the Company for the three financial years ended 30 April 2015;
- (d) this circular;
- (e) the written consent as referred to in the paragraph headed "Expert and consent" in this appendix;
- (f) the accountants' report from HLB Hodgson Impey Cheng Limited on the Target Group, the text of which is set out in Appendix II and Appendix III to this circular; and
- (g) the accountants' report from HLB Hodgson Impey Cheng Limited on the unaudited pro forma financial information of the Remaining Group, the text of which is set out in Appendix IV to this circular.

NOTICE OF SGM



CHINA CULIANGWANG BEVERAGES HOLDINGS LIMITED

中國粗糧王飲品控股有限公司

(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 Culiangwang Beverages Holdings Limited (“**Company**”) will be held at 35th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Monday, 14 September 2015 at 10:30 a.m. (or so soon after the conclusion of the annual general meeting of the Company convened to be held on the same date and place at 10:00 a.m.), for the purpose of considering and, if thought fit, passing (with or without modification) the following Resolution 1 as an ordinary resolution and Resolution 2 as a special resolution of the Company:

ORDINARY RESOLUTION

1. “**THAT**

- (a) the entering into of the Equity Transfer Agreement (as defined in the circular of the Company dated 21 August 2015 (the “**Circular**”), a copy of which agreement marked “A” has been tabled before the Meeting and signed by the chairman of the Meeting for the purpose of identification) and the Restructuring Agreement (as defined in the Circular, a copy of which agreement marked “B” has been tabled before the Meeting and signed by the chairman of the Meeting for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed; and
- (b) the directors of the Company (“**Directors**”) or any one of them be and are hereby authorised on behalf of the Company to approve all other Transaction Documents (as defined in the Circular) and to do all such things and sign, seal, execute, perfect and deliver the Transaction Documents and all such other agreements, documents as they may in their discretion consider necessary, desirable or expedient, for the purposes of or in connection with the implementation and/or give effect to any matters relating to the Disposal (as defined in the Circular) and the transactions contemplated thereunder.”

SPECIAL RESOLUTION

2. “**THAT**

- (a) the English name of the Company be changed from “China Culiangwang Beverages Holdings Limited” to “China Green (Holdings) Limited” and the Chinese name of “中國綠色食品(控股)有限公司” be adopted and registered as the new secondary name of the Company in place of “中國粗糧王飲品控股有限公司” with effect from the date on which the Registrar of Companies in Bermuda enters the new English name

NOTICE OF SGM

and the new secondary name in the register maintained by it in place of the existing names of the Company; and

- (b) the Directors or any one of them be and are hereby authorised to do all such acts and things and to sign and execute all such documents, instruments and agreements for and on behalf of the Company as they may consider necessary, appropriate, desirable or expedient to give effect to or in connection with paragraph (a) of this resolution.”

By order of the Board

Sun Shao Feng

Chairman

Hong Kong, 21 August 2015

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

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), 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.
4. As at the date of this notice, the board of Directors 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. Hu Ji Rong, Mr. Wei Xiongwen, Mr. Zeng Shaoxiao and Ms. Yu Xiao Min.