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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)

PROPOSED CAPITAL REORGANISATION AND PROPOSED CHANGE IN BOARD LOT SIZE

PROPOSED CAPITAL REORGANISATION

The Board proposes to implement the Capital Reorganisation which will involve the Share Consolidation, the Capital Reduction and the Share Sub-division, details of which are as follows:

(1) Share Consolidation:

Every 5 issued and unissued Existing Shares of par value of HK\$0.10 each in the share capital of the Company will be consolidated into 1 Consolidated Share of par value of HK\$0.50 each and the total number of Consolidated Shares in the issued share capital of the Company immediately following the Share Consolidation will be rounded down to a whole number by cancelling any fraction in the issued share capital of the Company which may arise from the Share Consolidation.

(2) Capital Reduction:

The Capital Reduction will be effected immediately upon the Share Consolidation becoming effective, pursuant to which the par value of each of the then issued Consolidated Shares will be reduced from HK\$0.50 to HK\$0.10 by cancelling the paid-up capital of the Company to the extent of HK\$0.40 on each of the then issued Consolidated Shares, the credits arising from (a) such reduction of the paid up capital; and (b) the cancellation of any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation, which together, amount to approximately HK\$476,914,031, will be credited to the contributed surplus account of the Company within the meaning of the Companies Act.

(3) Share Sub-division:

Immediately following the Capital Reduction, each of the authorised but unissued Consolidated Shares of par value of HK\$0.50 each will be sub-divided into 5 New Shares of par value of HK\$0.10 each.

WARNING

Shareholders should take note that the Capital Reorganisation is conditional upon satisfaction of conditions set out in the paragraph headed “Conditions of the Capital Reorganisation”. Therefore, the Capital Reorganisation may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Existing Shares, and if they are in any doubt about their position, they should consult their professional advisers.

PROPOSED CHANGE IN BOARD LOT SIZE

The Board proposes to change the board lot size for trading in the Shares from 6,000 Existing Shares to 4,000 New Shares subject to and upon the Capital Reorganisation becoming effective.

GENERAL

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Capital Reorganisation. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, no Shareholders are required to abstain from voting on the resolutions to be proposed at the SGM. A circular containing, among other things, details of the Capital Reorganisation and a notice convening the SGM will be despatched to the Shareholders as soon as practicable.

PROPOSED CAPITAL REORGANISATION

The Board proposes to implement the Capital Reorganisation which will involve the Share Consolidation, the Capital Reduction and the Share Sub-division, details of which are as follows:

(1) Share Consolidation:

Every 5 issued and unissued Existing Shares of par value of HK\$0.10 each in the share capital of the Company will be consolidated into 1 Consolidated Share of par value of HK\$0.50 each and the total number of Consolidated Shares in the issued share capital of the Company immediately following the Share Consolidation will be rounded down to a whole number by cancelling any fraction in the issued share capital of the Company which may arise from the Share Consolidation.

(2) Capital Reduction:

The Capital Reduction will be effected immediately upon the Share Consolidation becoming effective, pursuant to which the par value of each of the then issued Consolidated Shares will be reduced from HK\$0.50 to HK\$0.10 by cancelling the paid-up capital of the Company to the extent of HK\$0.40 on each of the then issued Consolidated Shares, the credits arising from (a) such reduction of the paid up capital; and (b) the cancellation of any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation, which together, amount to approximately HK\$476,914,031, will be credited to the contributed surplus account of the Company within the meaning of the Companies Act.

(3) Share Sub-division:

Immediately following the Capital Reduction, each of the authorised but unissued Consolidated Shares of par value of HK\$0.50 each will be sub-divided into 5 New Shares of par value of HK\$0.10 each.

Effects of the Capital Reorganisation

As at the date of this announcement, the authorised share capital of the Company is HK\$1,000,000,000 divided into 10,000,000,000 Existing Shares of par value of HK\$0.10 each, of which 5,961,425,388 Existing Shares have been issued and fully paid or credited as fully paid. Assuming there will be no change in the issued share capital of the Company from the date of this announcement until the effective date of the Capital Reorganisation, the authorised share capital of the Company will be HK\$1,000,000,000 divided into 10,000,000,000 New Shares of par value of HK\$0.10 each, of which 1,192,285,077 New Shares will be in issue and the aggregate nominal value of the issued share capital of the Company will be HK\$119,228,507.7 upon the Capital Reorganisation becoming effective.

Based on the 5,961,425,388 Existing Shares in issue as at the date of this announcement, a credit of approximately HK\$476,914,031 will arise as a result of the Capital Reorganisation. It is proposed that the total credit arising in the accounts of the Company from the Capital Reorganisation will be transferred to the contributed surplus account of the Company within the meaning of the Companies Act upon the Capital Reorganisation becoming effective. Such credits transferred to the contributed surplus account of the Company within the meaning of the Companies Act will be used by the Board in any manner as the Board may deem fit as may be permitted under the applicable laws.

Shareholders and potential investors should note that the credits arising in the books from the Capital Reorganisation will be subject to change depending on the number of the Existing Shares in issue immediately prior to the Capital Reorganisation becoming effective.

Assuming no further Existing Shares will be issued or repurchased prior to the effective date of the Capital Reorganisation, the effect of the Capital Reorganisation and the share capital structure of the Company is summarised below:

	As at the date of this announcement	Immediately upon the Capital Reorganisation becoming effective
Par value per Share	HK\$0.10 per Existing Share	HK\$0.10 per New Share
Authorised share capital	HK\$1,000,000,000 divided into 10,000,000,000 Existing Shares	HK\$1,000,000,000 divided into 10,000,000,000 New Shares
Number of Shares in issue	5,961,425,388 Existing Shares	1,192,285,077 New Shares
Issued and fully paid-up or credited as fully paid-up share capital	HK\$596,142,538.8	HK\$119,228,507.7

Other than the relevant expenses, including but not limited to professional fees and printing charges incurred, the implementation of the Capital Reorganisation will have no effect on the consolidated net asset value of the Group, nor will it alter the underlying assets, business, operations, management or financial position of the Company or the proportionate interests of the Shareholders, save for any fractional New Shares to which Shareholders may be entitled. The Board believes that the Capital Reorganisation will not have any material adverse effect on the financial position of the Group.

Status of the New Shares

All New Shares in issue immediately following the Capital Reorganisation becoming effective will rank *pari passu* in all respects with each other and the Capital Reorganisation will not result in any change in the relative rights of the Shareholders.

Fractional entitlement to New Shares

Any fractional Shares arising from the Share Consolidation will not be allocated to the Shareholders. Any fractional entitlement to the Consolidated Shares will be aggregated, sold and retained for the benefit of the Company.

Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional upon:

- (1) the passing of the necessary special resolution(s) by the Shareholders to approve the Capital Reorganisation at the SGM;
- (2) the Stock Exchange granting the listing of, and the permission to deal in, the New Shares arising from the Capital Reorganisation and the New Shares which may fall to be allotted and issued upon the exercise of the conversion rights under the Bonds;
- (3) the compliance with the relevant procedures and requirements under the laws of Bermuda and the Listing Rules to effect the Capital Reorganisation; and
- (4) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Capital Reorganisation.

Assuming the above conditions are fulfilled, the Capital Reorganisation is expected to become effective on the next Business Day after the date of passing of the relevant special resolution(s) approving the Capital Reorganisation at the SGM.

Listing and dealings

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the New Shares arising from the Capital Reorganisation and the New Shares which may fall to be allotted and issued upon the exercise of the conversion rights under the Bonds.

Subject to the granting of listing of, and permission to deal in, the New Shares on the Stock Exchange, the New 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 New Shares on the Stock Exchange or such other date 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 settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

The New Shares will be identical in all respects and rank pari passu in all respects with each other as to all future dividends and distributions which are declared, made or paid. All necessary arrangements will be made for the New Shares to be admitted into CCASS.

Reasons for the Capital Reorganisation

The Board believes that the Capital Reorganisation will provide greater flexibility to the Company in pricing future capital raising exercise. The Share Consolidation will increase the trading price per board lot of the New Shares and reduce the overall transaction and handling costs of dealings in the New Shares, which in turn enhance the attractiveness of the New Shares. The Capital Reduction and the Share Sub-division will keep the par value of the Shares at a lower level that can facilitate the Company's future fund raising activities. Accordingly, the Board is of the view that the Capital Reorganisation is beneficial to and in the interests of the Company and Shareholders as a whole.

Exchange of share certificates

Subject to the Capital Reorganisation becoming effective, Shareholders may, on or after Friday, 20 November 2015 until Tuesday, 29 December 2015 (both days inclusive), submit share certificates for the Existing Shares to the Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, at the expense of the Company, for new share certificates of the New Shares (on the basis of 5 Existing Shares for 1 New Share). Thereafter, certificates of Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each share certificate for the Existing Shares submitted for cancellation or each new share certificate issued for the New Shares, whichever the number of certificates cancelled/issued is higher. After 4:00 p.m. on Tuesday, 29 December 2015, existing share certificates for the Existing Shares will only remain effective as documents of title and may be exchanged for certificates for New Shares at any time but will not be accepted for delivery, trading and settlement purposes.

The colour of the new share certificates for the New Shares will be announced by the Company in due course.

PROPOSED CHANGE IN BOARD LOT SIZE

At present, the Existing Shares are traded in board lots of 6,000. The Board also proposes to change the board lot size for trading in the Shares from 6,000 Existing Shares to 4,000 New Shares subject to and upon the Capital Reorganisation becoming effective. Based on the closing price of HK\$0.171 per Share on the date of this announcement and assuming that the Capital Reorganisation and the Change in Board Lot Size have become effective, the value of each board lot of New Shares would be HK\$3,420.

ARRANGEMENT FOR MATCHING SERVICE FOR ODD LOTS

In order to alleviate the difficulties arising from the existence of odd lots of New Shares as a result of the Capital Reorganisation, the Company will appoint an agent to arrange for matching service on a best efforts basis regarding the sale and purchase of odd lots of New Shares from Friday, 4 December 2015 to Thursday, 24 December 2015 (both days inclusive). Shareholders should note that matching of the sale and purchase of odd lots of New Shares is not guaranteed. Any Shareholder who is in any doubt about the odd lot arrangement is recommended to consult his/her/its own professional advisers. Further details in respect of the odd lots trading arrangement will be set out in the circular to be despatched to the Shareholders.

EXPECTED TIMETABLE

The expected timetable for the implementation of the Capital Reorganisation and the Change in Board Lot Size is set out below:

Event	Time and date 2015
Expected date of despatch of circular with notice of the SGM and form of proxy	Tuesday, 27 October 2015
Latest time and date for lodging forms of proxy for the SGM	10:30 a.m. on Tuesday, 17 November 2015
Expected time and date of the SGM	10:30 a.m. on Thursday, 19 November 2015
Publication of announcement of poll results of the SGM	Thursday, 19 November 2015

The following events are conditional on the fulfilment of the conditions for the implementation of the Capital Reorganisation:

Expected effective date of the Capital Reorganisation	Friday, 20 November 2015
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First day for free exchange of existing share certificates for share certificates for New Shares	Friday, 20 November 2015
Commencement of dealings in New Shares	9:00 a.m. on Friday, 20 November 2015
Original counter for trading in Existing Shares in board lots of 6,000 Existing Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Friday, 20 November 2015
Temporary counter for trading in New Shares in board lots of 1,200 New Shares (in the form of existing share certificates) opens	9:00 a.m. on Friday, 20 November 2015
Original counter for trading in New Shares in board lots of 4,000 New Shares (in the form of new share certificates) re-opens	9:00 a.m. on Friday, 4 December 2015
Parallel trading in New Shares (in the form of new share certificates in new board lots of 4,000 New Shares and existing share certificates in board lots of 1,200 New Shares) commences	9:00 a.m. on Friday, 4 December 2015
Designated broker starts to stand in the market to provide matching services for odd lots of New Shares	9:00 a.m. on Friday, 4 December 2015
Temporary counter for trading in New Shares in board lots of 1,200 New Shares (in the form of existing share certificates) closes	12:00 noon on Thursday, 24 December 2015
Parallel trading in New Shares (in the form of new share certificates in new board lots of 4,000 New Shares and existing share certificates in board lots of 1,200 New Shares) ends	12:00 noon on Thursday, 24 December 2015

Designated broker ceases to provide matching services for odd lots of New Shares 12:00 noon on Thursday, 24 December 2015

Latest day for free exchange of existing share certificates for the share certificates for New Shares 4:00 p.m. on Tuesday, 29 December 2015

All times and dates specified in the timetable above refer to Hong Kong times and dates.

This timetable is indicative only and any subsequent changes to the expected timetable will be announced by the Company.

WARNING

Shareholders should take note that the Capital Reorganisation is conditional upon satisfaction of conditions set out in the paragraph headed “Conditions of the Capital Reorganisation”. Therefore, the Capital Reorganisation may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Existing Shares, and if they are in any doubt about their position, they should consult their professional advisers.

ADJUSTMENTS IN RELATION TO OTHER SECURITIES OF THE COMPANY

As at the date of this announcement, under the Bonds, (i) up to 1,261,960,785 Conversion Shares would be allotted and issued upon exercise of the conversion rights under the 7.00 per cent. Bonds at the current conversion price of HK\$0.51 per Conversion Share (subject to adjustments); and (ii) up to 49,506,748 Conversion Shares would be allotted and issued upon exercise of the conversion rights under the 10.00 per cent. Bonds at the current conversion price of HK\$4.39 per Conversion Share (subject to adjustments).

Adjustments to the conversion price of the Bonds may have to be made as a result of the Capital Reorganisation becoming effective. The Company will make further announcement(s) about the adjustment(s) in due course if and when appropriate.

Save as disclosed above, as at the date of this announcement, the Company has no other outstanding options, warrants or other securities in issue which are convertible into or giving rights to subscribe for, convert or exchange into, any Shares or New Shares, as the case may be.

GENERAL

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Capital Reorganisation. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders are required to abstain from voting on the resolutions to be proposed at the SGM. A circular containing, among other things, details of the Capital Reorganisation and a notice convening the SGM will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

Terms or expressions used in this announcement shall, unless the context otherwise requires, have the meanings ascribed to them below:

“7.00 per cent. Bonds”	US\$ settled 7.00 per cent. secured convertible bonds due 2016 in the aggregate principal amount of RMB514,880,000 issued by the Company
“10.00 per cent. Bonds”	US\$ settled 10.00 per cent. secured convertible bonds due 2016 in the aggregate principal amount of RMB173,867,696 issued by the Company
“Board”	the board of Directors
“Bonds”	collectively, the 7.00 per cent. Bonds and the 10.00 per cent. Bonds
“Business Day(s)”	any day (excluding a Saturday, Sunday and public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Capital Reduction”	the proposed reduction of the par value of each of the then issued Consolidated Shares from HK\$0.50 to HK\$0.10 by cancelling the paid-up capital to the extent of HK\$0.40 on each of the then issued Consolidated Shares
“Capital Reorganisation”	the proposed reorganisation of the share capital of the Company involving the Share Consolidation, the Capital Reduction and the Share Sub-division
“CCASS”	the Central Clearing and Settlement System operated by HKSCC

“Change in Board Lot Size”	the proposed change in board lot size for trading in the Shares from 6,000 Existing Shares to 4,000 New Shares upon the Capital Reorganisation becoming effective
“Companies Act”	the Companies Act 1981 of Bermuda
“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
“Consolidated Share(s)”	ordinary share(s) of par value of HK\$0.50 each in the share capital of the Company immediately after the Share Consolidation but before the Capital Reduction and the Share Sub-division
“Conversion Share(s)”	the number of Share(s) 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
“Director(s)”	the director(s) of the Company
“Existing Share(s)”	ordinary share(s) of par value of HK\$0.10 each in the share capital of the Company prior to the Capital Reorganisation becoming effective
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
“New Share(s)”	the ordinary share(s) of par value of HK\$0.10 each in the share capital of the Company immediately upon the Capital Reorganisation becoming effective

“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, being Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
“SGM”	the special general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Capital Reorganisation
“Share(s)”	Existing Share(s), Consolidated Share(s) and/or New Share(s), as the case may be
“Share Consolidation”	the proposed consolidation of every 5 issued and unissued Existing Shares of par value of HK\$0.10 each in the share capital of the Company into 1 Consolidated Share of par value of HK\$0.50 each
“Share Sub-division”	the proposed sub-division of each of the authorised but unissued Consolidated Shares of par value of HK\$0.50 each into 5 New Shares of par value of HK\$0.10 each
“Shareholder(s)”	the holder(s) of the Existing Shares, Consolidated Shares or New Shares, as the case may be
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the People's Republic of China
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

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

Hong Kong, 9 October 2015

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Sun Shao Feng (Chairman and Chief Executive Officer) and Mr. Chen Changgai; and four independent non-executive Directors, namely Mr. Hu Ji Rong, Mr. Wei Xiongwen, Mr. Zeng Shaoxiao and Ms. Yu Xiao Min.