
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) OPEN OFFER OF NOT LESS THAN 3,973,177,620 OFFER SHARES
AND NOT MORE THAN 5,299,106,278 OFFER SHARES
AT HK\$0.20 PER OFFER SHARE ON THE BASIS OF
2 OFFER SHARES FOR EVERY 1 SHARE HELD ON THE RECORD DATE;**

(2) INCREASE IN AUTHORISED SHARE CAPITAL

AND

NOTICE OF SPECIAL GENERAL MEETING

Lead Underwriters



軟庫中華金融服務有限公司
SBI China Capital Financial Services Limited

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**

Nuada Limited

Corporate Finance Advisory

A letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 32 to 53 of this circular. The recommendation of the Independent Board Committee to the Independent Shareholders is set out on page 31 of this circular.

It should be noted that the Underwriting Agreement contains provisions granting the Underwriters the right to terminate the obligations of the Underwriter thereunder on the occurrence of certain events. These events are set out in the section headed "Termination of the Underwriting Agreement" on pages 8 to 9 of this circular. If the Underwriting Agreement is terminated by the Underwriters or does not become unconditional, the Open Offer will not proceed.

A notice convening the SGM to be held at 35th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong at 10:00 a.m. on Tuesday, 2 June 2015 is set out on pages SGM-1 to SGM-3 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.

15 May 2015

CONTENTS

	<i>Page</i>
Definitions	1
Expected Timetable	6
Termination of the Underwriting Agreement	8
Letter from the Board	10
Letter from the Independent Board Committee	31
Letter from the Independent Financial Adviser	32
Appendix I – Financial information of the Group	I-1
Appendix II – Pro forma financial information of the Group	II-1
Appendix III – General information	III-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 RMB515,280,000 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 RMB174,267,696 issued by the Company
“acting in concert”	has the meaning ascribed to it by the Takeovers Code
“Announcement”	the announcement of the Company dated 17 April 2015 in relation to the Open Offer and the Increase in Authorised Share Capital
“Application Form(s)”	the form(s) of application in respect of the Open Offer
“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”	a day (other than Saturday or a day on which a tropical cyclone warning signal No. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.) on which banks generally are open for business in Hong Kong
“Capital Mate”	Capital Mate Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly and beneficially owned by Mr. Sun Shao Feng, an executive Director, the Chairman of the Board and the Chief Executive Officer of the Company
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“close associate(s)”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“CM Undertaking”	the undertaking in relation to the acceptance of the Committed Shares signed by Capital Mate and delivered to the Company and the Underwriters as one of the conditions precedent to the obligations of the Underwriters to underwrite the Underwritten Shares pursuant to the Underwriting Agreement
“Committed Shares”	being 1,221,822,000 Offer Shares which Capital Mate has irrevocably undertaken to accept as assured entitlement under the Open Offer pursuant to the CM Undertaking
“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
“Conversion Shares”	the number of Shares which may fall to be allotted and issued upon the exercise of the conversion rights attached to the 7.00 per cent. Bonds or, as the case may be, the 10.00 per cent. Bonds and a “Conversion Share” shall be construed accordingly
“Director(s)”	the director(s) of the Company
“EB”	China Everbright Securities (HK) Limited, a company incorporated in Hong Kong with limited liability, being one of the Underwriters
“Excluded Shareholders”	the Overseas Shareholders whom the Board, based on legal opinions provided by legal advisers, considers it necessary or expedient not to offer the Offer Shares to such Shareholders on account either of legal restrictions under the laws of the relevant jurisdiction or the requirements of the relevant regulatory body or stock exchange in that jurisdiction
“Group”	the Company and its subsidiaries from time to time
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Increase in Authorised Share Capital”	the proposed increase in the authorised share capital of the Company from HK\$300,000,000 to HK\$1,000,000,000 as described in the paragraph headed “Proposed increase in authorised share capital” in this circular

DEFINITIONS

“Independent Board Committee”	a committee of the Board comprising Mr. Wei Xiongwen, Mr. Hu Ji Rong and Mr. Zeng Shaoxiao, all being independent non-executive Directors, constituted to advise the Independent Shareholders on the Open Offer
“Independent Financial Adviser”	Nuada Limited, a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Open Offer
“Independent Shareholder(s)”	Shareholder(s) other than Capital Mate, Mr. Sun Shao Feng and their respective associates
“Independent Third Party”	a third party independent of the Company and the connected persons (as defined under the Listing Rules) of the Company
“Last Trading Day”	15 April 2015, being the full trading day of the Shares immediately prior to the date of the Announcement
“Latest Practicable Date”	12 May 2015, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Latest Time for Acceptance”	4:00 p.m. on Monday, 29 June 2015 or such later time as may be agreed between the Company and the Underwriters, being the latest time for acceptance of the offer of, and payment for, the Offer Shares
“Latest Time for Termination”	4:00 p.m. on Thursday, 2 July 2015 or such later time to be agreed between the Company and the Underwriters, being the latest time for the Underwriters to terminate the Underwriting Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“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 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 (as varied and amended by a novation agreement dated 20 June 2014 and made by the same parties and 紫荊控股有限公司 (in English for identification only, Tsinghua Redbud Holding Ltd.), further particulars of which as set out in the announcement of the Company dated 20 June 2014)

DEFINITIONS

“Offer Share(s)”	not less than 3,973,177,620 new Shares and not more than 5,299,106,278 new Shares to be issued by the Company pursuant to the Open Offer
“OP”	Oriental Patron Securities Limited, a company incorporated in Hong Kong with limited liability, being one of the Underwriters
“Open Offer”	the proposed issue of the Offer Shares by way of open offer on the basis of 2 Offer Shares for every 1 Share in issue on the Record Date to the Qualifying Shareholders on the terms to be set out in the Prospectus Documents
“Overseas Shareholder(s)”	the Shareholder(s) with registered address(es) (as shown in the register of members of the Company as at the close of business on the Record Date) which is/are outside Hong Kong
“Partner Shanghai”	Partner Shanghai Limited, a company incorporated in the British Virgin Islands with limited liability and a party to the Master Framework and Subscription Agreement
“PRC”	the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, Macau and Taiwan
“Prospectus”	the prospectus to be issued by the Company in relation to the Open Offer
“Prospectus Documents”	the Prospectus and the Application Form
“Prospectus Posting Date”	Monday, 15 June 2015 or such later date as may be agreed between the Company and the Underwriters, being the date of despatch of the Prospectus Documents
“PS Consent and Undertaking”	the consent and undertaking to be signed and delivered to the Company and the Underwriters by Partner Shanghai, being one of the conditions precedent to the obligations of the Underwriters to underwrite the Underwritten Shares pursuant to the Underwriting Agreement
“Qualifying Shareholder(s)”	the Shareholder(s), other than the Excluded Shareholders, whose name(s) appear(s) on the register of members of the Company as at the close of business on the Record Date
“Record Date”	Friday, 12 June 2015 (or such other date as may be agreed between the Company and the Underwriters to determine entitlements to the Open Offer)

DEFINITIONS

“SBI”	SBI China Capital Financial Services Limited, a company incorporated in Hong Kong with limited liability, being one of the Underwriters
“SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, approve, among other matters, if any, the Open Offer and the Increase in Authorised Share Capital (or any adjournment thereof)
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of nominal value of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.20 per Offer Share
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Underwriters”	collectively, SBI, OP and EB and “Underwriter” shall mean any of them
“Underwriting Agreement”	the underwriting agreement dated 17 April 2015 entered into between the Company and the Underwriters in relation to the Open Offer
“Underwritten Shares”	the Offer Shares (other than the Committed Shares), being not less than 2,751,355,620 Offer Shares and not more than 4,077,284,278 Offer Shares, to be underwritten by the Underwriters pursuant to the Underwriting Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

EXPECTED TIMETABLE

The expected timetable for the Open Offer set out below is indicative only. The expected timetable is subject to change, and any such change will be announced in a separate announcement by the Company as and when appropriate.

Event	Time and Date
Latest time for lodging transfer of Shares in order to be qualified for the attendance at the SGM	4:30 p.m. on Thursday, 28 May 2015
Register of members of the Company closed	Friday, 29 May 2015 to Tuesday, 2 June 2015 (both dates inclusive)
Latest time for lodging forms of proxy for the SGM (not less than 48 hours before the SGM)	10:00 a.m. on Sunday, 31 May 2015
Time and date of the SGM.	10:00 a.m. on Tuesday, 2 June 2015
Announcement of results of the SGM	Tuesday, 2 June 2015
Expected effective date of the Increase in Authorised Share Capital	Tuesday, 2 June 2015
Register of members of the Company re-opens	Wednesday, 3 June 2015
Last day of dealing in Shares on a cum-entitlement basis	Wednesday, 3 June 2015
First day of dealing in Shares on an ex-entitlement basis.	Thursday, 4 June 2015
Latest time for lodging transfer of Shares in order to be qualified for the Open Offer	4:30 p.m. on Friday, 5 June 2015
Register of members of the Company closed	Monday, 8 June 2015 to Friday, 12 June 2015 (both dates inclusive)
Record Date to determine entitlements under the Open Offer	Friday, 12 June 2015
Register of members of the Company re-opens	Monday, 15 June 2015
Despatch of the Prospectus Documents	Monday, 15 June 2015
Latest Time for Acceptance.	4:00 p.m. on Monday, 29 June 2015

EXPECTED TIMETABLE

Event	Time and Date
Expected time for the Open Offer to become unconditional	Thursday, 2 July 2015
Announcement of results of the Open Offer to be published on the Stock Exchange website	Tuesday, 7 July 2015
Despatch of share certificates for the Offer Shares	Wednesday, 8 July 2015
Despatch of refund cheques if the Open Offer is terminated.	Wednesday, 8 July 2015
Dealings in the Offer Shares expected to commence.	Thursday, 9 July 2015

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE

All times in this circular refer to Hong Kong time. If there is a 'black' rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong on Monday, 29 June 2015, being the date of the Latest Time for Acceptance:

- (i) at any time before 12:00 noon and no longer in force after 12:00 noon, the Latest Time for Acceptance will be postponed to 5:00 p.m. on the same Business Day; or
- (ii) at any time between 12:00 noon and 4:00 p.m., the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the next Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

Under such circumstances, the dates mentioned in the expected timetable above (including, without limitation, the Latest Time for Termination) may be affected.

Dates or deadlines stated in this circular for events in the timetable are indicative only and may be extended or varied between the Company and the Underwriters. Any changes to the anticipated timetable for the Open Offer will be announced as and when appropriate.

TERMINATION OF THE UNDERWRITING AGREEMENT

Termination of the Underwriting Agreement

The Underwriting Agreement contains provisions granting the Underwriters, by notice in writing, the right to terminate the Underwriters' obligations thereunder on the occurrence of certain events. The Underwriters may, by joint notice, terminate the Underwriting Agreement on or before the Latest Time for Termination if prior to the Latest Time for Termination:

- (1) in the reasonable opinion of the Underwriters, the success of the Open Offer would be materially and adversely affected by:
 - (a) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriters materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof), of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriters materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
 - (c) any material adverse change in the business or in the financial or trading position of the Group as a whole; or
 - (d) the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange due to exceptional financial circumstances or otherwise; or
 - (e) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than 20 consecutive Business Days, excluding any suspension in connection with the clearance of the Announcement or the Prospectus Documents or other announcements or circulars in connection with the Open Offer; or
- (2) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, and a change in currency conditions for the purpose of this clause includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs which in the reasonable opinion of the Underwriters makes it inexpedient or inadvisable to proceed with the Open Offer; or

TERMINATION OF THE UNDERWRITING AGREEMENT

- (3) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (4) the Prospectus in connection with the Open Offer when published contains information (either as to the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date thereof been publicly announced or published by the Company and which may in the reasonable opinion of the Underwriters be material to the Group as a whole and is likely to affect materially and adversely the success of the Open Offer or might cause a prudent investor not to apply for his/her/its assured entitlements of Offer Shares under the Open Offer.

If the Underwriting Agreement is terminated by the Underwriters on or before the aforesaid deadline or does not become unconditional, the Underwriting Agreement shall terminate (save in respect of any rights and obligations which may accrue under the Underwriting Agreement prior to such termination) and neither the Company nor the Underwriters shall have any claim against the other party for costs, damages, compensation or otherwise save for any antecedent breaches and the Open Offer will not proceed.

Pursuant to the Underwriting Agreement, the Underwriters are entitled by joint notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (1) any material breach of any of the warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriters; or
- (2) any event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect comes to the knowledge of the Underwriters.

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. Wei Xiongwen

Mr. Hu Ji Rong

Mr. Zeng Shaoxiao

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

19/F, China Hong Kong Tower
8 Hennessy Road, Wan Chai
Hong Kong

15 May 2015

To the Shareholders and for information only, the Bondholders

Dear Sir or Madam,

**OPEN OFFER OF NOT LESS THAN 3,973,177,620 OFFER SHARES
AND NOT MORE THAN 5,299,106,278 OFFER SHARES
AT HK\$0.20 PER OFFER SHARE
ON THE BASIS OF 2 OFFER SHARES FOR EVERY 1 SHARE
HELD ON THE RECORD DATE
AND
INCREASE IN AUTHORISED SHARE CAPITAL**

INTRODUCTION

Reference is made to the Announcement in which the Company announced the Open Offer and the Increase in Authorised Share Capital.

The purpose of this circular is to provide you with further details of, among other things, (i) the Open Offer and the Increase in Authorised Share Capital, (ii) the advice and the recommendation of the Independent Board Committee, and (iii) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Open Offer, together with a notice of the SGM.

LETTER FROM THE BOARD

THE OPEN OFFER

Issue statistics

Basis of the Open Offer	:	2 Offer Shares for every 1 Share held on the Record Date and payable in full on acceptance
Subscription Price	:	HK\$0.20 per Offer Share
Number of Shares in issue as at the Latest Practicable Date	:	1,986,588,810 Shares
Outstanding derivatives, options, warrants, conversion rights or other similar rights which are convertible or exchangeable into Shares as at the Latest Practicable Date	:	Under the Bonds, (i) up to 637,722,773 Conversion Shares would be allotted and issued upon exercise of the conversion rights under the 7.00 per cent. Bonds at the adjusted conversion price of HK\$1.01 per Conversion Share (subject to adjustments); and (ii) up to 25,241,556 Conversion Shares would be allotted and issued upon exercise of the conversion rights under the 10.00 per cent. Bonds at the adjusted conversion price of HK\$8.63 per Conversion Share (subject to adjustments).

Under the Master Framework and Subscription Agreement, 226,553,576 new Shares may be issued and allotted under specific mandate to Partner Shanghai as the subscriber. Under the PS Consent and Undertaking, Partner Shanghai will undertake not to at any time from the date of the PS Consent and Undertaking up to and including the Record Date exercise its right under the Master Framework and Subscription Agreement to request for completion of the subscription under the Master Framework and Subscription Agreement. Please also refer to the paragraph headed “Underwriting Agreement – PS Consent and Undertaking” below for further details.

Number of Offer Shares	:	Not less than 3,973,177,620 Offer Shares and not more than 5,299,106,278 Offer Shares.
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The aggregate nominal value of the Offer Shares will be not less than HK\$397,317,762.0 and not more than HK\$529,910,627.8.

Assuming that only 3,973,177,620 Offer Shares are issued under the Open Offer, the net subscription price for each Offer Share is approximately HK\$0.195.

LETTER FROM THE BOARD

Number of Shares in issue : Not less than 5,959,766,430 Shares and not more than
upon completion of the 7,948,659,417 Shares
Open Offer

Amount raised before expenses : Not less than approximately HK\$794.6 million and not more than
approximately HK\$1,059.8 million

The number of Offer Shares which may be issued pursuant to the Open Offer will be increased in proportion to any Conversion Shares which may be allotted and issued pursuant to the exercise of the Bonds on or before the Record Date. As at the Latest Practicable Date, up to a total of 662,964,329 Conversion Shares may fall to be allotted and issued pursuant to the exercise of the conversion rights attached to the Bonds.

Based on 1,986,588,810 Shares in issue as at the Latest Practicable Date and assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date up to the Record Date and no exercise of the conversion rights under the Bonds before the Record Date, upon completion of the Open Offer, 3,973,177,620 Offer Shares will be issued. If the conversion rights under the Bonds were exercised in full on or before the Record Date, upon completion of the Open Offer, 5,299,106,278 Offer Shares will be issued.

Assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date up to the Record Date, the minimum aggregate number of 3,973,177,620 Offer Shares proposed to be allotted pursuant to the Open Offer represents: (i) 200% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 66.67% of the enlarged issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares.

Assuming that the conversion rights under the Bonds were exercised in full on or before the Record Date and there is no other change in the issued share capital of the Company from the Latest Practicable Date up to the Record Date, the maximum aggregate number of 5,299,106,278 Offer Shares proposed to be allotted pursuant to the Open Offer represents: (i) 200% of the issued share capital of the Company as enlarged by the Shares allotted and issued pursuant to the exercise of the conversion rights under the Bonds in full; and (ii) approximately 66.67% of the enlarged issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares.

As at the Latest Practicable Date, save as disclosed under the heading “Outstanding derivatives, options, warrants, conversion rights or other similar rights which are convertible or exchangeable into Shares as at the Latest Practicable Date” above, the Company had no derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares.

LETTER FROM THE BOARD

Qualifying Shareholders

Subject to the passing of the resolution approving the Open Offer by the Independent Shareholders at the SGM, a Shareholder must be registered as a member of the Company as at the close of business on the Record Date and not be an Excluded Shareholder in order to be qualified for the Open Offer.

Shareholders whose Shares are held by nominee companies should note that the Board will regard a nominee company as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date. Shareholders and investors should consult their professional advisers if they are in any doubt as to their status.

The Record Date is Friday, 12 June 2015. The last day of dealings in the Shares on a cum-entitlement basis is Wednesday, 3 June 2015. The Shares will be dealt in on an ex-entitlement basis from Thursday, 4 June 2015.

In order to be registered as members of the Company prior to the close of business on the Record Date, Shareholders must lodge any transfer of Share(s) (together with the relevant share certificate(s)) for registration with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 5 June 2015.

As at Latest Practicable Date, the Board had not received any information from any Shareholders (other than Capital Mate pursuant to the CM Undertaking) of their intention to take up the Offer Shares under the Open Offer. Capital Mate had delivered the CM Undertaking to the Underwriters and the Company and pursuant to such undertaking, Capital Mate has irrevocably undertaken to the Company to accept and pay for the Committed Shares (being all of its assured entitlement under the Open Offer based on its shareholding in the Company).

Excluded Shareholders

The Prospectus Documents will not be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. If there are Overseas Shareholders at the close of business on the Record Date, the Overseas Shareholders may not be eligible to take part in the Open Offer as explained below.

Based on the latest available register of members of the Company as at the Latest Practicable Date, there was one Overseas Shareholder situated in Macau holding 3,000 Shares. The Directors will comply with Rule 13.36(2)(a) of the Listing Rules and make enquiries regarding the feasibility of extending the Open Offer to the Overseas Shareholders. If, after making such enquiries, the Directors are of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant jurisdiction or any requirement of the relevant regulatory body or stock exchange in that jurisdiction, not to offer the Offer Shares to such Overseas Shareholders, the Open Offer will not be available to such Overseas Shareholders. The Company will send the Prospectus to the Excluded Shareholders for their information only but will not send the Application Form to the Excluded Shareholders.

The result of the enquiries and the basis of the exclusion, if any, will be included in the Prospectus.

LETTER FROM THE BOARD

Subscription Price

The Subscription Price is HK\$0.20 per Offer Share, payable in full when a Qualifying Shareholder accepts his/her/its allotment under the Open Offer.

The Subscription Price represents:

- (1) a discount of approximately 77.8% to the closing price of HK\$0.90 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (2) a discount of approximately 77.5% to the average closing price of HK\$0.89 per Share quoted on the Stock Exchange for the five trading days up to and including the Last Trading Day; and
- (3) a discount of approximately 67.7% to the closing price of HK\$0.62 per Share quoted on the Stock Exchange on the Latest Practicable Date.

The Subscription Price also represents a discount of approximately 53.8% to the theoretical entitlement price of approximately HK\$0.433 per Share based on the closing price of HK\$0.90 per Share as quoted on the Stock Exchange on the Last Trading Day.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriters with reference to and taking into consideration (i) the market price and trading liquidity of the Shares under the market conditions prior to the entering into of the Underwriting Agreement; (ii) the fluctuation of the market prices of the shares of the Company in the past 12 months before the Last Trading Day with the closing prices of the Shares ranging from HK\$0.343 per Share to HK\$0.90 per Share; (iii) the theoretical ex-entitlement price of approximately HK\$0.433 per Share; (iv) the Subscription Price represented a discount of approximately 77.8% to the closing price of HK\$0.90 per Share as quoted on the Stock Exchange on the Last Trading Day, which is within the range of the discounts for other listed companies on the Stock Exchange that also proposed to conduct an open offer in the three calendar month period prior to and up to the Last Trading Day; and (v) the Subscription Price represented a discount of approximately 91.7% to the unaudited consolidated net asset value per Share of approximately HK\$2.41 as at 31 October 2014 (based on the unaudited consolidated net asset value of the Group over the number of Shares in issue as at 31 October 2014). The Directors consider that the Subscription Price is set at the proposed discount to the prevailing market price of the Shares with an intention to lower the further investment cost of the Shareholders and encourage all the Qualifying Shareholders to take up their respective assured entitlements to participate in the potential growth of the Company. With an objective to increase the attractiveness of the Open Offer to the Qualifying Shareholders, the Directors consider that the proposed discount of the Subscription Price to the market price is appropriate.

Given that the Open Offer would allow an equal and fair opportunity to all the Qualifying Shareholders to participate in the Group's future development by their entitlements under the Open Offer in proportion to their respective shareholding in the Company, and that the Open Offer is subject to approval by the Independent Shareholders, the Directors (including the independent non-executive Directors after taking into account the advice of the Independent Financial Adviser) consider that the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Status of the Offer Shares

Each of the Offer Shares, when allotted, issued and fully paid, will rank equally in all respects with the Shares in issue on the date of their respective allotment and issue. Holders of the Offer Shares will be entitled to receive all future dividends and distributions which are declared after the date of allotment and issue of the Offer Shares.

Share certificates of the Offer Shares

Subject to the fulfilment of the conditions of the Open Offer, share certificates for the Offer Shares are expected to be posted on or before Wednesday, 8 July 2015 to those entitled thereto by ordinary post at their own risk.

Application for listing

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Offer Shares.

Save that the Bonds are listed on the Singapore Exchange Securities Trading Limited, no part of the securities of the Company is listed or dealt in on any other stock exchange other than the Stock Exchange and no such listing or permission to deal in is proposed to be sought.

Subject to the grant of the listing of, and permission to deal in, the Offer Shares on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements will be made to enable the Offer Shares in their fully-paid form to be admitted into CCASS.

No application for excess Offer Shares

Considering that the Open Offer will give the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro rata shareholding interests in the Company, if application for excess Offer Shares is arranged, the Company will be required to put in additional effort and costs to administer the excess application procedures. It is estimated that the additional costs and expenses including fees to be charged by the share registrar, legal advisers and other professional services providers of around HK\$120,000 would be incurred for such administrative work and the arrangement of excess application, which is not cost effective from the view point of the Company and that the Directors are of the view that it is important for the Group to minimise all costs which may be incurred under the Open Offer.

LETTER FROM THE BOARD

Given that the Directors consider the Open Offer is structured with an intention to encourage all the Qualifying Shareholders to take up their respective assured entitlements such that the Subscription Price is set at a substantial discount to the prevailing market price of the Shares to provide reasonable incentives to all the Qualifying Shareholders to participate in the Open Offer, the Open Offer provides an equal and fair opportunity to all the Qualifying Shareholders to participate in the Group's future development by their entitlements under the Open Offer rather than an opportunity for certain Qualifying Shareholders to increase their shareholdings in the Company. The absence of excess application would lower the administrative costs of the Open Offer to the Company, and in the event that there are any untaken Offer Shares, such untaken Offer Shares could attract potential investors/subscribers into the Group to be procured by the Underwriters so as to broaden the shareholders' base of the Company. Therefore the Directors are of the view that the absence of excess applications of the Offer Shares under the Open Offer is fair and reasonable and in the best interests of the Company and the Shareholders as a whole. Accordingly, no excess Offer Shares will be offered to the Qualifying Shareholders.

No odd lot matching services will be provided by the Company in respect of the Open Offer, as it appears to be not cost-effective for the Company to appoint any designated broker to stand in the market to provide matching services for odd lot of the Offer Shares, comparing the fees to be charged by such broker with the market value of such odd lot of the Offer Shares.

Any Offer Shares not taken up by the Qualifying Shareholders will be taken up by the Underwriters pursuant to the terms and conditions of the Underwriting Agreement.

Qualifying Shareholders who do not take up the Offer Shares to which they are entitled should note that their shareholdings in the Company will be diluted.

Conditions of the Open Offer

The Open Offer is conditional upon the following conditions being fulfilled:

- (1) the passing by the Shareholders at the SGM of an ordinary resolution to approve the Increase in Authorised Share Capital;
- (2) the passing by the Independent Shareholders at the SGM of an ordinary resolution to approve the Open Offer by no later than the Prospectus Posting Date;
- (3) the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of and permission to deal in all the Offer Shares (in their fully-paid forms) by no later than the Prospectus Posting Date and the Stock Exchange not having withdrawn or revoked such grant of listing and permission on or before the Latest Time for Termination;
- (4) the filing and registration of all relevant documents with the Registrar of Companies in Hong Kong in accordance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) by no later than the Prospectus Posting Date;

LETTER FROM THE BOARD

- (5) the posting of the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date;
- (6) delivery to the Underwriters on or before the Prospectus Posting Date (i) the CM Undertaking duly executed by Capital Mate and (ii) the PS Consent and Undertaking duly executed by Partner Shanghai;
- (7) compliance with and performance by (i) Capital Mate of the CM Undertaking; and (ii) Partner Shanghai of the PS Consent and Undertaking; and
- (8) the Underwriting Agreement not being terminated by the Underwriters pursuant to the terms thereof on or before the Latest Time for Termination.

Save for the condition as set out in sub-paragraph (6) above which is capable of being waived by the Underwriters, none of the conditions as set out above are capable of being waived by any party to the Underwriting Agreement.

If the conditions as set out above are not satisfied by the Latest Time for Acceptance (or such later time and/or date as the Underwriters may agree with the Company in writing), the Underwriting Agreement shall terminate (save for any rights or obligations which may accrue under the Underwriting Agreement prior to such termination) and no party will have any claim against any other party for costs, damages, compensation or otherwise.

As at the Latest Practicable Date, other than condition (6) (i) above, none of the conditions has been satisfied.

UNDERWRITING AGREEMENT

Date : 17 April 2015

Parties : (1) the Company; and
(2) the Underwriters:

- (a) SBI, a company incorporated in Hong Kong with limited liability, and a licensed corporation to carry on business in Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO;
- (b) OP, a company incorporated in Hong Kong with limited liability, and a licensed corporation to carry on business in Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO; and

LETTER FROM THE BOARD

- (c) EB, a company incorporated in Hong Kong with limited liability, and a licensed corporation to carry on business in Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO.

Subject to the terms and conditions of the Underwriting Agreement, the Company has appointed, to the exclusion of others, SBI and OP as the Lead Underwriters of the Open Offer, and has appointed the Lead Underwriters, together with EB, as the Underwriters.

As at the Latest Practicable Date, each of the Underwriters did not hold any Shares. Each of the Underwriters and their respective ultimate beneficial owners is, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, an Independent Third Party.

Number of Underwritten Shares : The Offer Shares other than the Committed Shares, being not less than 2,751,355,620 Offer Shares (Note 1) and not more than 4,077,284,278 Offer Shares (Note 2).

The aggregate nominal value of the Underwritten Shares will be not less than HK\$275,135,562.0 and not more than HK\$407,728,427.8.

Notes:

1. This figure assumes that no further Shares will be allotted and issued before the Record Date from the Latest Practicable Date.
2. This figure assumes that the conversion rights under the Bonds have been exercised in full and new Shares have been allotted and issued pursuant thereto on or before the Record Date (but otherwise, no Shares have been allotted and issued on or before the Record Date).

Commission and expenses : The Company shall pay:

- (a) to the Underwriters, a commission in the aggregate sum of HK\$20,635,167; and
- (b) to the Underwriters reasonable legal fees and other reasonable out-of-pocket expenses of the Underwriters in respect of the Open Offer.

LETTER FROM THE BOARD

The commission payable to the Underwriters was determined after arm's length negotiations between the Company and the Underwriters and set on a fixed fee which is approximately 2.5% of the aggregate Subscription Price in respect of the maximum number of the 4,077,284,278 Underwritten Shares agreed to be underwritten by the Underwriters, and is consistent with the market practice. The Directors (including the independent non-executive Directors after taking into account the advice of the Independent Financial Adviser) consider that such amount is fair and reasonable, is on normal commercial terms and is comparable with market rate.

Under the Underwriting Agreement, if the conditions of the Open Offer are fulfilled on or before the Latest Time for Acceptance (or such later time and/or date as the Company and the Underwriters may determine in writing) and the Underwriting Agreement becomes unconditional and is not terminated in accordance with the terms thereof, and in the event that by the Latest Time for Acceptance any of the Underwritten Shares have not been taken up ("**Untaken Shares**"), the Company shall as soon as practicable thereafter and in any event before 4:00 p.m. on the first Business Day after the Latest Time for Acceptance, notify or procure the Company's branch share registrar and transfer office in Hong Kong on behalf of the Company to notify the Underwriters in writing of the number of Underwritten Shares not taken up for the Underwriters to subscribe for or procure subscription for the Untaken Shares.

Pursuant to the Underwriting Agreement, when any of the Underwriters is being called upon to subscribe for or procure subscription for its part of the Untaken Shares:

- (1) such Underwriter shall not subscribe, for its own account, for such number of Untaken Shares which will result in the shareholding of it and parties acting in concert (within the meaning of the Takeovers Code) with it in the Company to exceed 30% of the then issued share capital of the Company;
- (2) such Underwriter shall ensure that none of the subscribers of the Untaken Shares will become a substantial shareholder (as defined in the Listing Rules) of the Company as a result of such subscription and such subscriber, together with parties acting in concert with it, shall not be holding 30% or more of the issued share capital of the Company upon the allotment and issue of the Offer Shares;
- (3) such Underwriter shall use all reasonable endeavours to procure that each of the subscribers of the Untaken Shares (including any direct and indirect sub-underwriters) shall be third party independent of, not acting in concert with and not connected with the Directors, chief executive or substantial shareholders of the Company (within the meaning of the Listing Rules) or any of its subsidiaries and their respective close associates; and
- (4) in the event that there is insufficient public float of the Company within the meaning of the Listing Rules immediately upon completion of the Open Offer solely because of such Underwriter's performance of its obligations pursuant to the Underwriting Agreement, such Underwriter agrees to take such appropriate steps as may be reasonably required to maintain the minimum public float for the Shares in compliance with Rule 8.08 of the Listing Rules.

LETTER FROM THE BOARD

CM Undertaking

As one of the conditions precedent to the obligations of the Underwriters to underwrite the Underwritten Shares under the Underwriting Agreement, the Company has obtained the CM Undertaking pursuant to which Capital Mate had irrevocably confirmed, undertaken and warranted to the Company that:

- (1) Capital Mate shall accept and pay for the Committed Shares and undertake to lodge or procure to be lodged with the Company, acceptance in respect of such Committed Shares, with payment in full therefor in cash by no later than the Latest Time for Acceptance; and
- (2) the aggregate of 610,911,000 Shares currently beneficially owned by Capital Mate will remain beneficially owned by Capital Mate at the close of business on the Record Date as they are as at the date thereof free from encumbrances and that it will not change its registered address in the register of members of the Company (unless such change is to change to an address in Hong Kong).

PS Consent and Undertaking

Reference is made to the circular of the Company dated 2 October 2013 in relation to the Master Framework and Subscription Agreement. If the Open Offer is to proceed, the transactions contemplated thereunder may result in the increase of the issued share capital of the Company. Each of the Open Offer and the Increase in Authorised Share Capital constitutes an adjustment event under the Master Framework and Subscription Agreement and would require the consent of Partner Shanghai, the investor as named in the Master Framework and Subscription Agreement. In this regard, as one of the conditions precedent to the obligations of the Underwriters to underwrite the Underwritten Shares under the Underwriting Agreement, the Company shall have obtained the PS Consent and Undertaking pursuant to which Partner Shanghai shall:

- (1) grant an unconditional and irrevocable consent to the Company to proceed with the Open Offer in accordance with the terms and conditions of the Underwriting Agreement and the Increase in Authorised Share Capital notwithstanding each of the Open Offer and the Increase in Authorised Share Capital will constitute an adjustment event under the Master Framework and Subscription Agreement; and
- (2) irrevocably confirm, undertake and warrant to the Company that Partner Shanghai will not at any time from the date of the PS Consent and Undertaking up to and including the Record Date exercise its right under the Master Framework and Subscription Agreement to request for completion of the subscription under the Master Framework and Subscription Agreement.

LETTER FROM THE BOARD

CHANGES IN SHAREHOLDING STRUCTURE

For illustrative purposes:

- (1) If the Open Offer is to proceed, set out below is the shareholding structure of the Company assuming that (i) there is no change in the shareholding structure of the Company from the Latest Practicable Date up to the Record Date; and (ii) there is no Excluded Shareholder on the Record Date:

Shareholder	(1) As at the Latest Practicable Date and up to the Record Date		(2) Immediately upon completion of the Open Offer (assuming all Shareholders have taken up the Offer Shares)		(3) Immediately upon completion of the Open Offer (assuming no Shareholder (other than Capital Mate who has taken up the Committed Shares) has taken up the Offer Shares) (Note 1)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Capital Mate	610,911,000	30.75	1,832,733,000	30.75	1,832,733,000	30.75
<i>Public Shareholders:</i>						
Underwriters (Note 2)						
– SBI or subscribers procured by it	–	–	–	–	1,087,855,620	18.25
– OP or subscribers procured by it	–	–	–	–	1,650,000,000	27.69
– EB or subscribers procured by it	–	–	–	–	13,500,000	0.23
Other public Shareholders	1,375,677,810	69.25	4,127,033,430	69.25	1,375,677,810	23.08
Total:	<u>1,986,588,810</u>	<u>100.00</u>	<u>5,959,766,430</u>	<u>100.00</u>	<u>5,959,766,430</u>	<u>100.00</u>

LETTER FROM THE BOARD

- (2) If the Open Offer is to proceed, set out below is the shareholding structure of the Company assuming that (i) the conversion rights under the Bonds have been exercised in full and all the Conversion Shares have been allotted and issued on or before the Record Date; (ii) that there is no other change in the shareholding structure of the Company from the Latest Practicable Date up to the Record Date; and (iii) there is no Excluded Shareholder on the Record Date:

Shareholder	(1) As at the Latest Practicable Date and up to the Record Date		(2) Immediately upon completion of the Open Offer (assuming all Shareholders have taken up the Offer Shares)		(3) Immediately upon completion of the Open Offer (assuming no Shareholder (other than Capital Mate who has taken up the Committed Shares) has taken up the Offer Shares) (Note 1)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Capital Mate	610,911,000	23.06	1,832,733,000	23.06	1,832,733,000	23.06
<i>Public Shareholders:</i>						
<i>Underwriters (Note 2)</i>						
- SBI or subscribers procured by it	-	-	-	-	2,413,784,278	30.37
- OP or subscribers procured by it	-	-	-	-	1,650,000,000	20.76
- EB or subscribers procured by it	-	-	-	-	13,500,000	0.17
Bondholders and other public shareholders	2,038,642,139	76.94	6,115,926,417	76.94	2,038,642,139	25.64
Total:	<u>2,649,553,139</u>	<u>100.00</u>	<u>7,948,659,417</u>	<u>100.00</u>	<u>7,948,659,417</u>	<u>100.00</u>

Notes:

- Shareholders and potential shareholders should note that such scenarios are for illustration only. The Company will ensure compliance with the public float requirements pursuant to Rule 8.08 of the Listing Rules at all times. In the circumstances that all conditions of the Underwriting Agreement have been fulfilled and the Open Offer becomes unconditional, the underwriting commitment of the Underwriters would account for approximately 46.17% (assuming there is no change in the shareholding structure of the Company from the Latest Practicable Date up to the Record Date) and approximately 51.30% (assuming the conversion rights under the Bonds have been exercised in full and all the Conversion Shares have been allotted and issued on or before the Record Date and that there is no other change in the shareholding structure of the Company from the Latest Practicable Date up to the Record Date) respectively of the issued share capital of the Company as enlarged by the issue of the Offer Shares.

LETTER FROM THE BOARD

Pursuant to the Underwriting Agreement, each of the Underwriters has undertaken (“**Undertaking**”) to the Company that when such Underwriter is being called upon to subscribe for or procure subscription for its part of the Untaken Shares: (1) such Underwriter shall not subscribe, for its own account, for such number of Untaken Shares which will result in the shareholding of it and parties acting in concert (within the meaning of the Takeovers Code) with it in the Company to exceed 30% of the then issued share capital of the Company; (2) such Underwriter shall ensure that none of the subscribers of the Untaken Shares will become a substantial shareholder (as defined in the Listing Rules) of the Company as a result of such subscription and such subscriber, together with parties acting in concert with it, shall not be holding 30% or more of the issued share capital of the Company upon the allotment and issue of the Offer Shares; and (3) such Underwriter shall use all reasonable endeavours to procure that each of the subscribers of the Untaken Shares (including any direct and indirect sub-underwriters) shall be third party independent of, not acting in concert with and not connected with the Directors, chief executive or substantial shareholders of the Company (within the meaning of the Listing Rules) or any of its subsidiaries and their respective close associates.

The Company will take all reasonable steps to monitor the public float of the Company at all times.

2. As at the Latest Practicable Date, (i) SBI, being one of the Underwriters, has entered into three separate sub-underwriting agreements with each of Jun Yang Securities Co. Ltd., Fordjoy Securities and Futures Limited and Astrum Capital Management Limited respectively in relation to the sub-underwriting of 1,022,110,409 Offer Shares, 511,055,204 Offer Shares, and 511,055,204 Offer Shares respectively. Each of such sub-underwriters is a licensed corporation under the SFO and principally carries on regulated activities under the SFO, including but not limited to Type 1 (dealing in securities) regulated activity and hence, the sub-underwriting arrangements are in the ordinary course of business of each of such sub-underwriters; and (ii) EB, being one of the Underwriters, had entered into one sub-underwriting arrangement with a sub-underwriter in relation to the sub-underwriting of 13,500,000 Offer Shares. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, each of the sub-underwriters is an Independent Third Party and as informed by the relevant Underwriters, each of such sub-underwriting arrangements is in compliance with the Undertaking. Further, as informed by the Underwriters, the Underwriters and/or sub-underwriters are in the course of identifying potential investors for subscription of the Underwritten Shares and that the Underwriters will and will cause the sub-underwriters to procure independent subscribers to take up such number of Offer Shares as necessary to ensure that the public float requirements under the Listing Rules are complied with immediately after the allotment and issue of the Offer Shares. Therefore, it is expected that none of the Underwriters, the sub-underwriters and the ultimate subscribers procured by the Underwriters and the sub-underwriters will (together with each of the respective parties acting in concert or any of their respective connected persons or associates) hold in aggregate 10% or more of the voting rights in the Company immediately after the allotment and issue of the Offer Shares and that the public float of the Company as required under the Listing Rules could be maintained.

LETTER FROM THE BOARD

Shareholders and public investors should note that the above changes in shareholding structure are for illustration purposes only and the actual changes in the shareholding structure of the Company upon completion of the Open Offer are subject to various factors, including but not limited to the results of acceptance of the Open Offer. Further announcement will be made by the Company in accordance with the Listing Rules following the completion of the Open Offer upon which the Offer Shares are allotted and issued.

REASONS FOR THE OPEN OFFER

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

The Directors are of the view that the Open Offer will enable the Company to raise funds for reducing its indebtedness so as to improve the gearing ratio of the Group and other financial performance of the Group. In addition, the Open Offer would allow the Company to strengthen its capital base and provide an opportunity to all Qualifying Shareholders to participate in the future development of the Company. The Board has considered other alternative fund raising methods such as issue of new shares, bank borrowings and rights issue, and considers that it is prudent to finance the Group's long term growth by long term financing, preferably in the form of equity which will not increase the Group's finance costs. The Board has also considered a rights issue as an alternative means of fund raising to the Open Offer in which a rights issue is similar to an open offer except that it enables the Shareholders to trade in nil-paid rights. Considering the current monetary value per board lot, the Board is of the opinion that the trading of nil paid rights will incur a high transaction cost, which would not be economical and commercially preferred. Further, if the Company is to carry out a rights issue instead of the Open Offer, additional administrative work would be involved by the Company for arranging the trading of nil-paid rights and liaising with other parties such as the Company's share registrar and transfer office, the Underwriters and other professional advisers, and as compared to a rights issue, the absence of trading of nil paid rights in the Open Offer reduces associated administrative work and costs thus requires less time for completion. Furthermore, there is also uncertainty of the existence of a market to trade the nil-paid rights in view of the fluctuation in the historical trading price of the Shares.

In view of the above, the Board is of the opinion that raising funds by way of the Open Offer is more cost effective and efficient and beneficial to the Company and its Shareholders as a whole than a rights issue. As the Qualifying Shareholders are entitled to subscribe for the Offer Shares at the same price in proportion to their respective existing shareholding in the Company so as to maintain their shareholding percentage in the Company rather than an opportunity for certain Qualifying Shareholders to increase their shareholdings in the Company, the Shareholders are treated equally and fairly under the Open Offer. Further, as mentioned in the paragraph headed "The Open Offer - Subscription Price" in this letter from the Board, the Open Offer is structured with an objective to encourage all the Qualifying Shareholders to take up their respective assured entitlements such that the Subscription Price is set at a substantial discount to the prevailing market price of the Shares which provides reasonable incentives to all the Qualifying Shareholders to participate in the Open Offer. Accordingly, the Directors (including the independent non-executive Directors after taking into account the advice of the Independent Financial Adviser) consider that the terms of the Underwriting Agreement are fair and reasonable and that the Underwriting Agreement and the Open Offer are in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

USE OF PROCEEDS FROM THE OPEN OFFER

The Company will raise not less than approximately HK\$794.6 million and not more than approximately HK\$1,059.8 million before expenses from the Open Offer. The Company intends to use the net proceeds from the Open Offer, being not less than approximately HK\$772.6 million and not more than approximately HK\$1,037.8 million, as to approximately HK\$400 million for the repayment of the 19.2% per annum notes issued by the Company on 8 April 2015 in an aggregate principal amount of HK\$380 million, further details of which are disclosed in the announcements of the Company dated 25 March 2015 and 8 April 2015, in full. The remaining of approximately HK\$372.6 million (based on the minimum amount of net proceeds) will be used as to (i) approximately HK\$200 million to reduce other indebtedness of the Group, such as interest payment on the 7.00 per cent. Bonds and the 10.00 per cent. Bonds and the partial redemption of the 10.00 per cent. Bonds which will fall due in October 2015 in the aggregate amount of approximately HK\$176 million, and certain outstanding short term onshore loans in the aggregate amount of approximately RMB68 million which will fall due between August and December 2015; (ii) approximately HK\$100 million to strengthen and develop the fresh produce and processed products and branded food products related businesses of the Group; (iii) approximately HK\$24 million for the payment of professional fees and initial costs estimated for restructuring of the Group's business in preparation of the very substantial disposal as announced by the Company on 17 April 2015; and (iv) approximately HK\$48.6 million as general working capital and operating expenses of the Group. In the event that the remaining net proceeds are greater than such minimum amount, the amount of the remaining net proceeds will be used for the intended purposes as stated above.

The estimated expenses in relation to the Open Offer, including the underwriting commission, financial, legal and other professional expenses, of approximately HK\$22 million, will be borne by the Company.

FUND RAISING ACTIVITIES OF THE COMPANY WITHIN 12 MONTHS TO THE LATEST PRACTICABLE DATE

Apart from the fund raising activities mentioned below, the Company has not carried out other fund raising activities during the 12 months immediately preceding the Latest Practicable Date:

Date of announcement	Fund raising activity	Net proceeds raised (approximately)	Proposed use of the net proceeds	Actual use of the net proceeds
25 March 2015 and 8 April 2015	Issue of loan notes in the principal amount of HK\$380 million	HK\$379 million	Partial redemption of the 10.00 per cent. Bonds and payment of accrued interests under the Bonds	Utilised as intended, as to approximately HK\$327.8 million for the partial redemption of the 10.00 per cent. Bonds and payment of accrued interests under the Bonds

LETTER FROM THE BOARD

Date of announcement	Fund raising activity	Net proceeds raised (approximately)	Proposed use of the net proceeds	Actual use of the net proceeds
13 August 2014	Issue of 395,328,000 new Shares at a price of HK\$0.25 per Share under specific mandate obtained from the Shareholders on 17 October 2014	HK\$98.0 million	As to (i) approximately HK\$30.0 million for reduction of the Group's level of debt; (ii) approximately HK\$20.0 million for general working capital of the Group; and (iii) approximately HK\$48.0 million for the Group's own development of new business projects and in case such new business projects do not materialise, such net proceeds will be used for investment in other agriculture-related business and/or companies or further development of the branded beverage products business of the Group	Utilised as intended, as to approximately HK\$30.8 million for reduction of Group's level of debt, as to approximately HK\$21.7 million as general working capital of the Group which included operating expenses, payment of professional fees and loan interests and as to approximately HK\$45.5 million for investment in the agriculture related business of the Group, as part of the subscription price paid by the Company for subscription of shares in Oriental Unicorn Agricultural Group Limited, a company incorporated in Cayman Islands and continued in Bermuda with limited liability and the issued shares of which are listed on Growth Enterprise Market of the Stock Exchange, details of which are disclosed in the announcement of the Company dated 28 October 2014
29 July 2014 and 19 September 2014	Open offer on the basis of one offer share for every two shares held on the then record date at an offer price of HK\$0.25 per offer share	HK\$128.6 million	As to (i) approximately HK\$47 million for the payment of interests of the Bonds due in October 2014; and (ii) the remaining of approximately HK\$81.6 million as to approximately HK\$58.6 million to reduce the debt level of the Group and as to approximately HK\$23 million as general working capital of the Group	Utilised as intended, as to approximately HK\$48 million for payment of interests of the Bonds due in October 2014, as to approximately HK\$58.7 million to reduce the debt level of the Group, and as to approximately HK\$21.9 million as general working capital of the Group which included operating expenses, payment of professional fees and loan interests

LETTER FROM THE BOARD

Reference is made to the announcements of the Company dated 4 September 2013 and 23 October 2013. Under the Master Framework and Subscription Agreement, 226,553,576 new Shares will be issued and allotted under specific mandate to Partner Shanghai as the subscriber at a subscription price of HK\$1.34 per Share. As at the Latest Practicable Date, completion of the subscription had not yet taken place and no proceeds from the subscription had been raised.

IMPLICATIONS UNDER THE LISTING RULES

As the Open Offer will increase the issued share capital of the Company by more than 50%, pursuant to Rule 7.24(5) of the Listing Rules, the Open Offer is subject to Shareholders' approval under the Listing Rules whereby any controlling Shareholders and their associates or, where there are no controlling Shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of such resolution. As at the Latest Practicable Date, Capital Mate is the controlling shareholder of the Company. Accordingly, Capital Mate, Mr. Sun Shao Feng, the ultimate beneficial owner of Capital Mate, and their respective associates will abstain from voting in favour of the resolution for approving the Open Offer to be proposed at the SGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, there is no note holder or creditor of the Company which is holding any Shares that should abstain from voting at the SGM.

Save as disclosed above, no Shareholder is required to abstain from voting on the resolution for approving the Open Offer to be proposed at the SGM.

ADJUSTMENTS RELATING TO THE BONDS UPON COMPLETION OF THE OPEN OFFER

Pursuant to the terms and conditions of the Bonds, adjustments to the conversion price per Conversion Share may be made upon the Open Offer becoming unconditional. The Company will notify the Bondholders the adjustments (if any) that ought to be made to the conversion price under the Bonds in accordance with the terms and conditions of the Bonds.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The existing authorised share capital of the Company is HK\$300,000,000 divided into 3,000,000,000 Shares of which 1,986,588,810 Shares have been allotted and issued and fully paid or credited as fully paid. In preparation for the allotment and issue of the Offer Shares under the Open Offer, the Board proposes to increase the authorised share capital of the Company from HK\$300,000,000 (divided into 3,000,000,000 Shares) to HK\$1,000,000,000 (divided into 10,000,000,000 Shares) by the creation of an additional 7,000,000,000 unissued Shares, which will rank pari passu with all Shares.

The Increase in Authorised Share Capital is not conditional upon the Open Offer.

The Increase in Authorised Share Capital is conditional upon the passing of an ordinary resolution by the Shareholders at the SGM. No Shareholder is required to abstain from voting on the resolution for approving the Increase in Authorised Share Capital to be proposed at the SGM under the Listing Rules.

LETTER FROM THE BOARD

GENERAL

The Company has established an Independent Board Committee (which comprises all the independent non-executive Directors, namely Mr. Wei Xiongwen, Mr. Hu Ji Rong and Mr. Zeng Shaoxiao) to advise the Independent Shareholders as to whether the terms of the Open Offer are fair and reasonable and are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser.

In this connection, the Company has appointed Nuada Limited as the Independent Financial Adviser (the appointment of which has been approved by the Independent Board Committee) to advise the Independent Board Committee and the Independent Shareholders as to whether the Open Offer are fair and reasonable and are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote.

Subject to the passing of the resolution approving the Open Offer by the Independent Shareholders at the SGM, the Prospectus Documents setting out details of the Open Offer will be despatched to the Qualifying Shareholders (and for their information only, to the Excluded Shareholders) on Monday, 15 June 2015.

WARNING OF THE RISKS OF DEALING IN SHARES

The Open Offer is conditional, among other things, upon the obligations of the Underwriters under the Underwriting Agreement having become unconditional and the Underwriters not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Open Offer may or may not proceed. Shareholders and potential investors should therefore exercise extreme caution when dealing in the Shares. Any Shareholders or other persons contemplating dealing in the Shares are recommended to consult their own professional advisers.

Shareholders should note that subject to the passing of the resolution approving the Open Offer by the Independent Shareholders at the SGM, the Shares will be dealt in on an ex-entitlement basis commencing from Thursday, 4 June 2015 and that dealing in the Shares will take place while the conditions to which the Underwriting Agreement are subject remain unfulfilled.

Any Shareholder or other person dealing in the Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be on 4:00 p.m. on Thursday, 2 July 2015), will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholders or other persons contemplating dealing in the Shares, who is in any doubt about their position, is recommended to consult their own professional advisers.

LETTER FROM THE BOARD

SGM

A notice convening the SGM at 35th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong at 10:00 a.m. on Tuesday, 2 June 2015 is set out on pages SGM-1 to SGM-3 of this circular. Whether or not you are able to attend the meeting 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 meeting 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 meeting 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.

In accordance with the Listing Rules, Capital Mate, Mr. Sun Shao Feng, the ultimate beneficial owner of Capital Mate, and their respective associates, which in aggregate held 610,911,000 Shares representing approximately 30.75% of the issued share capital of the Company as at the Latest Practicable Date, will be required to abstain from voting in favour of the resolution for approving the Open Offer at the SGM and those who are involved in and/or interested in the Open Offer shall abstain from voting on the relevant resolution in respect of the Open Offer at the SGM.

Save as disclosed above, 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 SGM will be voted on by way of a poll at the SGM.

Closure of register of members

To ascertain the Shareholders' entitlement to attend and vote at the SGM, the register of members of the Company will be closed from Friday, 29 May 2015 to Tuesday, 2 June 2015 (both dates inclusive), during which no transfer of Shares will be registered. In order to qualify for the entitlement to attend and vote at the SGM, all transfer of Shares accompanied with the relevant shares certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by 4:30 p.m. on Thursday, 28 May 2015.

The Company's register of members will also be closed from Monday, 8 June 2015 to Friday, 12 June 2015 (both dates inclusive) to determine the entitlement to the Open Offer. No transfer of Shares will be registered during such period.

RECOMMENDATION

The Directors (including independent non-executive Directors after taking into account the advice of the Independent Financial Adviser) believe that the terms of the Open Offer are on normal commercial terms and are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including independent non-executive Directors after taking into account the advice of the Independent Financial Adviser) recommend the Independent Shareholders and the Shareholders (as the case may be) to vote in favour of the relevant resolutions to approve the Increase in Authorised Share Capital and the Open Offer at the SGM.

LETTER FROM THE BOARD

Shareholders are advised to read carefully the letter from the Independent Board Committee on page 31 of this circular. The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, the text of which is set out on pages 32 to 53 of this circular, considers that the terms of the Open Offer are on normal commercial terms and are fair and reasonable insofar as the Company and the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolution to approve the Open Offer at the SGM.

ADDITIONAL INFORMATION

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

On behalf of the Board
China Culiangwang Beverages Holdings Limited
Sun Shao Feng
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the Open Offer.



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)

15 May 2015

To the Independent Shareholders

Dear Sir or Madam,

**OPEN OFFER OF NOT LESS THAN 3,973,177,620 OFFER SHARES AND
NOT MORE THAN 5,299,106,278 OFFER SHARES
AT HK\$0.20 PER OFFER SHARE
ON THE BASIS OF 2 OFFER SHARES FOR EVERY 1 SHARE
HELD ON THE RECORD DATE**

We refer to the circular of the Company dated 15 May 2015 (“**Circular**”) of which this letter forms part. Unless the context specifies otherwise, capitalised terms used herein have the same meanings as defined in the Circular.

We have been appointed by the Board to advise the Independent Shareholders as to whether the terms of the Open Offer are fair and reasonable insofar as the Independent Shareholders are concerned. Nuada Limited has been appointed as the Independent Financial Adviser to advise you and us in this respect.

Having taken into account the principal reasons and factors considered by, and the advice of, the Independent Financial Adviser as set out in its letter of advice to you and us on pages 32 to 53 of the Circular, we are of the opinion that the Open Offer are on normal commercial terms, are in the interests of the Company and the Shareholders as a whole and the terms of which are fair and reasonable insofar as the Company and the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Open Offer.

Yours faithfully,

For and on behalf of the Independent Board Committee

Mr. Wei Xiongwen
*Independent non-executive
Director*

Mr. Hu Ji Rong
*Independent non-executive
Director*

Mr. Zeng Shaoxiao
*Independent non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Open Offer prepared for the purpose of inclusion in this circular.

Nuada Limited

Corporate Finance Advisory

Unit 1805-08, 18/F
OfficePlus@Sheung Wan
93-103 Wing Lok Street
Sheung Wan, Hong Kong
香港上環永樂街93-103號
協成行上環中心18樓1805-08室

15 May 2015

*To the Independent Board Committee
and the Independent Shareholders of
China Culiangwang Beverages Holdings Limited*

Dear Sirs,

**OPEN OFFER OF NOT LESS THAN 3,973,177,620 OFFER SHARES
AND NOT MORE THAN 5,299,106,278 OFFER SHARES
AT HK\$0.20 PER OFFER SHARE ON THE BASIS OF 2 OFFER SHARES
FOR EVERY 1 SHARE HELD ON THE RECORD DATE**

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Open Offer, details of which are set out in the section headed “Letter from the Board” (the “**Letter**”) in the Company’s circular dated 15 May 2015 (the “**Circular**”) to the Shareholders, of which this letter forms part. Our appointment as the Independent Financial Adviser has been approved by the Independent Board Committee. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

As stated in the Letter, the Company proposed to raise gross proceeds of minimum of HK\$794.6 million to a maximum of HK\$1,059.8 million by way of Open Offer. Under the Open Offer, the Company shall allot and issue not less than 3,973,177,620 Offer Shares (assuming no Shares have been allotted and issued pursuant to the conversion rights attaching to the Bonds on or before the Record Date) and not more than 5,299,106,278 Offer Shares (assuming a total of 662,964,329 new Shares have been allotted and issued upon full exercise of the conversion rights attaching to the Bonds on or before the Record Date) at the Subscription Price of HK\$0.20 per Offer Share, on the basis of 2 Offer Shares for every 1 Share held on the Record Date.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Under the Master Framework and Subscription Agreement, 226,553,576 new Shares may be issued and allotted under specific mandate to Partner Shanghai as the subscriber. Pursuant to the PS Consent and Undertaking, Partner Shanghai has undertaken not to at any time from the date of the PS Consent and Undertaking up to and including the Record Date exercise its right under the Master Framework and Subscription Agreement to request for completion of the subscription under the Master Framework and Subscription Agreement.

Pursuant to the Underwriting Agreement, each of the Underwriters has undertaken to the Company that when such Underwriter is being called upon to subscribe for or procure subscription for its part of the Untaken Shares: (1) such Underwriter shall not subscribe, for its own account, for such number of Untaken Shares which will result in the shareholding of it and parties acting in concert (within the meaning of the Takeovers Code) with it in the Company to exceed 30% of the then issued share capital of the Company; (2) such Underwriter shall ensure that none of the subscribers of the Untaken Shares will become a substantial shareholder (as defined in the Listing Rules) of the Company as a result of such subscription and such subscriber, together with parties acting in concert with it, shall not be holding 30% or more of the issued share capital of the Company upon the allotment and issue of the Offer Shares; (3) such Underwriter shall use all reasonable endeavours to procure that each of the subscribers of the Untaken Shares (including any direct and indirect sub-underwriters), shall be third party independent of, not acting in concert with and not connected with the Directors, chief executive or substantial shareholders of the Company (within the meaning of the Listing Rules) or any of its subsidiaries and their respective close associates ; and (4) in the event that there is insufficient public float of the Company within the meaning of the Listing Rules immediately upon completion of the Open Offer solely because of such Underwriter's performance of its obligations pursuant to the Underwriting Agreement, such Underwriter agrees to take such appropriate steps as may be reasonably required to maintain the minimum public float for the Shares in compliance with Rule 8.08 of the Listing Rules.

Please refer to the Letter for the detailed information of the Open Offer.

As the Open Offer will increase the issued share capital of the Company by more than 50%, pursuant to Rules 7.24(5) of the Listing Rules, the Open Offer is subject to Shareholders' approval under the Listing Rules whereby any controlling Shareholders and their associates or, where there are no controlling Shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of such resolution. As at the Latest Practicable Date, Capital Mate is the controlling shareholder of the Company. Accordingly, Capital Mate, Mr. Sun Shao Feng, the ultimate beneficial owner of Capital Mate, and their respective associates will abstain from voting in favour of the resolution for approving the Open Offer to be proposed at the SGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, there is no note holder or creditor of the Company which is holding any Shares that should abstain from voting at the SGM.

Save as disclosed above, no Shareholder is required to abstain from voting on the resolution for approving the Open Offer to be proposed at the SGM.

We, Nuada Limited, are independent of and not connected with any members of the Group or any of their substantial shareholders, directors or chief executives, or any of their respective associates, and is accordingly qualified to give an independent advice in respect of the Open Offer and we did not act as independent financial adviser to the Company's other transactions in the last two years.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Our role as the independent financial adviser is to (i) give our independent opinion to the Independent Board Committee and the Independent Shareholders as to whether the Open Offer are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole; and (ii) advise the Independent Shareholders on how to vote in relation to (i) above.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the accuracy of the statements, information, opinions and representations contained or referred to in the Circular and the information and representations provided to us by the Company, the Directors and the management of the Company. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have assumed that all information, representations and opinions contained or referred to in the Circular, which have been provided by the Company, the Directors and the management of the Company and for which they are solely and wholly responsible, were true and accurate at the time when they were made and continue to be true up to the Latest Practicable Date and should there be any material changes after the despatch of the Circular, Shareholders would be notified as soon as possible.

The Directors have jointly and severally accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed in the Circular, having made all reasonable inquiries, that to the best of their knowledge, opinion expressed in the Circular have been arrived at after due and careful consideration and there are no other facts the omission of which would make any statement in the Circular misleading. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Group.

We have not considered the tax consequences on the Qualifying Shareholders arising from the subscription for, holding of or dealing in the Offer Shares, or otherwise, since these are particular to their own circumstances. We will not accept responsibility for any tax effect on, or liabilities of, any person resulting from the subscription for, holding of or dealing in the Offer Shares. In particular, Qualifying Shareholders subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions with regard to the Open Offer and, if in any doubt, should consult their own professional advisers.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Open Offer and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation in relation to the Open Offer, we have considered the following principal factors and reasons:

1. Background information and outlook of the Group

(a) Business of the Group

As stated in the Letter and according to the management of the Company, as at the Latest Practicable Date, the Company is principally engaged in growing, processing and sales of agricultural products, and consumer food and beverage products. In addition, according to the Company's announcement dated 17 April 2015 and according to the management of the Company, the Company proposed to dispose the business of the manufacturing, marketing and sale of beverage products (but excluding porridge or congee and beverage products in powder form) (the "Disposal") and after the Disposal, the Company will cease to be engaged in the aforesaid business and will also close down its business of manufacturing, marketing and sale of beverage products in powder form after the completion of the Disposal. After the aforesaid transactions, the Company will continue with its business and strategy shift towards to consumer product driven business, from the cultivation and production of agriculture products and processing business.

According to the Outlook Report of Agricultural Products Development during 2015 to 2024 (中國農業展望報告“2015-2024”) published by the Ministry of Agricultural of China Government, the Ministry of Agricultural of the PRC government has made dynamic predictions for the production levels, consuming efficiency and price levels of the agricultural products. Despite the decreasing planting area for different agricultural products, the production level would still be expected to improve steadily. The production of rice, wheat, and corns will be expected to reach 600 million tons per year in 2024. The PRC government hopes that the whole agricultural ministry will be able to maintain the proportion of self-sufficient production. The government has promised that different policies will be announced to boost the production growth and match the modernization of planting industries in remote area in the coming years. For example, in November 2014, the policy of target price subsidizing for beans has been published, which the government would subsidize the farming industries if the market price of beans are below the reasonable target price that set by the government at the beginning of each year. The aforesaid report predicted that the production level will reach 14 million tons per annum in 2024 which is 21.7% more than that in 2015. But the demand pattern of beans will switch from direct consuming to secondary production. According to the management of the Company, the expectation of the change in the aforesaid demand pattern by the PRC government is in line with the Company's overall strategy and commitment to becoming a leading player in the multi grain consumer field. In conclusion, the PRC government is optimistic about the agricultural production levels in the coming decades because it will be benefit from the change of consumer habits and the comprehensiveness of the official policies.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(b) Financial results of the Group

The table below tabulates the financial results of the Group for each of the two years ended 30 April 2014 as extracted from the Group's annual report for the financial year ended 30 April 2014 (the "**Annual Report 2014**") and for the six months period ended 31 October 2013 and 2014 respectively as extracted from the Group's interim report for the six months period ended 31 October 2014 (the "**Interim Report 2014**").

	For the year ended 30 April		For the six months period ended 31 October	
	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	2,093,738	2,184,097	1,060,564	1,096,094
Profit/(Loss) for the year/for the period attributable to owners of the Company	(474,699)	81,130	10,598	(63,327)
Earnings per Share –				
Basic (RMB cent(s))	(52.7)	9.2	0.9	(7.2)
Diluted (RMB cent(s))	(52.7)	9.2	0.9	(7.2)

Revenue

As shown in the Annual Report 2014, the Group recorded a turnover of approximately RMB2,093.7 million for the year ended 30 April 2014 ("**FY2014**"), a slight decrease of approximately 4.1% from approximately RMB2,184.1 million for the year ended 30 April 2013 ("**FY2013**"). According to note numbered 14 of the notes to the consolidated financial statement for FY2014 as set out in the Annual Report 2014 and the management of the Company, the decrease of the Group's revenue for FY2014, was mainly due to the decreased in revenue in both the fresh produce and processed products business segment (decreased from approximately RMB660.8 million for FY2013 to approximately RMB409.8 million for FY2014) and the branded food products and others business segment (decreased from approximately RMB243.0 million for FY2013 to approximately RMB199.0 million for FY2014).

As stated in the Interim Report 2014, the revenue of the Group decreased from approximately RMB1,096.1 million for the six month period ended 31 October 2013 (the "**Six Months 2013**") to approximately RMB1,060.6 million for the six month period ended 31 October 2014 (the "**Six Months 2014**"). According to the management of the Company and the Interim Report 2014, the aforesaid decrease was mainly due to the decline from the Group's fresh produce and processed products business segment (decreased from approximately RMB173.8 million for Six Months 2013 to approximately RMB144.0 million for Six Months 2014) as there was no export sale of the aforesaid business segment for Six Months 2014 (approximately RMB14.6 million for Six Months 2013).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Profit

As shown in the Annual Report 2014, the profit attributable to owners of the Company decreased from approximately RMB81.1 million for FY2013 to loss of approximately RMB474.7 million for FY2014. According to the management of the Company and as stated in the Annual Report 2014, the loss for FY2014 was mainly due to (i) the cost of production; (ii) drop in revenue of the fresh produce and processed products business segment (from approximately RMB660.8 million for FY2013 to approximately RMB409.8 million for FY2014); (iii) an one-off provision of approximately RMB244.5 million for impairment of values of the assets involved in the fresh produce and processed products business segment for FY2014 (net profit of approximately RMB52.2 million for FY2013) and (iv) an one-off loss of disposal of a subsidiary (please refer to the Company's announcement dated 20 October 2013 for the detailed information of the aforesaid disposal) of approximately RMB50.3 million.

Liability and finance cost

As stated in the Interim 2014, as at 31 October 2014, the Group's cash and cash equivalent is amounted to approximately RMB541.7 million and the Group's major liabilities and outstanding debts are amounted to approximately RMB1,629.9 million (equivalent to approximately HK\$2,037.4 million based on RMB1 to HK\$1.25) which includes two series of convertible bonds issued by the Company in an amount of approximately RMB848.4 million and certain bank borrowings and borrowings from other entities amounted to approximately RMB781.5 million. In addition, according to the Company's announcement date 8 April 2015, the Company issue loan notes in principal amount of HK\$380 million (equivalent to approximately RMB304 million) with interest rate of 19.2% per annum (the "Notes").

According to the management of the Company and the indebtedness statement (the "**Indebtedness Statement**") as stated in paragraph headed "2. Indebtedness" in appendix I of the Circular, we noted that as at the close of business on 31 March 2015, being the latest practicable date for the purpose of the aforesaid indebtedness statement prior to the printing of the Circular, the Group had (i) outstanding borrowing of approximately RMB843.2 million; (ii) two tranches of convertible bonds which are 7.00 per cent. Bonds and 10.00 per cent. Bonds with aggregate amount of RMB515.3 million and RMB394.9 million respectively and (iii) the Notes. As at the Latest Practicable Date, the outstanding 10.00 per cent. Bonds are reduced from approximately RMB394.9 million to approximately RMB174.3 million as the Company made partial repayment of approximately RMB220.6 million on 12 April 2015 according to the terms of the aforesaid convertible bonds.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

According to the management of the Company and based on the Indebtedness Statement the Company would have to repay approximately RMB640.9 million in aggregate (which include the principal amount and/or the respective interests payment of (i) approximately RMB18.1 million for 7.00 per cent. Bonds; (ii) approximately RMB129.1 million for 10.00 per cent. Bond; (iii) approximately RMB333.2 million for the Notes and (iv) the remaining balance of approximately RMB160.5 for other borrowings) by the end of 2015 (“**Debt 2015**”). We requested and contained the relevant borrowing agreements of the aforesaid borrowings; two tranches of the convertible bonds and the Notes. As stated in the Letter and section headed “The use of proceeds from the Open Offer” below, we understand that the Company intended to use the net proceeds from the Open Offer as to (i) approximately HK\$400 million to for the payment of the Notes in full; (ii) approximately HK\$200 million to reduce other indebtedness of the Group, such as interest payment on the 7.00 per cent. Bonds and the 10.00 per cent. Bonds and the partial redemption of the 10.00 per cent. Bonds which will fall due between October 2015 in the aggregate amount of approximately HK\$176 million, and certain outstanding short term onshore loans in the aggregate amount of approximately RMB68 million which will fall due between August and December 2015. According to the management of the Company, we understand that the aforesaid debt that would be repaid by the proceeds from the Open Offer as stated above, is not the items of indebtedness that would be repaid by the proceeds from the Disposal.

According to the management of the Company, as at 31 March 2015, the cash level of the Group was approximately RMB 548.2 million. According to the management of the Company, the aforesaid cash level is assigned for the usage of daily operation of the Group’s business. Based on the amount of Debt 2015 as stated above and the cash level of the Group as at 31 March 2015, the shortfall is approximately RMB92.7 million, we are of the view and concur the view of the management of the Company that the Group had financial need to raise fund for the repayment of Debt 2015.

As stated in the Interim Report 2014, the finance costs of the Group were approximately RMB68.1 million for Six Months 2014 which represented approximately 52.0% of the Group’s profit from operations for the same period. According to the management of the Company, based on the latest liabilities of the Group as stated above, the finance costs of the Group are expected to be not less than RMB130.3 million for the financial year ending 30 April 2016. According to the management of the Company and Interim Report 2014, it is the Company’s policy to monitor its capital structure (based on the ratio of total liabilities to total assets) and will continue to implement strict financial management policies to achieve the aforesaid goal. As at 31 October 2014, the ratio of total liabilities to total assets of the Group was approximately 34.3% while that as at 31 October 2013 was approximately 35.4%.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. Reasons for the Open Offer

According to the management of the Company, the Open Offer will enable the Company to raise funds for reducing its indebtedness so as to improve the gearing ratio of the Company. In addition, the Open Offer would allow the Company to strengthen its capital base and provide an opportunity to all Qualifying Shareholders to participate in the future development of the Company.

After discussion with the management of the Company and according to the Interim Report 2014, we noted that it is the Company's policy to monitor its capital structure (based on the ratio of total liabilities to total assets) and will continue to implement strict financial management policies to achieve the aforesaid goal. As at 31 October 2014, the ratio of total liabilities to total assets of the Group was approximately 34.3% while that as at 31 October 2013 was approximately 35.4%. According to the management of the Company and the Letter, we understand that parts of the proceeds from the Open Offer, i.e. HK\$400 million, would be used for the repayment of the Notes in an aggregate principal amount of HK\$380 million in full and the remaining balance of approximately HK\$372.6 million will be used to (i) approximately HK\$200 million to reduce other indebtedness of the Group, such as interest payment on the 7.00 per cent. Bonds and the 10.00 per cent. Bonds and the partial redemption of the 10.00 per cent. Bonds which will fall due between October 2015 in the aggregate amount of approximately HK\$176 million, and certain outstanding short term onshore loans in the aggregate amount of approximately RMB68 million which will fall due between August and December 2015; (ii) approximately HK\$100 million to strengthen and develop the fresh produce and processed products and branded food products related businesses of the Group; (iii) approximately HK\$24 million for the payment of professional fees and initial costs estimated for restructuring of the Group's business in preparation of the Disposal; and (iv) approximately HK\$48.6 million as general working capital and operating expenses of the Group. Please refer to our analysis regarding the use of proceeds from the Open Offer under the section headed "3. The use of proceeds from the Open Offer" below.

According to the management of the Company, instead of the Open Offer, the Company had also considered other alternative fund raising methods, including debt financing such as bank borrowing and equity financing such as placing of new Shares/rights issue (please refer to the section headed "4. Other fund raising alternatives considered by the Group and the reasons for choosing the Open Offer as funding method" below for detailed discussion) to raise funds to implement the above business strategies. However, the management of the Company is of the view that such alternatives may be subject to lengthy due diligence and negotiations with banks and would incur interest burden to the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The management of the Company considers that it is prudent to finance the Group's long-term growth and repay the Company's debt by long-term financing, preferably in the form of equity. The management of the Company also believes that the Open Offer will enable the Group to strengthen its capital base and to enhance its financial position. In addition, the Open Offer will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Group.

Given the reasons as stated above, we are of the view and concur with the view of the Directors that the conduct of the Open Offer is in the interests of the Company and the Shareholders as a whole.

3. The use of proceeds from the Open Offer

As stated in the Letter, the Company proposed to raise gross proceeds of minimum of HK\$794.6 million to a maximum of HK\$1,059.8 million by way of Open Offer. Under the Open Offer, the Company shall allot and issue not less than 3,973,177,620 Offer Shares (assuming no Shares have been allotted and issued pursuant to the conversion rights attaching to the Bonds on or before the Record Date) and not more than 5,299,106,278 Offer Shares (assuming a total of 662,964,329 new Shares have been allotted and issued upon full exercise of the conversion rights attaching to the Bonds on or before the Record Date) at the Subscription Price of HK\$0.20 per Offer Share, on the basis of 2 Offer Shares for every 1 Share in issue held on the Record Date.

As stated in the Letter and according to the management of the Company, the Company intended to use the net proceeds from the Open Offer, being not less than approximately HK\$772.6 million and not more than approximately HK\$1,037.8 million, as to approximately HK\$400 million for the repayment of the Notes in an aggregate principal amount of HK\$380,000,000, in full and the remaining of approximately HK\$372.6 million (based on the minimum amount of net proceeds) will be used to (i) approximately HK\$200 million to reduce other indebtedness of the Group, such as interest payment on the 7.00 per cent. Bonds and the 10.00 per cent. Bonds and the partial redemption of the 10.00 per cent. Bonds which will fall due between October 2015 in the aggregate amount of approximately HK\$176 million, and certain outstanding short term onshore loans in the aggregate amount of approximately RMB68 million which will fall due between August and December 2015; (ii) approximately HK\$100 million to strengthen and develop the fresh produce and processed products and branded food products related businesses of the Group; (iii) approximately HK\$24 million for the payment of professional fees and initial costs estimated for restructuring of the Group's business in preparation of the Disposal; and (iv) approximately HK\$48.6 million as general working capital and operating expenses of the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at the Latest Practicable Date, the closing price of the Shares, i.e. HK\$0.62, is below the adjusted conversion prices of both 7.00 per cent. Bonds (HK\$1.01 per Conversion Share) (represent premium of approximately 62.9% to the closing price of the Shares as at the Latest Practicable Date) and 10.00 per cent. Bonds (HK\$8.63 per Conversion Share) (represent premium of approximately 1,291.9% to the closing price of the Shares as at the Latest Practicable Date). Therefore, the Bondholders would not likely to exercise the conversion rights to convert the Bonds into the new Shares based on the current market price of the Shares. Based on the aforesaid, the gross proceeds from the Open Offer should likely be approximately RMB794.6 million.

According to the management of the Company and the Company's announcement dated 17 April 2015 regarding the Disposal, the consideration of the Disposal is approximately US\$400.5 million (equivalent to approximately HK\$3,103.9 million). However, according to the management of the Company and the aforesaid announcement, we understand that as (i) the completion date of the Disposal is unlikely to take place in 2015 as the completion of the Disposal is subject to number of conditions, such as the approval from the Ministry of Commerce of the PRC in relation to the Disposal pursuant to the Anti-Monopoly Law and (ii) part of the consideration of the Disposal will only be released to the Company upon 18 months and 36 months after the completion date of the Disposal. Based on the above, we are of the view and concur with the view of the management of the Company that the proceeds from the Disposal cannot be used to repay the Debt 2015 as stated in the paragraph headed "1(b) Financial results of the Group" above.

Based on the cash and cash equivalent level of the Group as at 31 March 2015 as stated above and the repayment amount of Debt 2015 as stated above, we are of the view that the Company does not have sufficient internal resources to fully repay the aforesaid repayment amount.

Given (i) it is the policy of the Company to monitor its capital structure (based on the ratio of total liabilities to total assets) and will continue to implement strict financial management policies to achieve the aforesaid goal; and (ii) the repayment of the Debt 2015 can lower the finance cost of the Group (Please refer to the paragraph headed "1(b) Financial results of the Group – Liability and finance cost" above for the detailed information of the finance cost of the Group), we are of the view and concur with the view of the management of the Company that the proposed use of proceeds from the Open Offer is in the interests of the Company and the Independent Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4. Other fund raising alternatives considered by the Group and the reasons for choosing the Open Offer as funding method

As advised by the Directors, the Board had considered other alternative means of fund raising before resolving to the Open Offer including the followings:

(a) Debt Financing

According to the management of the Company, debt financing may be subject to lengthy due diligence and negotiations with banks and would incur addition interest burden to the Group as the finance costs of the Group is approximately RMB68.1 million for Six Months 2014 which represent approximately 52.0% of the Group's profit from operations for the same period. In addition, the Company may need to raise money to repay the loan upon its maturity (it is the reason of the Company to issue the Notes and please refer to the section headed "Fund raising activities of the Company within 12 months to the latest practicable date" in the Letter for detailed information). Also, the Board considers that it is prudent to finance the Group's long-term growth by long-term financing, preferably in the form of equity. The Board also believes that the Open Offer will enable the Group to strengthen its capital base and to enhance its financial position.

(b) Placing of new shares/Rights issue

As compared to the Open Offer, the placing of new Shares would not confer the Qualifying Shareholders the equal rights to participate in the capital exercise and their interests would be diluted without having an opportunity to maintain their percentage interests.

In view of the above, the Directors therefore consider that the Open Offer is the most suitable equity financing method available to the Group as:

- (i) the Open Offer offers all the Shareholders equal opportunity to subscribe for their pro-rata provisional entitlement of the Offer Shares and hence avoids dilution; and
- (ii) the Open Offer will allow the Company to strengthen its capital base and liquidity without incurring interest costs and increase its gearing ratio.

In addition, choosing the Open Offer instead of rights issue with trading of nil-paid rights, the management of the Company considered that setting up the trading arrangement of the nil-paid rights, the Company would have to spend additional time to review the relevant documents, liaise with the parties involved, and incur additional administrative costs and expenses, which will result in lower net proceeds to be raised. Compared to the rights issue, Open Offer is more cost effective. Furthermore, according to the management of the Company, the estimated net proceeds for the Open Offer has been earmarked for specific uses as stated in the section headed "3. The use of proceeds from the Open Offer" above. Therefore, the Board considers that it is important for the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Group to minimise all costs which may be incurred during the fund raising. The Board considers that the Open Offer is in the interest of the Company and the Shareholders as a whole as it offers all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company and enables the Qualifying Shareholders to maintain their proportionate interests in the Company and continue to participate in the future development of the Company should they wish to do so. Having considered and balanced against the extra administrative work and additional cost which will be involved for the trading arrangement of nil-paid rights, and given that all Qualifying Shareholders can have an equal opportunity to maintain their interests in the Company, the Directors are of the view that raising funds by way of the Open Offer is a better option and the Open Offer is in the interests of the Company and the Shareholders as a whole. However, those Qualifying Shareholders who do not take up the Offer Shares to which they are entitled should note that their shareholdings in the Company will be diluted (please refer to the section headed “6. Potential dilution effect on the interests of the Independent Shareholders” below for detailed information).

Taking into account that (i) debt financing and bank borrowing will incur addition interest burden to the Group; (ii) any placing of new Shares without first offering the existing Shareholders the opportunity to participate in the Company’s equity raising exercise would result in dilution of shareholding of the existing Shareholders and may result in dilution of per Share value to the existing Shareholders; and (iii) the Open Offer will enable the Shareholders to maintain their proportionate interests in the Company should they so wish, we are of the view that the Open Offer is fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

5. Principal terms of the Open Offer

Basis of the Open Offer

As stated in the Letter, the Company proposed to raise gross proceeds of minimum of HK\$794.6 million to a maximum of HK\$1,059.8 million by way of Open Offer. Under the Open Offer, the Company shall allot and issue not less than 3,973,177,620 Offer Shares (assuming no Shares have been allotted and issued pursuant to the conversion rights attaching to Bonds on or before the Record Date) and not more than 5,299,106,278 Offer Shares (assuming a total of 662,964,329 new Shares have been allotted and issued upon full exercise of the conversion rights attaching to Bonds on or before the Record Date) at the Subscription Price of HK\$0.20 per Offer Share, on the basis of 2 Offer Shares for every 1 Share in issue held on the Record Date.

Under the Master Framework and Subscription Agreement, 226,553,576 new Shares may be issued and allotted under specific mandate to Partner Shanghai as the subscriber. Under the PS Consent and Undertaking, Partner Shanghai has undertaken not to at any time from the date of the PS Consent and Undertaking up to and including the Record Date exercise its right under the Master Framework and Subscription Agreement to request for completion of the subscription under the Master Framework and Subscription Agreement.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Pursuant to the Underwriting Agreement, each of the Underwriters has undertaken to the Company that when such Underwriter is being called upon to subscribe for or procure subscription for its part of the Untaken Shares: (1) such Underwriter shall not subscribe, for its own account, for such number of Untaken Shares which will result in the shareholding of it and parties acting in concert (within the meaning of the Takeovers Code) with it in the Company to exceed 30% of the then issued share capital of the Company; (2) such Underwriter shall ensure that none of the subscribers of the Untaken Shares will become a substantial shareholder (as defined in the Listing Rules) of the Company as a result of such subscription and such subscriber, together with parties acting in concert with it, shall not be holding 30% or more of the issued share capital of the Company upon the allotment and issue of the Offer Shares; (3) such Underwriter shall use all reasonable endeavours to procure that each of the subscribers of the Untaken Shares (including any direct and indirect sub-underwriters), shall be third party independent of, not acting in concert with and not connected with the Directors, chief executive or substantial shareholders of the Company (within the meaning of the Listing Rules) or any of its subsidiaries and their respective close associates; and (4) in the event that there is insufficient public float of the Company within the meaning of the Listing Rules immediately upon completion of the Open Offer solely because of such Underwriter's performance of its obligations pursuant to the Underwriting Agreement, such Underwriter agrees to take such appropriate steps as may be reasonably required to maintain the minimum public float for the Shares in compliance with Rule 8.08 of the Listing Rules.

Basis of Determining the Subscription Price

The Subscription Price is HK\$0.20 per Offer Share, payable in full by a Qualifying Shareholder upon application for the Offer Shares under the Open Offer. The Subscription Price represents:

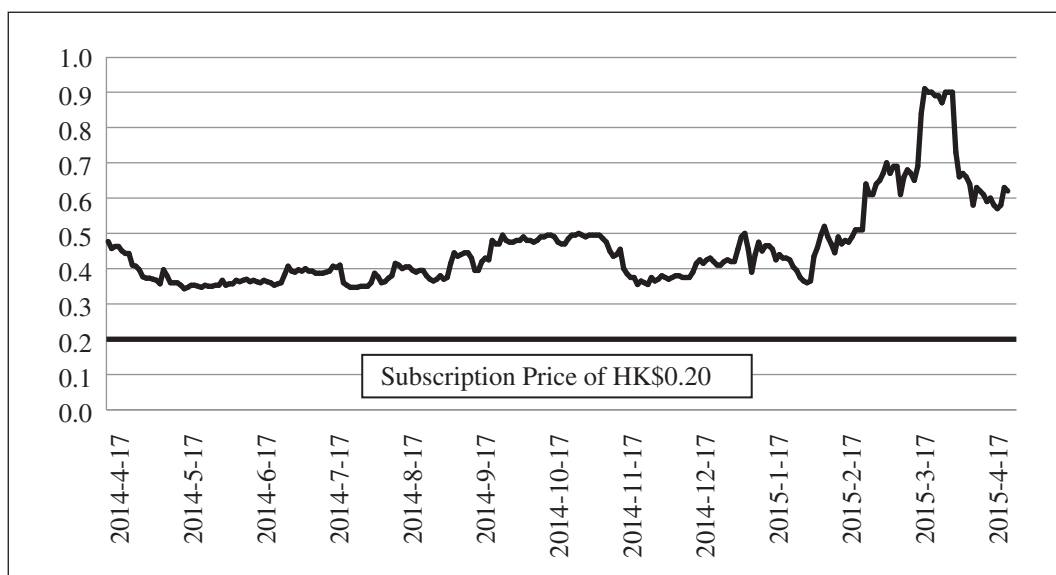
- (i) a discount of approximately 77.8% to the closing price of HK\$0.90 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 77.5% to the average of the closing prices of HK\$0.89 per Share as quoted on the Stock Exchange for the five trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 53.5% to the theoretical ex-entitlement price of HK\$0.43 based on the closing price of HK\$0.90 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iv) a discount of approximately 64.9% to the average of the closing prices of HK\$0.57 per Share as quoted on the Stock Exchange for the three months period up to and including the Last Trading Day;
- (v) a discount of approximately 55.6% to the average of the closing prices of HK\$0.45 per Share as quoted on the Stock Exchange for the nine months period up to and including the Last Trading Day;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (vi) a discount of approximately 91.6% over the unaudited net tangible asset per Share of approximately RMB1.9 as at 31 October 2014 according to Interim Report 2014; and
- (vii) a discount of approximately 67.7% to the closing price of HK\$0.62 per Share, as quoted on the Stock Exchange on the Latest Practicable Date.

Historical share price performance

In order to assess the fairness and reasonableness of the Subscription Price, we have reviewed the trading price of the Shares for the period from 17 April 2014, being the commencement date of the 12 months period prior to the date of the Underwriting Agreement, up to and including the Latest Practicable Date (the “**Review Period**”). The chart below illustrates the daily closing price of the Shares versus the Subscription Price of HK\$0.20 during the Review Period:



Source: The website of the Stock Exchange

As shown in the above chart, we note that, during the Review Period, the highest closing price and the lowest closing price of the Shares were HK\$0.91 on 2 April 2015 and HK\$0.343 on 23 May 2014 respectively. The Subscription Price of HK\$0.20 is lower than all the daily lowest closing price of the Shares during the Review Period, representing a discount of approximately 78.2% and 41.7% to such highest and lowest closing prices of the Shares during the Review Period. As shown in the graph above, we noted that the closing price of the Shares ranging from approximately HK\$0.3 to approximately HK\$0.5 from April 2014 to March 2015.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

According to the management of the Company, the Subscription Price and subscription ratio were arrived at after arm's length negotiation between the Company and the Underwriters with reference to, among other thing, (i) the capital needs of the Group; (ii) the market price of the Shares; and (iii) the prevailing market conditions.

As the Offer Shares are offered to all Qualifying Shareholders, we are advised by the Directors that they would like to set and maintain the Subscription Price at the current discount level (by adopting the current subscription ratio) that would attract all the Qualifying Shareholders and encourage them to participate in the Open Offer and accordingly maintain their shareholdings in the Company and participate in the future growth of the Company as stated in the section headed "3. The use of proceeds from the Open Offer" above.

Assuming the amount of fund raising maintains at approximately from a minimum of HK\$772.6 million to a maximum of approximately HK\$1,037.8 million (being the range of net proceeds from the Open Offer), in the event that the subscription ratio were set at lesser proportion (such as one Offer Share for ten Shares held on the record date), the subscription price of any open offer would have to be higher than the Subscription Price or set the subscription price with less discount rate to the prevailing market price of the Share and such discount rate of the Subscription Price to the prevailing market price of the Shares cannot be maintained and available to the Qualifying Shareholders.

Given the need to increase the attractiveness of the Open Offer to the Qualifying Shareholders, the Directors consider that the proposed discount rate of the Subscription Price to the prevailing market price of the Shares is appropriate.

We have attempted to review all the open offers announced by companies listed on the Stock Exchange in the three calendar month period prior to and up to the date of the Underwriting Agreement and other than the Open Offer, identified 15 open offers initially announced during the period (the "**Open Offer Comparable(s)**"). We consider that a review period of three calendar months prior and up to the date of the Underwriting Agreement is appropriate to capture the recent market practice because the Open Offer Comparables are considered for the purpose of taking a market general reference for the recent market practice in relation to the issue prices under other open offers as compared to the relevant prevailing market share prices under the recent market conditions and sentiments. However, given their discrepancies with the Group in terms of business nature, financial performance, financial position as well as funding requirements, we consider the Open Offer Comparables might not constitute close reference with the Open Offer, but just a market general reference for the recent market practice in relation to the issue prices under other open offers as compared to the relevant prevailing market share prices.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Details regarding the Open Offer Comparables are set out below:

No.	Company	Stock code	Date of initial announcement	Basis of entitlement	Excess application	Discount of average subscription price over/to the theoretical ex-entitlement price on last trading day or the date of agreement (approximate %)	Discount of average subscription price over/to the theoretical ex-entitlement price on last trading day or the date of agreement (approximate %)	Underwriting commission (%)	Potential maximum dilution of shareholding (%)
						(Note 1)	(Note 1)		(Note 2)
1	Ming Fung Jewellery Group Limited	860	4/2/2015	2 for 1	No	57.7	31.8	0.5	66.7
2	Global Energy Resources International Group Limited	8192	5/2/2015	1 for 2	No	35.1	26.5	2.5	33.3
3	Convoy financial Holdings Limited	1019	6/2/2015	3 for 1	No	71.3	38.3	3.5	75
4	Solartech International Holdings Limited	1166	6/2/2015	5 for 1	No	69.7	27.8	2.5	83.3
5	Heng Fai Enterprises Limited	185	27/2/2015	1 for 10	Yes	11.5	10.6	2.5	9.1
6	Capital VC Limited	2324	13/3/2015	7 for 1	No	76.6	28.6	1	87.5
7	Celebrate International Holdings Limited	8212	18/3/2015	30 for 1	Yes	92.9	29.7	3	96.8
8	Chinese Energy Holdings Limited	8009	24/3/2015	1 for 1	No	40.5	25.4	2.5	50
9	Powerwell Pacific Holdings Limited	8265	31/3/2015	1 for 2	No	24.7	17.9	2	33.3
10	EPI (Holdings) Limited	689	31/3/2015	1 for 2	No	45.1	35.3	1	33.3
11	Richly Field China Development Limited	313	1/4/2015	1 for 3	No	0	0	0	25
12	Seamless Green China (Holdings) Limited	8150	8/4/2015	1 for 2	No	17.1	12.1	1.5	33.3
13	Jun Yang Solar Power Investments Limited	397	13/4/2015	1 for 2	No	25.7	18.8	2.5	33.3
14	Century Sunshine Group Holdings Limited	509	14/4/2015	1 for 2	No	47.4	37.5	1.5	33.3
15	Media Asia Group Holdings Limited	8075	17/4/2015	1 for 2	Yes	38.8	29.8	1.5	33.3
					Average	43.6	24.7		
					Minimum	0	0		
					Maximum	92.9	38.3		
	The Company			2 for 1	No	77.8	53.5	2.5	66.7
								(note 4)	(note 3)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Notes:

1. Based on the figures disclosed in the initial announcement of the Open Offer Comparables respectively.
2. Maximum dilution effect of each open offer is calculated as: $(\text{number of new shares to be issued under the basis of entitlement}) / (\text{number of existing shares held for the entitlement for the new shares under the basis of entitlement} + \text{number of new shares to be issued under the basis of entitlement}) \times 100\%$.
3. Assume none of the Qualifying Shareholders take up their respective entitlement and all the Bonds are converted into Shares.
4. The percentage of underwriting commission is calculated as: the commission of the Open Offer in the aggregate sum of HK\$20,365,167/the dollar value of the maximum number of the Underwritten Shares

As shown on the above list of the Open Offer Comparables, the subscription prices of almost all of the Open Offer Comparables are set at discounts to relevant market price, ranging from a discount of approximately 0% to 92.9%, with an average discount of approximately 43.6%. The maximum discount represented by the Subscription Price to the closing price of the Shares on the Last Trading Day of approximately 77.8% is above the average discount and within the range of discounts of the Open Offer Comparables. We also noted that out of the 15 Open Offer Comparables, 7 of which set the issue price of the offer shares at discount deeper than the average discount of the Open Offer Comparables.

Having considered that (i) the use of proceeds from the Open Offer is consistent with the Company's policy to monitor its capital structure (based on the ratio of total liabilities to total assets); (ii) the Open Offer would strengthen the capital base of the Group; (iii) the Company does not have sufficient cash on hand to repay the Debt 2015 as stated in the paragraph headed "Liability and finance cost" above; (iv) although the maximum discount represented by the Subscription Price to the closing price of the Shares on the Last Trading Day of approximately 77.8% is above the average discount, it is within the range of discounts of the Open Offer Comparables and out of the 15 Open Offer Comparables, 7 of which set the issue price of the offer shares at discount deeper than the average discount of the Open Offer Comparables and (v) the Open Offer is fair and reasonable when compare to other alternatives as stated in the paragraph headed "4. Other fund raising alternatives considered by the Group and the reasons for choosing the Open Offer as funding method" above, we consider it is inevitable for the Company to set the Subscription Price at a high discount so as to increase the attractiveness of the Open Offer to the Qualifying Shareholders and to induce the Underwriters to participate the underwriting of the Open Offer. Having considered the abovementioned and that all Qualifying Shareholders are offered an equal opportunity to participate in the Open Offer and to take up their entitlements in full at the same price to maintain their respective shareholdings in the Company, we are of the opinion and concur with the view of the management of the Company that the discount rate of the Subscription Price as compared to the recent market prices of the Shares would encourage Shareholders to participate in the Open Offer and that the Subscription Price is fair and reasonable and the maximum dilution effect of the Open Offer is acceptable so far as the Independent Shareholders are concerned.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Underwriting Commission

The underwriting commission, after arm's length negotiation between the Company and the Underwriters, is approximately 2.5% (based on the commission of the Open Offer in the aggregate sum of HK\$20,365,167/the dollar value of the maximum number of the Underwritten Shares) for the Open Offer. In order to understand the recent underwriting commission received by the relevant underwriters in other open offers in other listed companies in the Stock Exchange, we have reviewed the underwriting commissions of the Open Offer Comparables. According to the information of the Open Offer Comparables, we understand that the offer structure of 8 out of 15 Open Offer Comparables are under range of offer shares and according to the relevant announcements of the aforesaid Open Offer Comparables, we understand that the underwriting commission of 5 of 8 are calculated based on the maximum number of the underwritten shares and rest of them did not clearly state in their respective announcements. Therefore, we are of the view and concur with the view of the management of the Company that the use of maximum number of the Underwritten Shares as the basis for the calculation of the underwriting commission is in line with market practice and reasonable. Based on table in paragraph headed "Historical share price performance" above, we noted that the underwriting commissions of the Open Offer Comparables were ranged from 0% to 3.5%. Given the underwriting commission of the Open Offer is within the aforesaid range of the underwriting commissions of the Open Offer Comparables, we consider that the underwriting commission of the Underwriting Agreement is justifiable.

Excess Application

There is no arrangement for the Qualifying Shareholders to apply for any Offer Shares which are in excess of his/her/its entitlement, however we note that the Company has set the Subscription Price at a considerable discount to the prevailing market price of the Shares so as to encourage the Qualifying Shareholders, who are positive to the future development of the Company, to exercise its rights to subscribe for the Offer Shares.

We consider that the absence of the excess application arrangement may not be desirable from the point of view of those Qualifying Shareholders who wish to take up additional Offer Shares in excess of their assured entitlements. However, we consider that the aforesaid should be balanced against the fact that (i) the terms of the Open Offer are structured with an intention to encourage all the Qualifying Shareholders to take up their respective assured allotment of the Offer Shares as the Subscription Price is set at a discount to the prevailing market price of the Shares which provides reasonable incentives to all the Qualifying Shareholders to participate in the Open Offer; (ii) the Qualifying Shareholders have the first right to decide whether to accept the Open Offer; and (iii) having no excess application would lower the administrative costs of the Open Offer to the Company to when compared to that with excess application according to the management of the Company (according to the management of the Company and the Letter, it is estimated that the additional costs and expenses including fees to be charged by the share registrar of the Company,

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

legal advisers of the Company and other professional services providers of around HK\$120,000 would be incurred for such administrative cost and the arrangement of excess application). As such, it is reasonable to expect that the majority of the Qualifying Shareholders who are positive about the prospects of the Company will apply for the Offer Shares and the Offer Shares available for excess application will be minimal. The absence of excess application arrangement therefore may not be considered material to the Qualifying Shareholders.

Furthermore, according to the management of the Company, the estimated net proceeds for the Open Offer has been earmarked for specific uses as stated in the section headed “3. The use of proceeds from the Open Offer” above. The Board considers that it is important for the Group to minimise all costs which may be incurred during the fund raising. Notwithstanding excess application arrangement will not be made available to Qualifying Shareholders, the Board considers that with the current Subscription Price offered to Qualifying Shareholders would encourage them to participate the Open Offer and to participate in the potential growth of the Company. In light of the above, the Board considers that the Open Offer in the absence of excess application arrangement is in the interests of the Shareholders. Any Offer Shares not taken up by the Qualifying Shareholders will be taken up by the Underwriters pursuant to the terms of the Underwriting Agreement.

In view of the above, although it may be beneficial to allow application for excess Offer Shares for the Qualifying Shareholders who wish to take up additional Offer Shares, we consider that the Open Offer has already given the opportunity to all Qualifying Shareholders to maintain their proportionate interests in the Company should they so wish by applying the Offer Shares according to their shareholding in the Company, which we consider to be fair and reasonable. Therefore, the absence of the excess application arrangement is acceptable.

6. Potential dilution effect on the interests of the Independent Shareholders

Upon completion of the Open Offer, not less than 3,973,177,620 Offer Shares (assuming no Shares have been allotted and issued pursuant to the Bonds on or before the Record Date) and not more than 5,299,106,278 Offer Shares (assuming a total of 662,964,329 new Shares have been allotted and issued upon full conversion of the Bonds on or before the Record Date) will be issued. As at the Latest Practicable Date, the closing price of the Shares, i.e. HK\$0.62, is below the adjusted conversion prices of both 7.00 per cent. Bonds (represent premium of approximately 62.9% to the closing price of the Shares as at the Latest Practicable Date) and 10.00 per cent. Bonds (represent premium of approximately 1,291.9% to the closing price of the Shares as at the Latest Practicable Date). Therefore, the Bondholders would not likely to exercise the conversion rights to convert the Bonds into the new Shares based on the current market price of the Shares.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Public Shareholders who are Qualifying Shareholders who elect to subscribe for their assured entitlements under the Open Offer in full will retain their current shareholding in the Company and their investments in the Company would not be diluted in terms of net tangible assets of the Group as a whole. Public Shareholders who are Qualifying Shareholders who do not elect to subscribe for their assured entitlements under the Open Offer in full would be diluted by a maximum (assume none of the Bonds are converted into new Shares on or before the Record Date) of (i) approximately 66.7% in terms of shareholding interests (when compared with their shareholding as at the Latest Practicable Date) and (ii) approximately 61.1% in terms of net tangible assets of the Group per Share as at 31 October 2014 (assume none of the Bonds are converted into new Shares on or before the Record Date) (according to the appendix II “Unaudited Pro Forma Financial Information” to the Circular and) i.e. approximately RMB 1.9 per Share.

However, we consider such scenario of maximum dilution is unlikely to occur since it assumes that the Independent Shareholders have voted in favour of the resolution approving Open Offer at the SGM which is a complete misalignment between the voting behaviour of the Independent Shareholders and their subscription for the Open Offer. In addition, we are of the view that it is more reasonable to justify the interests of the Shareholders in terms of the net tangible assets of the Group rather than just consider the percentage of their shareholding interests. The value of the investments held by Shareholders can be evaluated by (i) realised in the market with reference to the prevailing market price of the Shares or (ii) the interests share of the net tangible assets of the Group in case of liquidation. Since the prevailing market price of the Shares fluctuated daily, it is impracticable and impossible to predict the future market price of the Shares on a reasonable basis, which in turn, the return of Shareholders when they realised their investments in the market. On the other hand, the unaudited pro forma adjusted consolidated net tangible assets of the Group as at 31 October 2014 as adjusted for the Open Offer per Shares (detail of which are set out in Appendix II to the Circular) was prepared by the Directors in accordance with paragraph 4.29 of the Listing Rules and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants and reviewed by the reporting accountants of the Company. Therefore, the use of interests share of the net tangible assets of the Group is a better way to evaluate of the value of the investments held by Shareholders.

Despite the dilution effect by the Open Offer of a maximum of approximately 61.1% in terms of the adjusted net tangible assets of the Group per Share as at 31 October 2014 as stated above, having taken into account: (i) the use of proceeds from the Open Offer is consistent with the Company’s policy to monitor its capital structure (based on the ratio of total liabilities to total assets); (ii) the Open Offer would strengthen the capital base of the Group; (iii) as at the Latest Practicable Date, the Company does not have sufficient internal resources to repay the Debt 2015 as stated in the paragraph headed “Liability and finance cost” above; (iv) the Open Offer is fair and reasonable when compare to other alternative as stated in the paragraph headed “4. Other fund raising alternatives considered by the Group and the reasons for choosing the Open Offer as funding method” above, (v) the Open Offer is on the basis that all Qualifying Shareholders have been offered the same opportunity to maintain their proportional interests in the Company and allows the Qualifying Shareholders to participate in the growth of the Company; (vi) the inherent dilutive nature of the Open Offer in general if the existing Shareholder did not take up his/her/its entitlements under the Open Offer; and (vii) the discount rate of the Subscription Price to the prevailing market price of the Shares was necessary to encourage the Qualifying shareholders to participate the Open Offer, we consider the possible dilution effect on the Independent Shareholders to be acceptable.

7. Financial effects of the Open Offer

Net tangible asset

According to the unaudited pro forma financial information of the Group (the “**Pro Forma Financial Information**”) set out in Appendix II to the Circular, the unaudited net tangible assets of the Group was approximately RMB3,782.4 million as at 31 October 2014. The unaudited pro forma adjusted consolidated net tangible assets of the Group would increase to approximately RMB4,391.2 million as at 31 October 2014 upon completion of the Open Offer (on the basis that a minimum of 3,973,177,620 Offer Shares are issued).

Upon completion of the Open Offer, the unaudited pro forma adjusted net tangible assets of the Group per Share as at 31 October 2014 would decrease from approximately RMB1.9 to approximately RMB0.74 (on the basis that a minimum of 3,973,177,620 Offer Shares are issued). We are of the view that although the unaudited pro forma adjusted net tangible assets of the Group per Share as at 31 October 2014 would decrease as stated above, having taken into account: (i) the use of proceeds from the Open Offer is consistent with the Company’s policy to monitor its capital structure (based on the ratio of total liabilities to total assets); (ii) the Open Offer would strengthen the capital base of the Group; (iii) as at the Latest Practicable Date, the Company does not have sufficient internal resources to repay the Debt 2015 as stated in the paragraph headed “Liability and finance cost” above; (iv) the Open Offer is fair and reasonable when compare to other alternative as stated in the paragraph headed “4. Other fund raising alternatives considered by the Group and the reasons for choosing the Open Offer as funding method” above, (v) the Open Offer is on the basis that all Qualifying Shareholders have been offered the same opportunity to maintain their proportional interests in the Company and allows the Qualifying Shareholders to participate in the growth of the Company; (vi) the inherent dilutive nature of the Open Offer in general if the existing Shareholder did not take up his/her/its entitlements under the Open Offer; and (vii) the dollar value of the investment of Shareholders would not be diluted if the existing Shareholders take up his/her/its entitlements under the Open Offer, the aforesaid decrease in unaudited pro forma adjusted consolidated net tangible assets of the Group is justifiable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Taking into account the factors and reasons as mentioned under the section headed “Principal factors and reasons considered” above, which include:

- (i) financial information of the Group;
- (ii) the use of proceeds from the Open Offer is consistent with the Company’s policy;
- (iii) the Open Offer is fair and reasonable fund raising method as compared to the debt financing and the placing of new Shares;
- (iv) the discount of the Subscription Price to the prevailing market price is necessary to encourage the Qualifying Shareholders to participate in the Open Offer;
- (v) the Open Offer is on the basis that all Qualifying Shareholders have been offered the same opportunity to maintain their proportional interests in the Company; and
- (vi) the underwriting commission of the Open Offer is fair and reasonable;

we consider that, despite the inherent dilution effect to the Qualifying Shareholders who did not participate in the Open Offer, the terms of the Open Offer and the Underwriting Agreement are on normal and commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and the Open Offer and the entering into of the Underwriting Agreement are in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise to the Independent Shareholders to vote in favour of the resolution to approve the Open Offer to be proposed at the SGM and we recommend the Independent Shareholders to vote in favour of the ordinary resolution in this regard at the SGM.

For and on behalf of
Nuada Limited
Kevin Wong
Vice President

Mr. Kevin Wong is a person licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO and is a responsible officer of Nuada Limited who has over 12 years of experience in corporate finance industry.

1. FINANCIAL INFORMATION OF THE COMPANY

The audited consolidated financial statements of the Group for the year ended 30 April 2012, the year ended 30 April 2013 and the year ended 30 April 2014 together with accompanying notes have been included in the annual report of the Company for the year ended 30 April 2012 (pages 41 to 123), the annual report of the Company for the year ended 30 April 2013 (pages 34 to 117) and the annual report of the Company for the year ended 30 April 2014 (pages 41 to 145) respectively.

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

2. INDEBTEDNESS

As at the close of business on 31 March 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 31 March 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 RMB843,232,000. The outstanding indebtedness comprised (i) secured bank borrowings of approximately RMB495,270,000; (ii) unsecured bank borrowings of approximately RMB340,000,000; (iii) amount due to a Director of approximately RMB7,928,000; and (iv) amount due to a Shareholder of approximately RMB34,000.

Collateral security

The aforesaid secured bank borrowings of approximately RMB495,270,000 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 RMB302,907,000, RMB118,713,000 and RMB287,139,000 respectively.

Convertible bonds

As at close of business on 31 March 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 US\$ settled 7.00% due on 2016 and US\$ settled 10.00% due on 2016 with a principal amount of approximately RMB515,280,000 and RMB394,923,474 respectively. In respect of the US\$ settled 10.00% due on 2016 convertible bonds, the Company had made a mandatory redemption on 12 April 2015 and the principal amount after redemption was approximately RMB174,267,696.

For the aforesaid convertible bonds, all the shares in China Green Food Group Limited, a subsidiary of the Company incorporated in Hong Kong, 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 being 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 of the convertible bonds due in 2016.

Interest bearing notes

As at close of business on 31 March 2015, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had issued interest bearing notes with the carrying amounts of RMB304,000,000. The interest bearing notes bear interest at 19.2% per annum and will be matured in 6 months after issue.

Contingent liabilities

As at close of business on 31 March 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 31 March 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 31 March 2015.

Save as disclosed above, the Directors were not aware of any material changes in the indebtedness and contingent liabilities of the Group after 31 March 2015 and up to the Latest Practicable Date.

3. 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.

4. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial and trading position of the Group since 30 April 2014, being the date on which the latest published audited financial statements of the Company were made up.

5. BUSINESS PROSPECTS**Trading and financial prospects of the Group**

The Group is principally engaged in three major businesses: (1) branded beverage products, (2) fresh produce and processed products and (3) branded food products. As stated in the interim report of the Company for the six months ended 31 October 2014, the Group recorded a consolidated turnover of approximately RMB1,060.6 million, profit before taxation of approximately RMB62.8 million, and profit attributable to owners of the Company of approximately RMB10.6 million for the six months ended 31

October 2014. The Group also recorded consolidated total assets of approximately RMB5,759.6 million and consolidated total liabilities of approximately RMB1,977.1 million as at 31 October 2014.

The Group's fresh produce and processed products include primarily fresh vegetables. During the first half of 2014/2015, the total revenue from the fresh produce and processed products business dropped from RMB173.8 million to RMB144.0 million which is mainly due to the fact that there was no export from the Group during the period.

The Group's branded food and other products include primarily rice and hotpot products sold under the Group's own brand. Revenue from the branded food and other products increased from approximately RMB74.3 million in the first half of 2013/14 to approximately RMB80.3 million in the first half of 2014/2015.

For the branded beverage products business of the Group, revenue dropped slightly from approximately RMB848.0 million for the six months ended 31 October 2013 to approximately RMB836.3 million for the six months ended 31 October 2014. This is because the overall economy growth in China was slower compared with the past few years and the beverage market was in a slow and sluggish trend in general. However, as economic policy turned to ensure steady growth, more relaxing monetary policy is expected to launch in the near future which would promote domestic consumption.

As announced in the Company's announcement dated 17 April 2015, the Group proposed to dispose of its branded beverage products business (but excluding porridge or congee and beverage products in powder form). 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 multi grain focus, 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 Group will continue its porridge and congee 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 its momentum in the development of branded consumer products featuring multi grains to the exclusion of beverage products. The Group still has substantial operating assets after the disposal including production lines and facilities. As of 31 March 2015, the 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 Group following the disposal. The Company's four processing facilities located in Hubei, Jiangxi, Fujian and Hebei provinces do not form part of the disposed business. Those 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.

For the fresh produce and processed products business, the Board is formulating the suitable strategy tailored for the said segment. 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 optimize the reach and market access offered by the Group's distribution and sales network. The Group also plans to continue with the cultivation and processing of agriculture products for internal use and sale to other food producers. The 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 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.

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 its momentum already gathered in its multi grain related consumer business through the above-mentioned food and snack business strategies.

6. EVENTS AFTER 30 APRIL 2014 BEING THE DATE ON WHICH THE LATEST PUBLISHED AUDITED CONSOLIDATED ACCOUNTS OF THE GROUP WERE MADE UP

- (1) As disclosed in the circular of the Company dated 6 June 2014, the Board put forward a proposal to obtain a fresh authorisation from the Shareholders for the allotment and issue of the Conversion Shares so that the maximum number of the Conversion Shares that may fall to be allotted and issued upon the exercise of the conversion rights attached to the Bonds in full will not be capped at the respective maximum number as stated in the Company's circular dated 18 May 2013 but will be adjusted in accordance with the terms and conditions of the respective Bonds ("**Clarification of number of Shares issuable under the Bonds**"). The ordinary resolution regarding the Clarification of number of Shares issuable under the Bonds was duly passed by the Shareholders at the special general meeting of the Company held on 30 June 2014.

- (2) As disclosed in the announcement of the Company dated 20 June 2014, the parties to the Master Framework and Subscription Agreement and 紫荊控股有限公司 (in English for identification only, Tsinghua Redbud Holding Ltd.) (“**Tsinghua Redbud**”) entered into a novation agreement (“**Novation Agreement**”) pursuant to which, all the rights, benefits and obligations of the lender named in the Master Framework and Subscription Agreement under the Master Framework and Subscription Agreement were novated to Tsinghua Redbud upon the signing of the Novation Agreement to streamline the relationship of the parties under the Master Framework and Subscription Agreement. Save for the novation to Tsinghua Redbud and consequential changes, all material terms of the Master Framework and Subscription Agreement remain unchanged.
- (3) As disclosed in the announcement of the Company dated 29 July 2014 and the prospectus of the Company dated 28 August 2014, the Company proposed the issue of not less than 530,420,270 offer shares and not more than 802,736,922 offer shares by way of open offer at the subscription price of HK\$0.25 per offer share on the basis of one offer share for every two Shares in issue on 27 August 2014. As disclosed in the announcement of the Company dated 19 September 2014, completion of the open offer took place on 22 September 2014 and an aggregate of 530,420,270 Shares were issued and allotted accordingly and the net proceeds of approximately HK\$128.6 million were raised.
- (4) As disclosed in the announcement of the Company dated 13 August 2014, the Company and Jun Yang Solar Power Investments Limited (“**Jun Yang**”), a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange, entered into a subscription agreement 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 (“**Subscription Shares**”) at the subscription price of HK\$0.25 per Subscription Share. The Subscription Shares were allotted and issued on 24 October 2014 under the specific mandate granted to the Directors by the Shareholders at the special general meeting of the Company held on 17 October 2014.
- (5) As disclosed in the announcement of the Company dated 28 October 2014, the Company and Oriental Unicorn Agricultural Group Limited (“**OUA**”), a company incorporated in Cayman Islands and continued in Bermuda with limited liability and the issued shares of which are listed on the Growth Enterprise Market of the Stock Exchange, entered into two subscription agreements pursuant to which the Company has conditionally agreed to subscribe for, and OUA has conditionally agreed to allot and issue (a) 260,000,000 new shares of OUA at the subscription price of HK\$0.175 per share (“**First Tranche Subscription**”); and (ii) 83,000,000 new shares of OUA at the subscription price of HK\$0.175 per share (“**Second Tranche Subscription**”). Completion of the First Tranche Subscription took place on 10 November 2014 and completion of the Second Tranche Subscription took place on 11 February 2015. Upon completion of both subscriptions, the Group held a total of 343,000,000 shares of OUA, representing approximately 20.87% of the enlarged issued share capital of OUA and OUA became an associate of the Group.

- (6) As disclosed in the announcement of the Company dated 25 March 2015, the Company as the issuer and Convoy Asset Management Limited as the placing agent entered into a placing agreement pursuant to which Convoy Asset Management Limited agreed to act as placing agent of the Company, on a best endeavour basis, to procure placee(s) 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. As disclosed in the announcement of the Company dated 8 April 2015, the placing period of the placing ended on 2 April 2015 and completion of the issue of the Notes in an aggregate principal amount of HK\$380,000,000 took place on 8 April 2015 and the net proceeds from the issue of the Notes were used to finance the partial redemption of the 10.00 per cent. Bonds and the payment of the accrued interests for the Bonds.
- (7) On 15 April 2015, (a) the Company, 中綠(泉州)食品開發有限公司 (Zhonglu (Quanzhou) Green Foods Developing Co., Ltd*), 中綠之源(廈門)貿易有限公司 (China Green Resources (Xiamen) Sales Co., Ltd*), “**Xiamen Company**”), each of which an indirect wholly-owned subsidiary of the Company, and 可口可樂飲料(上海)有限公司 (Coca-Cola Beverages (Shanghai) Company Limited*) (“**CCBSL**”) entered into an equity transfer agreement (“**Equity Transfer Agreement**”) pursuant to which CCBSL has conditionally, and the Xiamen Company has conditionally agreed to sell (“**Disposal**”), the entire equity interest in 廈門粗糧王飲品科技有限公司 (Xiamen Culiangwang Beverage Technology Co., Ltd.)* the “**Target Company**”), a limited liability company incorporated in the PRC and wholly-owned by the Xiamen Company, at a consideration on the agreed enterprise value of US\$400.5 million (subject to adjustments). The Disposal constituted a very substantial disposal under the Listing Rules and is subject to Shareholders’ approval at a special general meeting of the Company to be convened for considering and approving, among other things, the Equity Transfer Agreement and the transactions contemplated thereunder; and (b) for the purposes of the Disposal, among other parties, the parties to the Equity Transfer Agreement, and the Target Company have entered into a restructuring agreement on the same date as the Equity Transfer Agreement to carry out a series of restructuring steps intended to consolidate the business of the manufacturing, marketing and sale of beverage products (but excluding porridge or congee and beverage products in powder form), as carried on by certain members of the Group under the Target Company, further details of each of which are disclosed in the announcement of the Company dated 17 April 2015.

* For identification purposes only

PRO FORMA FINANCIAL INFORMATION OF THE GROUP

- (A) *The following is the text of a report, prepared for the sole purpose of incorporation in this circular and received from the independent reporting accountants, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong.*



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

15 May 2015

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF PRO FORMA FINANCIAL INFORMATION INCLUDED IN AN
INVESTMENT CIRCULAR**

To the Board of Directors of China Culiangwang Beverages Holdings Limited

We have completed our assurance engagement to report on the unaudited pro forma financial information (the **"Unaudited 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 Unaudited Pro Forma Financial Information consists of the pro forma net assets statement as at 31 October 2014 and related notes as set out on pages II-1 to II-3 of the circular issued by the Company dated 15 May 2015 (the **"Circular"**). The applicable criteria on the basis of which the directors have compiled the pro forma financial information are described on pages II-4 to II-5 of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the proposed open offer of not less than 3,973,177,620 offer shares and not more than 5,299,106,278 offer shares at HK\$0.20 per offer share on the basis of two offer shares for every one share of the Company held on the record date (the **"Open Offer"**) on the Group's consolidated financial position as at 31 October 2014 as if the Open Offer had taken place at 31 October 2014. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's consolidated financial statements for the period ended 31 October 2014, no audited or review report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the Unaudited 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 Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the **"HKICPA"**).

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited 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 Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the respective 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 Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to Accounting Guideline 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 Unaudited 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 the Unaudited Pro Forma Financial Information included in the 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 31 October 2014 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited 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 Unaudited 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 Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited 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 Unaudited 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 Unaudited 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

APPENDIX II PRO FORMA FINANCIAL INFORMATION OF THE GROUP

(B) UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The unaudited pro forma financial information of the Group (the “**Unaudited Pro Forma Financial Information**”) attributable to equity shareholders of the Company is prepared by the Directors in accordance with Rule 4.29 of the Listing Rules to illustrate the effect of the proposed open offer (the “**Open Offer**”) of no less than 3,973,177,620 offer shares and not more than 5,299,106,278 offer shares of HK\$0.10 each at HK\$0.20 per offer share on the basis of two shares for every one share of the Company and on the consolidated net tangible assets of the Group as if the Open Offer had been completed on 31 October 2014.

The Unaudited Pro Forma Financial Information of the Group is prepared for illustrative purposes only, based on the judgments and assumptions of the Directors, and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group following the Open Offer as at the date to which it is made up or at any future date.

The Unaudited Pro Forma Financial Information of the Group is prepared based on the consolidated net tangible assets attributable to equity shareholders of the Company as at 31 October 2014 and adjusted to reflect the effect of the Open Offer:

	Unaudited consolidated net tangible assets of the Group as at 31 October 2014 RMB'000 (Note 1)	Estimated net proceeds from the Open Offer RMB'000 (Note 2)	Unaudited pro forma adjusted consolidated net tangible assets of the Group RMB'000	Unaudited consolidated net tangible assets of the Group per share as at 31 October 2014 prior to the completion of the Open Offer (Note 3)	Unaudited consolidated net tangible assets of the Group per share upon completion of the Open Offer (Note 4)
Proposed offer share issued					
3,973,177,620 offer shares issued	3,782,379	608,837	4,391,216	RMB1.90 per share	RMB0.74 per share
5,299,106,278 offer shares issued	3,782,379	817,803	4,600,182	RMB1.90 per share	RMB0.63 per share

APPENDIX II PRO FORMA FINANCIAL INFORMATION OF THE GROUP

Notes:

- (1) The unaudited consolidated net tangible assets of the Group as at 31 October 2014 is calculated based on the capital and reserves attributable to the owners of the Company as at 31 October 2014 of approximately RMB3,782,379,000, as extracted from the published unaudited interim report of the Company for the six months ended 31 October 2014.
- (2) The estimated net proceeds from the Open Offer are based on not less than 3,973,177,620 offer shares and not more than 5,299,106,278 offer shares of HK\$0.10 each at HK\$0.20 per offer share on the basis of two shares for every one share of the Company held as at the Latest Practicable Date, after deducting the estimated underwriting commission and other related expenses of approximately HK\$22 million (approximately to RMB17.3 million) to be incurred by the Company. The estimated net proceeds from the Open Offer are converted into Renminbi at an exchange rate of HK\$1 to RMB0.788, the prevailing exchange rate on 31 March 2015.
- (3) The number of shares used for the calculation of this amount is 1,986,588,810 representing shares in issue as at Latest Practicable Date as if the completion of the Open Offer has taken place as at 31 October 2014.
- (4) The number of shares used for the calculation of this amount is 5,959,766,430 and 7,285,695,088, representing 1,986,588,810 issued shares plus not less than 3,973,177,620 offer shares and not more than 5,299,106,278 offer shares upon completion of Open Offer.
- (5) No adjustment other than those adjusted above has been made to reflect any trading results or other transactions of the Group subsequent to 31 October 2014.

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. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and immediately following completion of the Open Offer were/will be as follows:

(A) As at the Latest Practicable Date

<i>Authorised:</i>		<i>HK\$</i>
<u>3,000,000,000</u>	Shares of HK\$0.1 each	<u>300,000,000</u>
<i>Issued and fully paid:</i>		
<u>1,986,588,810</u>	Shares of HK\$0.1 each	<u>198,658,881</u>

(B) Immediately following the completion of the Open Offer and the Increase in Authorised Share Capital

(a) assuming that (i) there is no change in the shareholding structure of the Company from the Latest Practicable Date up to the Record Date; and (ii) there is no Excluded Shareholder on the Record Date

<i>Authorised:</i>		<i>HK\$</i>
<u>10,000,000,000</u>	Shares of HK\$0.1 each	<u>1,000,000,000</u>
<i>Issued and fully paid/to be issued:</i>		
1,986,588,810	Shares as at the Latest Practicable Date	198,658,881
3,973,177,620	Offer Shares to be allotted and issued under the Open Offer	397,317,762
<u>5,959,766,430</u>	Shares upon completion of the Open Offer	<u>595,976,643</u>

- (b) assuming that (i) the conversion rights under the Bonds have been exercised in full and all the Conversion Shares have been allotted and issued on or before the Record Date; (ii) there is no other change in the shareholding structure of the Company from the Latest Practicable Date up to the Record Date; and (iii) there is no Excluded Shareholder on the Record Date

Authorised:		HK\$
<u>10,000,000,000</u>	Shares of HK\$0.1 each	<u>1,000,000,000</u>
Issued and fully paid/to be issued:		
2,649,553,139	Shares as at the Latest Practicable Date	264,955,313.9
5,299,106,278	Offer Shares to be allotted and issued under the Open Offer	529,910,627.8
<u>7,948,659,417</u>	Shares upon completion of the Open Offer	<u>794,865,941.7</u>

As at the Latest Practicable Date, the Company had Bonds which comprised of (i) the 7.00 per cent. Bonds in the aggregate principal amount of RMB515,280,000, carrying rights which entitled the Bondholders to convert up to 637,722,773 Conversion Shares at the conversion price of HK\$1.01 per Conversion Share (subject to adjustments); and (ii) the 10.00 per cent. Bonds in the aggregate principal amount of RMB174,267,696, carrying rights which entitled the Bondholders to convert up to 25,241,556 Conversion Shares at the adjusted conversion price of HK\$8.63 per Conversion Share (subject to adjustments).

Under the Master Framework and Subscription Agreement, 226,553,576 new Shares may be issued and allotted under specific mandate to Partner Shanghai as the subscriber. Under the PS Consent and Undertaking, Partner Shanghai will undertake not at any time from the date of the PS Consent and Undertaking up to and including the Record Date exercise its right under the Master Framework and Subscription Agreement to request for completion of the subscription under the Master Framework and Subscription Agreement. Please also refer to the paragraph headed “Underwriting Agreement – PS Consent and Undertaking” in the Letter from the Board in this circular for further details.

All the existing Shares in issue are fully-paid and rank pari passu in all respects including all rights as to dividends, voting and return of capital. The Offer Shares, when allotted, issued and fully-paid, will rank pari passu with the existing Shares in issue in all respects. Holders of fully-paid Offer Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment of the Offer Shares.

As at the Latest Practicable Date, save that the Bonds are listed on the Singapore Exchange Securities Trading Limited, the Company had no other outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert for or exchange for Shares.

As at the Latest Practicable Date, there was no arrangement under which future dividends were waived or agreed to be waived.

3. 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 2)	30.75% (Note 1)

Notes:

- The percentage shareholding in the Company is calculated by reference to the number of Shares in issue immediately following the completion of the Open Offer (assuming no Shares, other than the Offer Shares, are allotted and issued from the Latest Practicable Date to the completion of the Open Offer), that is, 5,959,766,430.
 - These shares comprise (i) 610,911,000 Shares held by Capital Mate; and (ii) 1,221,822,000 Committed Shares. Capital Mate is wholly and beneficially owned by Sun Shao Feng, an executive Director, the Chairman of the Board and the Chief Executive Officer of the Company.
- (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.

4. 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 and underlying Shares	Approximate percentage of interest (Note 1)
Capital Mate	Beneficial owner	1,832,733,000 (L) (Note 2)	30.75%
Oriental Patron Securities Limited	Beneficial owner	1,650,000,000 (L) (Note 3)	27.69%
Perfect Field Holdings Limited	Beneficial owner	1,650,000,000 (L) (Note 3)	27.69%
OP Financial Group Limited	Beneficial owner	1,650,000,000 (L) (Note 3)	27.69%
Oriental Patron Financial Services Group Limited	Interest in controlled corporation	1,650,000,000 (L) (Note 3)	27.69%
Oriental Patron Financial Group Limited	Interest in controlled corporation	1,650,000,000 (L) (Note 3)	27.69%
Zhang Gaobo	Interest in controlled corporation	1,650,000,000 (L) (Note 3)	27.69%
Zhang Zhi Ping	Interest in controlled corporation	1,650,000,000 (L) (Note 3)	27.69%
SBI China Capital Financial Services Limited	Interest in controlled corporation	1,087,855,620 (L) (Note 4)	18.25%
Long Vehicle Capital Limited	Interest in controlled corporation	1,087,855,620 (L) (Note 4)	18.25%

Name of Shareholder	Nature of interest	Number of Shares and underlying Shares	Approximate percentage of interest (Note 1)
Zhang Xiongfeng	Interest in controlled corporation	1,087,855,620 (L) (Note 4)	18.25%
Probest Limited	Interest in controlled corporation	1,087,855,620 (L) (Note 4)	18.25%
Cao Guoqi	Interest in controlled corporation	1,087,855,620 (L) (Note 4)	18.25%
Jun Yang Securities Co. Ltd.	Other	1,022,110,409 (L) (Note 5)	17.15%
Jun Yang Solar Power Investments Limited	Other	1,022,110,409 (L) (Note 5)	17.15%
Fordjoy Securities and Futures Limited	Other	511,055,204 (L) (Note 6)	8.58%
Yuen Shu Ming	Interest of controlled corporation	511,055,204 (L) (Note 6)	8.58%
Astrum Capital Management Limited	Other	511,055,204 (L) (Note 7)	8.58%
Astrum China Direct Investments Limited	Interest in controlled corporation	511,055,204 (L) (Note 7)	8.58%
Pan Chik	Interest in controlled corporation	511,055,204 (L) (Note 7)	8.58%
Liu Ming Lai Lorna	Interest of spouse	511,055,204 (L) (Note 7)	8.58%

Notes:

1. The percentage shareholding in the Company is calculated by reference to the number of Shares in issue immediately following the completion of the Open Offer (assuming no Shares, other than the Offer Shares, are allotted and issued from the Latest Practicable Date to the completion of the Open Offer), that is, 5,959,766,430.
 2. These shares comprise (i) 610,911,000 Shares held by Capital Mate; and (ii) 1,221,822,000 Committed Shares. Capital Mate is wholly and beneficially owned by Sun Shao Feng, an executive Director, the Chairman of the Board and the Chief Executive Officer of the Company.
 3. Based on the notices of disclosure of interests of Oriental Patron Securities Limited, Perfect Field Holdings Limited, OP Financial Group Limited, Oriental Patron Financial Services Group Limited, Oriental Patron Financial Group Limited, Zhang Gaobo and Zhang Zhi Ping each filed with the Stock Exchange dated 21 April 2015, these interests are held by Oriental Patron Securities Limited, which is wholly owned by Perfect Field Holdings Limited, which is in turn owned as to 71% by OP Financial Group Limited. OP Financial Group Limited is wholly owned by Oriental Patron Financial Services Group Limited, which is in turn owned as to 95% by Oriental Patron Financial Group Limited. Oriental Patron Financial Group Limited is owned as to 49% by Zhang Gaobo and as to 51% by Zhang Zhi Ping.
 4. Based on the notices of disclosure of interests of SBI China Capital Financial Services Limited, Long Vehicle Capital Limited, Zhang Xiongfeng, Probest Limited and Cao Guoqi each filed with the Stock Exchange dated 21 April 2015, these interests are held by SBI China Capital Financial Services Limited, which is wholly-owned by SBI China Capital Securities Limited, which is in turn wholly-owned by SBI China Capital Holdings Limited. SBI China Capital Holdings Limited is owned as to 48% by Long Vehicle Capital Limited and as to 52% by Probest Limited. Long Vehicle Capital Limited is wholly-owned by Zhang Xiongfeng and Probest Limited is wholly owned by Cao Guoqi.
 5. Based on the notices of disclosure of interests of Jun Yang Securities Co. Ltd. and Jun Yang Solar Power Investments Limited each filed with the Stock Exchange dated 20 April 2015, these interests are held by Jun Yang Securities Co. Ltd, which is wholly owned by Golden Moral Investments Ltd., which is in turn wholly owned by Jun Yang Solar Power Investments Limited.
 6. Based on the notices of disclosure of interests of Fordjoy Securities and Futures Limited and Yuen Shu Ming each filed with the Stock Exchange dated 21 April 2015, these interests are held by Fordjoy Securities and Futures Limited, which is owned as to 76% by Yuen Shu Ming.
 7. Based on the notices of disclosure of interests of Astrum Capital Management Limited, Astrum China Direct Investments Limited, Pan Chik and Liu Ming Lai Lorna each filed with the Stock Exchange dated 22 April 2015, these interests are held by Astrum Capital Management Limited, which is owned as to 80% by Astrum China Direct Investments Limited. Astrum China Direct Investments Limited is wholly-owned by Pan Chik. Liu Ming Lai Lorna is the spouse of Pan Chik.
 8. The letter (L) above denotes long position and the letter (S) above denotes short 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.

5. 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 2014, the date to which the latest published audited consolidated financial statements of the Group were made up.

6. 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.

7. SERVICE CONTRACTS

None of the Directors has a service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

8. 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 standstill agreements entered into between the Company and holder (“**Bondholders**”) of the RMB1,350,000,000 US Dollar settled 3.00 percent convertible bonds due 2013 (“**Bonds**”), pursuant to which the Bondholders agreed, among other things, not to exercise or direct the trustee to exercise, any rights of the Bondholders pursuant to any event of default under the constitutional documents of the Bonds and to use their best efforts to negotiate with the Company in good faith and conclude the execution of the necessary documents to effect terms of certain new bonds for the period 12 April 2013 to 13 May 2013, further details of which are set out in the circular of the Company dated 18 May 2013;
- (b) the non-binding term sheet dated 23 June 2013 entered into between the Company and Partner Shanghai in relation to a proposal to replace the subscription agreement dated 21 March 2013 between themselves in relation to the subscription by Partner Shanghai of 176,805,000 new Shares as amended by the supplemental letter dated 17 April 2013 to increase the subscription by Partner Shanghai from 176,805,000 new Shares to 226,553,476 new Shares, with a loan in the amount of HK\$303,581,792, on a without prejudice and subject to contract basis, further details of which are set out in the announcement of the Company dated 23 June 2013;
- (c) the Master Framework and Subscription Agreement, further details of which are set out in the announcement of the Company dated 4 September 2013;
- (d) the entrusted loan agreement dated 14 October 2013 entered into between (i) a PRC bank (“**Entrusted PRC Bank**”); (ii) China Green Foods Group; 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 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;

- (e) 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 (in English for identification only, Shanghai Kang Mei Pharmaceutical Consulting Ltd) (“**Shanghai Kang Mei Pharmaceutical**”); (iii) 中綠 (上海) 實業有限公司 (in English for identification only, Zhonglu (Shanghai) Industry Investment Limited) (“**Target Company**”); and (iv) China Green Foods Group, pursuant to which Dragon Choice has agreed to sell and Shanghai Kang Mei Pharmaceutical has agreed to acquire 100% equity interest in the Target Company at a consideration of RMB104,000,000, further details of which are set out in the announcement of the Company dated 20 October 2013;
- (f) the top-up placing agreement dated 14 March 2014 entered into between (i) 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 the Vendor at the placing price of HK\$0.60 per Share, for and on behalf of the Vendor, further details of which are set out in the announcement of the Company dated 14 March 2014;
- (g) 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 Oriental Patron, further details of which are set out in the announcement of the Company dated 14 March 2014;
- (h) the specific mandate placing agreement (“**Specific Mandate Placing Agreement**”) dated 14 March 2014 entered into between the Company and 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;
- (i) the memorandum of understanding (“**MOU**”) dated 27 March 2014 entered into between the Company and Oriental Unicorn Agricultural Group Limited (“**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;
- (j) the letter of termination dated 28 April 2014 entered into between the Company and 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;

- (k) 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;
- (l) 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 on the terms to be set out in the prospectus to be issued by the Company in relation to such open offer;
- (m) 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;
- (n) 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;
- (o) 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;
- (p) (i) the equity transfer agreement (“**Equity Transfer Agreement**”) dated 15 April 2015 entered into between the Company, 中綠(泉州)食品開發有限公司 (in English for identification only, Zhonglu (Quanzhou) Green Foods Developing Co., Ltd.), 中綠之源(廈門)貿易有限公司 (in English for identification only, China Green Resources (Xiamen) Sales Co., Ltd., “**Xiamen Company**”), each of which an indirect wholly-owned subsidiary of the Company, and 可口可樂飲料(上海)有限公司 (in English for identification only, Coca-Cola Beverages (Shanghai) Company Limited) (“**CCBSL**”), pursuant to which CCBSL has conditionally agreed to acquire, and the Xiamen Company has conditionally agreed to sell the entire equity interest in 廈門粗糧王飲品科技有限公司 (in English for identification only, Xiamen Culiangwang Beverage Technology Co., Ltd., “**Target Company**”), a limited liability company incorporated in the PRC and wholly-owned by the Xiamen Company, at a

consideration on the agreed enterprise value of US\$400.5 million (subject to adjustments); and (ii) the restructuring agreement dated 15 April 2015 entered into between, among other parties, the parties to the Equity Transfer Agreement and the Target Company, pursuant to which the parties thereunder envisaged to carry out a series of restructuring steps intended to consolidate the business of the manufacturing, marketing and sale of beverage products (but excluding porridge or congee and beverage products in powder form) as carried on by certain members of the Group under the Target Company, further details of each of which are disclosed in the announcement of the Company dated 17 April 2015; and

(q) the Underwriting Agreement.

9. COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors nor his close 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.

10. EXPERTS AND CONSENTS

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

Name	Qualification
HLB Hodgson Impey Cheng Limited	Certified Public Accountants
Nuada Limited	a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO

Each of HLB Hodgson Impey Cheng Limited and Nuada Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letters or opinions or reports or references to its name in the form and context in which it appears.

As at the Latest Practicable Date, each of HLB Hodgson Impey Cheng Limited and Nuada Limited had not had 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, each of HLB Hodgson Impey Cheng Limited and Nuada Limited had not had any direct or indirect interests in any assets which have been, since 30 April 2014 (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 are proposed to be acquired or disposed of by or leased to any member of the Group.

11. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE OPEN OFFER

Registered office	Clarendon House 2 Church Street Hamilton, HM11 Bermuda
Principal place of business in Hong Kong	19/F, China Hong Kong Tower 8 Hennessy Road Wan Chai Hong Kong
Underwriters	SBI China Capital Financial Services Limited Unit A2, 32/F United Centre 95 Queensway Hong Kong Oriental Patron Securities Limited 27/F, Two Exchange Square 8 Connaught Place Central Hong Kong China Everbright Securities (HK) Limited 36/F, Far East Finance Centre 16 Harcourt Road Hong Kong
Legal adviser to the Company	<i>As to Hong Kong laws</i> Leung & Lau Units 7208-10, 72/F The Center 99 Queen's Road C., Central Hong Kong

Auditor	HLB Hodgson Impey Cheng Limited Certified Public Accountants 31/F, Gloucester Tower The Landmark 11 Pedder Street, Central Hong Kong
Principal bankers	Standard Chartered Bank Standard Chartered Bank Building 4-4A Des Voeux Road Central Hong Kong
Principal share registrar and transfer office	MUFG Fund Services (Bermuda) Limited The Belvedere Building 69 Pitts Bay Road Pembroke HM08 Bermuda
Hong Kong branch share registrar and transfer office	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17/F Hopewell Centre 183 Queen's Road East, Wanchai Hong Kong
Authorised representatives	Mr. Sun Shao Feng No. 1, Linhou Bei Li Huli District, Xiamen City Fujian Province PRC Mr. Pang Wing Hong Flat C, 41/F, Tower 6 Caribbean Coast, Tung Chung Hong Kong
Company secretary	Mr. Pang Wing Hong, FCCA, HKICPA

12. DIRECTORS AND SENIOR MANAGEMENT PROFILE

Particulars of the Directors and senior management of the Company:

Name	Correspondence address
Executive Directors	
Mr. Sun Shao Feng (<i>Chairman and Chief Executive Officer</i>)	19/F, China Hong Kong Tower 8 Hennessy Road Wan Chai Hong Kong
Mr. Chen Changgai	19/F, China Hong Kong Tower 8 Hennessy Road Wan Chai Hong Kong
Independent Non-Executive Directors	
Mr. Wei Xiongwen	19/F, China Hong Kong Tower 8 Hennessy Road Wan Chai Hong Kong
Mr. Hu Ji Rong	19/F, China Hong Kong Tower 8 Hennessy Road Wan Chai Hong Kong
Mr. Zeng Shaoxiao	19/F, China Hong Kong Tower 8 Hennessy Road Wan Chai Hong Kong
Senior management	
Mr. Pang Wing Hong	19/F, China Hong Kong Tower 8 Hennessy Road Wan Chai Hong Kong
Mr. Chen Qian	19/F, China Hong Kong Tower 8 Hennessy Road Wan Chai Hong Kong

Mr. Lin Bing Wen
19/F, China Hong Kong Tower
8 Hennessy Road
Wan Chai
Hong Kong

Ms. Chen Bing Ling
19/F, China Hong Kong Tower
8 Hennessy Road
Wan Chai
Hong Kong

Mr. Chen Wen Zhong
19/F, China Hong Kong Tower
8 Hennessy Road
Wan Chai
Hong Kong

Mr. Zhang Zhi Qin
19/F, China Hong Kong Tower
8 Hennessy Road
Wan Chai
Hong Kong

Executive Directors

(1) Mr. Sun Shao Feng

Mr. Sun Shao Feng (“**Mr. Sun**”), aged 49, is the Chairman, Chief Executive Officer and founder of the Group since its establishment. He is also an authorised representative of the Company pursuant to Rule 3.05 of the Listing Rules and director of several subsidiaries of the Company. Mr. Sun is mainly responsible for the overall management, business development, strategic planning and sales and marketing functions of the Group. He graduated in July 2002 from Correspondence College of the Central School of the Communist Party of China (中共中央黨校函授學院) majoring in Economics and Management. He has many years of management experience in the agricultural industry. Prior to joining the Group in May 1998, he had worked for the government office of Fuzhou City (福州市委). He is also a committee member of the Chinese People’s Political Consultative Conference of the Fujian Province Quanzhou City (中國人民政治協商會議泉州委員會) and the vice-president of the Hui An County Association of Industry and Commerce (惠安縣工商業聯合會). Mr. Sun’s accomplishment is widely recognized by the PRC government. In 2000, he was accredited with the top 10 young entrepreneurs as well as the Model Labour of Quanzhou City. In 2001, he was nominated by the Central Office of the Communist Youth Group (共青團中央辦公廳) as one of the National Villages Young Entrepreneurial Leaders (全國農村青年創業致富帶頭人). In 2009, he was honorably awarded the “2009 Top 10 Outstanding Chinese Agricultural Economics Industry Entrepreneurs” (“2009 中國農經產業十大優秀企業家”) during the “Third Session China Agricultural Economics Industry Development Forum” (“第三屆中國農經產業發展論壇”) (“**Forum**”) and the “2009 China Agricultural Economics Industry Elite Ceremony” (“二零零九中國農經產業傑出人物頒獎典禮”) which are held jointly by the China Agricultural Magazine of the Agriculture Ministry (農業部中國農村雜誌社) and the China Academy of Management Science, and he was also appointed as an executive of the Forum.

As at the Latest Practicable Date, Mr. Sun was interested in 610,911,000 Shares beneficially owned by Capital Mate and the 1,221,822,000 Committed Shares. Capital Mate is wholly and beneficially owned by Mr. Sun.

Save as disclosed above, as at the Latest Practicable Date, Mr. Sun did not (i) hold any directorships in other listed company in the last three years; (ii) have any other major appointments and professional qualifications; (iii) hold any other position with the Company or other members of the Group; and (iv) have any relationship with any other Directors, senior management, substantial or controlling Shareholders.

(2) *Mr. Chen Changgai*

Mr. Chen Changgai (“**Mr. Chen**”), aged 35, was appointed as an executive Director on 25 November 2013. Mr. Chen is also the general manager of finance and the executive vice president of the Group, mainly responsible for managing the Group’s finance. Mr. Chen graduated from Wuhan University of Technology with a bachelor’s degree in accounting. Mr. Chen joined the Group in 2001 and held various positions including accountant, finance manager, deputy chief financial officer and assistant to the president of the Group, mainly responsible for managing the Group’s accounts and tax filings. Mr. Chen has managing and finance experiences for over 14 years. He is also a member of each of the remuneration committee and the nomination committee of the Company.

As at the Latest Practicable Date, Mr. Chen was not interested in any Shares within the meaning of Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, Mr. Chen did not (i) hold any directorships in other listed company in the last three years; (ii) have any other major appointments and professional qualifications; (iii) hold any other position with the Company or other members of the Group; and (iv) have any relationship with any other Directors, senior management, substantial or controlling Shareholders.

Independent non-executive Directors

(1) *Mr. Wei Xiongwen*

Mr. Wei Xiongwen (“**Mr. Wei**”), aged 47, was appointed as an independent non-executive Director on 26 August 2013. Mr. Wei graduated from the law faculty of Peking University (now known as ‘Peking University Law School’) in 1988 and was awarded a bachelor’s degree in laws. In 2005, he was awarded a degree of executive master of business administration by The City University London, Sir John CASS Business School. In 1989, Mr. Wei was awarded the qualification of China Lawyer practising in corporate finance, financial and capital markets, project finance, mergers and acquisitions, foreign direct investment. He is currently a partner and the head of lawyers of 上海創遠律師事務所 (Shanghai Chong Yuan Law Firm). He is also a member of each of the audit committee, the remuneration committee, the nomination committee and the corporate governance committee of the Company.

As at the Latest Practicable Date, Mr. Wei was not interested in any Shares within the meaning of Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, Mr. Wei did not (i) hold any directorships in other listed company in the last three years; (ii) have any other major appointments and professional qualifications; (iii) hold any other position with the Company or other members of the Group; and (iv) have any relationship with any other Directors, senior management, substantial or controlling Shareholders.

(2) *Mr. Hu Ji Rong*

Mr. Hu Ji Rong (“**Mr. Hu**”), aged 58, was appointed as an independent non-executive Director on 6 September 2002. Mr. Hu graduated from Jiangxi University of Finance and Economics (江西財經學院) in 1983 and obtained a master degree in Business Administration from the Open University of Hong Kong in 2000. He holds a Certified Public Accountant license in the PRC. Mr. Hu has been the deputy head of Accounting Department in the College of Management of Fuzhou University (福州大學). Mr. Hu has taken up a number of public service positions including a specially contracted auditor (特約審計員) of the Fujian Provincial Audit Office (福建省審計廳) and a committee member of the Professional Conduct Committee of Fujian Institute of Certified Public Accountants (福建省註冊會計師協會). Mr. Hu has published numerous articles and research reports in the PRC. He is also the chairman of each of the audit committee, the remuneration committee and the corporate governance committee of the Company, and a member of the nomination committee of the Company.

As at the Latest Practicable Date, Mr. Hu was not interested in any Shares within the meaning of Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, Mr. Hu did not (i) hold any directorships in other listed company in the last three years; (ii) have any other major appointments and professional qualifications; (iii) hold any other position with the Company or other members of the Group; and (iv) have any relationship with any other Directors, senior management, substantial or controlling Shareholders.

(3) *Mr. Zeng Shaoxiao*

Mr. Zeng Shaoxiao (“**Mr. Zeng**”), aged 34, was appointed as an independent non-executive Director on 18 August 2014. Mr. Zeng graduated and received his master and doctorate degree in Fujian Agriculture and Forestry University, major in storage and processing of agricultural products. Currently, Mr. Zeng is a member of professors committee of College of Food Science and the dean of Nutrition and Food Safety department of Fujian Agriculture and Forestry University, a director of Fujian Institute of Food Science and Technology, executive director of Fujian Food Additive Association, peer review expert of National Natural Science Foundation of China. Mr. Zeng has been engaged in researches in fruit and vegetable processing, starch chemistry and function, evaluation of food safety and function, and he has been a visiting scholar of The University of Georgia for one year. In recent years, he is the major cooperator in one research program supported by Natural Science Foundation of China and two provincial research projects,

and participates in several national and provincial research projects. He is also the chairman of the nomination committee, and a member of each of the audit committee, the remuneration committee and the corporate governance committee of the Company.

As at the Latest Practicable Date, Mr. Zeng was not interested in any Shares within the meaning of Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, Mr. Zeng did not (i) hold any directorships in other listed company in the last three years; (ii) have any other major appointments and professional qualifications; (iii) hold any other position with the Company or other members of the Group; and (iv) have any relationship with any other Directors, senior management, substantial or controlling Shareholders.

Senior management of the Group

(1) Mr. Pang Wing Hong

Mr. Pang Wing Hong (“**Mr. Pang**”), aged 44, is the chief financial officer, company secretary and an authorised representative of the Company pursuant to Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and Rule 3.05 of the Listing Rules. Mr. Pang holds a Bachelor of Business Administration degree, majoring in professional accountancy, from The Chinese University of Hong Kong and a Master of Business Administration degree from The University of Adelaide, Australia. He is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr. Pang has over 20 years’ solid experience in financial management, accounting, auditing and corporate finance with strong comprehension of the China and international markets.

(2) Mr. Chen Qian

Mr. Chen Qian (“**Mr. Q Chen**”), aged 43, is the vice president of marketing of the Group. Mr. Q Chen graduated from Fujian Province Ningde City Normal School (福建省寧德市師範高等專科學校) in 1992 and obtained a master degree from Renmin University of China (中國人民大學) in 2004. Prior to joining the Group, he served in various positions at a number of companies, including Officer, Section Chief, Head of Sub-division, Vice General Manager and Acting General Manager, and has over 10 years of working experience in sales management.

(3) Mr. Lin Bing Wen

Mr. Lin Bing Wen (“**Mr. Lin**”), aged 46, is the deputy general manager of cultivation division. He joined the Group in January 2001. Prior to joining the Group, Mr. Lin was the person-in-charge of cultivation bases for 5 years. He obtained his qualification as an assistant engineer from Quanzhou City personnel Department (泉州市人事局) in January 2002.

(4) *Ms. Chen Bing Ling*

Ms. Chen Bing Ling (“**Ms. BL Chen**”), aged 40, is the deputy general manager of cultivation division. Ms. BL Chen has been a member of the Group since August 1998 and had been mainly responsible for business development, sales and marketing activities of the Group. She received a diploma in Business Management from Xiamen University (廈門大學) in 1996.

(5) *Mr. Chen Wen Zhong*

Mr. Chen Wen Zhong (“**Mr. WZ Chen**”), aged 53, is the general manager of procurement center and a senior agriculturist. Since he started his career in 1985, he has been engaged in management of agricultural cultivation and development. He had been the sourcing director (principally in processing, plantation, sales and production) in the head office of Shanghai Doule (PRC) of the US DOLE Food Company. Mr. WZ Chen has strong experience in the on-site management of agricultural cultivation and processing.

(6) *Mr. Zhang Zhi Qin*

Mr. Zhang Zhi Qin (“**Mr. ZQ Zhang**”), aged 51, is the general manager of food research and development center of the Group. He is a senior engineer and a bachelor of Food Engineering. He was a Committee Member of the Assessment Committee of Senior Positions of High Technology Officers of Xiamen and Committee Member of Technological Professional Committee of Fujian Food Industry Association. He has over 10 years of working experience in planning of food product development projects and in design, selection and implementation of production procedures. He is well versed in engineering technology and equipment engineering. He has issued a number of publications on his research and findings, including “Processing Technology of Fruits, Vegetables and Sugar Products”, “Research and Production of Artificial Longan” and “Research and Production of Oolong Tea”.

13. GENERAL

In the event of inconsistency, the English text of this circular and the accompanying form of proxy shall prevail over the Chinese text.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at 19/F, China Hong Kong Tower, 8 Hennessy Road, Wan Chai, Hong Kong from the date of this circular up to and including 2 June 2015:

- (a) the memorandum of association and the bye-laws of the Company;
- (b) the annual reports of the Company for the two financial years ended 30 April 2014;
- (c) the accountants’ report from HLB Hodgson Impey Cheng Limited on the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II to this circular;

- (d) the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and Independent Shareholders, the text of which is set out in the section headed “Letter from the Independent Financial Adviser” on pages 32 to 53 of this circular;
- (e) the letter of recommendation from the Independent Board Committee to the Independent Shareholders, the text of which is set out in the section headed “Letter from the Independent Board Committee” on page 31 of this circular;
- (f) the written consents as referred to in the paragraph headed “Experts and consents” in this appendix;
- (g) the material contracts referred to under the section headed “Material contracts” in this appendix;
- (h) the circular of the Company dated 30 September 2014; and
- (i) 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 10:00 a.m. on Tuesday, 2 June 2015 at 35th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong, for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**THAT** the authorised share capital of the Company be increased from HK\$300,000,000 divided into 3,000,000,000 shares of nominal value of HK\$0.1 each (“**Shares**”) to HK\$1,000,000,000 divided into 10,000,000,000 Shares of nominal value of HK\$0.1 each by the creation of an additional 7,000,000,000 unissued Shares (“**Increase in Authorised Share Capital**”) be and is hereby approved and the directors (“**Directors**”) of the Company be and are hereby authorised to do all such acts and things and execute all such documents on behalf of the Company, as they may consider necessary or expedient to give effect to or in connection with the Increase in Authorised Share Capital.”
2. “**THAT** subject to and conditional upon: (i) the passing of the ordinary resolution numbered 1 as set out in the notice convening this meeting; (ii) The Stock Exchange of Hong Kong Limited granting or agreeing to grant (subject to allotment) listing of and permission to deal in all the Offer Shares (as defined in the circular of the Company dated 15 May 2015 (“**Circular**”), a copy of which has been produced to this meeting marked “A” and signed by the chairman of this meeting for the purpose of identification) by no later than the Prospectus Posting Date (as defined in the Circular); (iii) the filing and registration of all relevant documents with the Registrar of Companies in Hong Kong by no later than the Prospectus Posting Date; (iv) the posting of the Prospectus Documents (as defined in the Circular) to the Qualifying Shareholders (as defined below) on the Prospectus Posting Date; and (v) the Underwriting Agreement (as defined in the Circular) becoming unconditional and not being terminated by the Underwriters (as defined in the Circular) pursuant to the terms thereof on or before the Latest Time for Termination (as defined in the Circular):
 - (a) the Underwriting Agreement be and is hereby confirmed, approved and ratified;

NOTICE OF SGM

- (b) the issue by way of open offer (“**Open Offer**”) of not less than 3,973,177,620 shares (“**Shares**”) of nominal value of HK\$0.1 each in the share capital of the Company (“**Offer Shares**”) and not more than 5,299,106,278 Offer Shares to the shareholders (“**Qualifying Shareholders**”) of the Company whose names appear on the register of members of the Company at the close of business on Friday, 12 June 2015 (“**Record Date**”) (or such other date as may be agreed in writing between the Underwriters and the Company) other than those shareholders of the Company whose registered addresses as shown on the register of members of the Company are in any place outside Hong Kong and whom the Directors, based on the enquiry made by the Company, consider it is necessary or expedient not to offer the Offer Shares to such Shareholders (“**Excluded Shareholders**”) on account either of the legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body(ies) or stock exchange(s) in those place(s), in the proportion of two Offer Shares for every one Share then held on the Record Date at the subscription price of HK\$0.20 per Offer Share and otherwise on the terms and conditions set out in the Circular be and is hereby approved;
- (c) any one Director be and is hereby authorised to allot and issue the Offer Shares pursuant to or in connection with the Open Offer provided that in the case of the Excluded Shareholders, the Offer Shares shall not be allotted and issued to the Excluded Shareholders but shall be aggregated and issued to a nominee to be named by the Company and such Offer Shares shall be sold in the market as soon as practicable after dealings in the Offer Shares in their fully-paid form commence and the proceeds of such sale (after deduction of expenses) of more than HK\$100 will be paid pro rata to the Excluded Shareholders and the Company shall retain any individual amount of HK\$100 or less;
- (d) any one Director be and is hereby authorised to make such other exclusions or other arrangements in relation to the Excluded Shareholders as he may deem necessary or expedient and generally to do such things or make such arrangements as he may think fit to effect the Open Offer; and
- (e) any one Director be and is hereby authorised to do all such acts and things, to sign and execute all such further documents and to take such steps as he may in his absolute discretion consider necessary, appropriate, desirable or expedient to carry out or to give effect to or in connection with the Open Offer and the Underwriting Agreement or any transactions contemplated thereunder.”

On behalf of the Board
China Culiangwang Beverages Holdings Limited
Sun Shao Feng
Chairman

Hong Kong, 15 May 2015

NOTICE OF SGM

Registered office:

Clarendon House
2 Church Street
Hamilton, HM 11
Bermuda

Head office and principal place

of business in Hong Kong:
19/F, China Hong Kong Tower
8 Hennessy Road
Wan Chai
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. To ascertain the entitlement of the shareholders of the Company to attend and vote at the Meeting, the register of members of the Company will be closed from Friday, 29 May 2015 to Tuesday, 2 June 2015 (both dates inclusive), during which no transfer of Shares will be registered. In order to qualify for the entitlement to attend and vote at the Meeting, all transfer of Shares accompanied with the relevant shares certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by 4:30 p.m. on Thursday, 28 May 2015.
4. 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.
5. 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 three independent non-executive Directors, namely Mr. Wei Xiongwen, Mr. Hu Ji Rong and Mr. Zeng Shaoxiao.