
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Green (Holdings) Limited (“**Company**”), you should at once hand this circular and the accompanying form of proxy to the purchaser, the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

**CHINA GREEN (HOLDINGS) LIMITED****中國綠色食品（控股）有限公司***(Incorporated in Bermuda with limited liability)**(Stock Code: 904)*

**(1) PROPOSED AMENDMENTS OF THE TERMS OF
VERY SUBSTANTIAL DISPOSAL
AND
(2) NOTICE OF SPECIAL GENERAL MEETING**

A notice convening the SGM to be held at 5/F, Euro Trade Centre, 13-14 Connaught Road Central, Hong Kong on Wednesday, 23 March 2016 at 10:30 a.m. is set out on pages SGM-1 to SGM-2 of this circular. A form of proxy for use at the SGM is enclosed.

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

7 March 2016

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DEFINITIONS

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

“Amended and Restated Equity Transfer Agreement”	the Amended and Restated Equity Transfer Agreement dated 28 February 2016 entered into between the Company, Xiamen Company, Quanzhou Company and the Purchaser
“Board”	the board of Directors
“Bondholder(s)”	person(s) whose name(s) is/are registered in the register(s) of holders of the Bonds from time to time
“Bonds”	the US\$ settled 7.00 per cent. secured convertible bonds due 2016 in the aggregate principal amount of RMB514,880,000 issued by the Company and the US\$ settled 10.00 per cent. secured convertible bonds due 2016 in the aggregate principal amount of RMB53,604,600 issued by the Company
“business day”	any day other than a Saturday or Sunday or public holiday in the PRC or the United States of America
“Capital Mate”	Capital Mate Limited, a company incorporated in the British Virgin Islands with limited liability and is an entity controlled by the Founder
“Company”	China Green (Holdings) Limited (中國綠色食品 (控股) 有限公司), a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	the completion of the Disposal
“Completion Date”	(a) the date (not being later than the Long Stop Date) by 5:00 p.m. of which the last of the conditions under the Equity Transfer Agreement (as amended and restated by the Amended and Restated Equity Transfer Agreement) to be satisfied or waived is satisfied or waived or (b) if the last of the conditions under the Equity Transfer Agreement (as amended and restated by the Amended and Restated Equity Transfer Agreement) to be satisfied or waived is satisfied or waived after 5:00 p.m. on such date or if such date is not a business day, then the next following business day or (c) such other date as the Purchaser and the Seller may agree in writing
“Directors”	the directors of the Company

DEFINITIONS

“Disposal”	the disposal of the entire equity interest in the Target Company by the Seller to the Purchaser in accordance with the terms of the Equity Transfer Agreement (as amended and restated by the Amended and Restated Equity Transfer Agreement)
“Disposed Business”	the business of the manufacturing, marketing and sale of beverage products (excluding porridge or congee and beverage products in powder form), as carried on by the Seller Group Companies at any time during the 12 months prior to the date of the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement dated 15 April 2015 entered into by and among the Company, Xiamen Company, Quanzhou Company and the Purchaser in relation to the Disposal
“Escrow Agreement”	the escrow agreement to be entered into between the Seller, the Purchaser and Citibank (China) Co., Ltd. as the escrow agent on or before Completion
“First Deposit”	the deposit of US\$20 million already paid by the Purchaser to the Seller in accordance with the Equity Transfer Agreement on 20 April 2015
“Founder”	Mr. Sun Shao Feng, an executive Director, the chairman of the Board and the chief executive officer of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	4 March 2016, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	14 October 2016, the date that is eighteen months from the date of the Equity Transfer Agreement or such other date as the Purchaser and the Seller may agree in writing
“PRC”	the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

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“Previous Circular”	the circular dated 21 August 2015 issued by the Company in relation to the Disposal
“Purchaser”	可口可樂飲料（上海）有限公司(Coca-Cola Beverages (Shanghai) Company Limited*), a limited liability company incorporated in the PRC
“Quanzhou Company”	中綠（泉州）食品開發有限公司(Zhonglu (Quanzhou) Green Foods Developing Co., Ltd.*), a sino foreign equity joint venture enterprise incorporated in the PRC, which is an indirect wholly owned subsidiary of the Company
“Restructuring”	a series of restructuring steps to consolidate the Disposed Business under the Target Company pursuant to the Restructuring Agreement
“Restructuring Agreement”	the restructuring agreement dated 15 April 2015 entered into by and among the Company, Quanzhou Company, Xiamen Company, 中綠（福建）農業綜合開發有限公司(Zhonglu (Fujian) Agriculture Comprehensive Development Company Limited*), the Target Company, 中綠（湖北）實業發展有限公司(China Green Hubei Industry Co., Ltd.*) and the Purchaser pursuant to which the Restructuring will be carried out
“Revenue Adjustment Period”	the period of nine (9) calendar months commencing on (a) if the Completion Date falls on a date on or before the 15th of a calendar month, the first day of such calendar month in which the Completion Date falls, or (b) if the Completion Date falls on a date after the 15th of a calendar month, the first day of the calendar month immediately following the calendar month in which in the Completion Date falls
“Revenue Adjustment MAC”	any change in or effect on any member of the Target Group or the Disposed Business resulting from any of the following event, matter or circumstance, in each case, arising or occurring during the Revenue Adjustment Period, which, either alone or in combination, was materially adverse to the business, operations, supplier or distributor or customer relationships, sales performance, revenue, financial condition or financial results of the Target Group or the Disposed Business, taken as a whole: (a) material decline or worsening of general business, economic or political conditions of the PRC that generally affect the industries or segments thereof in which the Target Group operates (including without limitation any material decline or worsening thereof arising from legal and regulatory changes);

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	(b) changes or modifications in PRC Generally Accepted Accounting Principles or applicable law or the interpretation or enforcement thereof; (c) any acts of armed hostility, sabotage, terrorism or war (whether or not declared), including any escalation or worsening thereof; and (d) any earthquakes, hurricanes, tsunamis, tornadoes, floods, mudslides or other natural disasters, extreme weather conditions, explosions or fires or other similar force majeure events
“RMB”	Renminbi, the lawful currency of the PRC
“Second Deposit”	the deposit of US\$50 million payable by the Purchaser in addition to the First Deposit of US\$20 million already paid
“Seller”	Xiamen Company
“Seller Group Companies”	the Company, Quanzhou Company, Xiamen Company, 泉州粗糧王飲品開發有限公司(Quanzhou Culiangwang Beverage Development Co., Ltd.*), 中綠(天門)飲品科技有限公司(China Green (Tianmen) Beverages Science and Technology Development Co., Ltd.*), 中綠河北飲品科技開發有限公司(China Green Hebei Beverages Science and Technology Development Co., Ltd.*), 中綠(福建)農業綜合開發有限公司(Zhonglu (Fujian) Agriculture Comprehensive Development Company Limited*), 中綠(湖北)實業發展有限公司(China Green Hubei Industry Co., Ltd.*), 中綠食品集團有限公司(China Green Foods Group Co., Ltd.*) and Force Sky Limited
“SGM”	the special general meeting of the Company to be held at 5/F, Euro Trade Centre, 13-14 Connaught Road Central, Hong Kong on Wednesday, 23 March 2016 at 10:30 a.m. or any adjournment thereof (as the case may be), for the purpose of considering, and if thought fit, approving, among other things, the Amended and Restated Equity Transfer Agreement
“Share(s)”	ordinary share(s) with a par value of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Target Company”	廈門粗糧王飲品科技有限公司(Xiamen Culiangwang Beverage Technology Co., Ltd.*), a limited liability company incorporated in the PRC and wholly-owned by Xiamen Company
“Target Group”	Target Company and its subsidiaries
“US\$”	United States dollars, the lawful currency of the United States of America
“Xiamen Company”	中綠之源（廈門）貿易有限公司(China Green Resources (Xiamen) Sales Co., Ltd.*), a limited liability company incorporated in the PRC, which is an indirect wholly-owned subsidiary of the Company
“%”	per cent.

Unless otherwise specified in this circular, figures in US\$ and RMB are translated to HK\$ at the exchange rate of US\$1.00 = HK\$7.77 and RMB1.00 = HK\$1.18, respectively, for illustration purposes only. No representation is made that any amounts in RMB, US\$ or HK\$ could have been or could be converted at that rates or at any other rates or at all.

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

LETTER FROM THE BOARD



CHINA GREEN (HOLDINGS) LIMITED

中國綠色食品（控股）有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 904)

Executive Directors:

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

Mr. Chen Changgai

Independent Non-executive Directors:

Mr. Hu Ji Rong

Mr. Wei Xiongwen

Mr. Zeng Shaoxiao

Ms. Yu Xiao Min

Registered office:

Clarendon House

2 Church Street

Hamilton, HM 11

Bermuda

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

Room 1502, 15/F

The Chinese Bank Building

61-65 Des Voeux Road Central

Hong Kong

7 March 2016

To the Shareholders and for information only, the Bondholders

Dear Sir or Madam,

**(1) PROPOSED AMENDMENTS OF THE TERMS OF
VERY SUBSTANTIAL DISPOSAL
AND
(2) NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

References are made to the announcement issued by the Company dated 17 April 2015 and the Previous Circular dated 21 August 2015 in relation to the Equity Transfer Agreement, pursuant to which the Purchaser conditionally agreed to acquire, and the Seller conditionally agreed to sell, the entire equity interest in the Target Company.

As disclosed in the Previous Circular, the Disposal is subject to a number of conditions under the Equity Transfer Agreement and fulfilment of all such conditions is likely to take an extended period of time. It has taken longer than expected for the Company to fulfil the conditions and, meanwhile, the Target Group has experienced downward pressure on its sales performance in the midst of broader challenging operating environment.

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As set out in the section headed “Reasons for the Proposed Amendments” of this circular, there will be significant challenges in meeting with certain repayment obligations including those under the Bonds that will fall due on 12 April 2016. Given the imminent payment obligations under the Bonds, it is important that the completion of the Disposal takes place with no further delay.

In order to complete the Disposal as soon as practicable and to facilitate discussions with the Purchaser on whether all the conditions will have been duly satisfied and the Parties’ readiness for Completion, the Company has agreed to amend certain terms of the Equity Transfer Agreement and to proceed with the Disposal in accordance with the Amended and Restated Equity Transfer Agreement.

The purpose of this circular is to provide you with, among other things, further details of the Amended and Restated Equity Transfer Agreement and the transactions contemplated thereunder, together with a notice of the SGM.

THE AMENDED AND RESTATED EQUITY TRANSFER AGREEMENT

Date

28 February 2016

Parties

- (1) the Company
- (2) Xiamen Company
- (3) Quanzhou Company
- (4) the Purchaser

(collectively the “**Parties**”)

Proposed Amendments to the Terms of the Disposal

Second Deposit Payable by the Purchaser

In addition to the First Deposit of US\$20 million already paid on 20 April 2015, the Purchaser has agreed to pay the Second Deposit to the Seller in the amount of US\$50 million within (a) four business days of the Company providing to the Purchaser certified true copies of irrevocable undertakings from Shareholders, which together with the undertakings given by the Founder and Capital Mate referred to in the section headed “Founder’s Undertaking” of this circular, representing more than 50% of the issued Shares to vote in favour of resolution(s) for approval of the Amended and Restated Equity Transfer Agreement, or (b) one business day of the approval by the Shareholders at the SGM of the Amended and Restated Equity Transfer Agreement (whichever occurs earlier). If at any time the Amended and Restated Equity Transfer Agreement is terminated by the Purchaser due to (i) a material adverse change to the Target Group or the Disposed Business caused by the Group, (ii) Completion is prohibited by any law or

LETTER FROM THE BOARD

regulation; (iii) a breach of the warranties or covenants of the Company, Xiamen Company or Quanzhou Company which would give rise to the failure of a condition and cannot be cured within thirty days after the Purchaser's written notice; or (iv) any breach of the Seller Group Companies or Target Group which would give rise to the failure of a condition and cannot be cured within thirty days after the Purchaser's written notice, the full amount of the Second Deposit, together with all interests accrued, shall be refunded to the Purchaser within fifteen business days after the date of termination.

As at the Latest Practicable Date, the conditions set out above for payment of the Second Deposit have not been satisfied and the Company has not received the Second Deposit.

Performance Based Adjustment of the Purchase Price

As set out in the Previous Circular, under the Equity Transfer Agreement:

- (a) the purchase price to be paid by the Purchaser for 100% of the equity interest of the Target Company is determined based on an enterprise value of US\$400.5 million (equivalent to approximately HK\$3,111.9 million), subject to the following adjustments: (i) the purchase price will be reduced by the amount of indebtedness of the Target Group as at Completion; (ii) the purchase price will be increased or reduced by the amount that the actual net working capital of the Target Group as at Completion exceeds or is less than a normalized level of working capital of negative RMB13,000,000; and (iii) the purchase price may be further reduced (A) if the Seller Group Companies fail to transfer the specified "China Green" and "Culiangwang" trademarks to the Target Company, by an amount up to US\$10 million, and (B) if the Seller fails to procure the delivery of seven complete sets of production lines and certain specified ancillary facilities at each of the Tianmen plant and the Hebei plant by an agreed date, by an amount up to US\$20 million plus the costs required to complete the construction of the ancillary facilities and the installation of the production lines.
- (b) the purchase price, after deduction of the First Deposit, will be paid by the Purchaser on the Completion Date, subject to the following escrow of funds in accordance with the Escrow Agreement:
 - (1) US\$15 million will be held in escrow until the final determination of the purchase price adjustments for indebtedness and net working capital;
 - (2) US\$40 million will be held in escrow for the settlement of any indemnity claims under the Equity Transfer Agreement, of which the amount of any escrow balance in excess of US\$10 million will be released to the Seller upon 18 months after the Completion Date, and the amount of any remaining escrow balance will be released to the Seller upon 36 months after the Completion Date (in each case, subject to indemnity claims to which the Purchaser is entitled);
 - (3) US\$10 million will be held in escrow until the completion of assignment of certain trademarks to the Target Company;

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- (4) up to US\$20 million will be held in escrow until the delivery of the agreed number of production lines if Completion occurs prior to the agreed date of such delivery; and
- (5) US\$15 million will be held in escrow until the completion of construction of the agreed ancillary facilities and the installation of the production lines if Completion occurs prior to the agreed date for construction and installation of such facilities.

Pursuant to the Amended and Restated Equity Transfer Agreement, (a) an additional US\$50 million of the purchase price (the “**Additional Escrow Amount**”) will be put in escrow, and (b) the purchase price may be reduced pursuant to a performance based adjustment to be determined based on the net sales revenue of the Disposed Business for a specified nine-month period as set out below. The Additional Escrow Amount, together with the escrow of US\$100 million provided under the Equity Transfer Agreement, may be used for payment of this performance based adjustment amount (the “**Performance Based Adjustment Amount**”). The amounts held in escrow will be released to the Seller subject to the satisfaction of the original release conditions provided under the Equity Transfer Agreement and the payment of the Performance Based Adjustment Amount.

The Performance Based Adjustment Amount will be determined as an amount equal to the lesser of:

- (i) the enterprise value of US\$400.5 million (equivalent to approximately HK\$3,111.9 million), multiplied by a fraction, the numerator of which is the net sales revenue of the Disposed Business for the corresponding period of nine months commencing on the date that is twelve months prior to the commencement of the Revenue Adjustment Period (the “**2015 Nine-Month Revenue**”) minus the net sales revenue of the Target Group for the Revenue Adjustment Period (the “**2016 Nine-Month Revenue**”), and the denominator of which is the amount equal to the 2015 Nine-Month Revenue, and
- (ii) US\$150 million.

provided that the Performance Based Adjustment Amount will be zero if (i) the 2016 Nine-Month Revenue is greater than or equal to the 2015 Nine-Month Revenue, (ii) there has been a Revenue Adjustment MAC, or (iii) there has been a material breach by the Purchaser of certain covenants in respect of the operations of the Target Group during the Revenue Adjustment Period (including, among other things, (a) covenants to operate the Target Group’s business in good faith and in the ordinary course, and (b) undertakings with respect to advertising and marketing to be conducted during the Revenue Adjustment Period).

Of the Additional Escrow Amount, an amount of US\$35 million will be released to the Seller if the net sales value of the Target Group for the first six months of the Revenue Adjustment Period is greater than or equal to the net sales value of the Disposed Business for the corresponding period of six months commencing on the date that is twelve months prior to the commencement of the Revenue Adjustment Period.

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The purchase price will be paid in RMB based on the closing spot rate on the day immediately prior to the Completion Date for conversion of US\$ into RMB. On the basis of the above, the amount payable by the Purchaser to the Seller will be calculated as follows:

Enterprise value of US\$400.5 million (equivalent to approximately HK\$3,111.9 million)

Less:

First Deposit in the amount of US\$20 million;

Second Deposit in the amount of US\$50 million;

total amount in escrow being US\$150 million, subject to conditions of release as described above;

Plus:

the deposit in the amount of RMB2.6 million, to the extent paid by the Group to河北燎原建築安裝有限公司(Hebei Liaoyuan Construction and Installment Co., Ltd.*) pursuant to a construction project contract in relation to the Hebei plant;

Plus:

any increase in the purchase price, if the effect of the adjustments for indebtedness and net working capital of the Target Group as at Completion results in a net increase;

Less:

any adjustments in favor of the Purchaser that are in excess of the funds in escrow.

Conditions to Completion

As disclosed in the Previous Circular, completion of the Disposal is subject to a number of conditions precedent under the Equity Transfer Agreement, including but not limited to the Restructuring having been duly completed, there having been no material breach of any warranties by the Company, Xiamen Company or Quanzhou Company and there having been no material adverse change to the Target Group since the date of the Equity Transfer Agreement. In addition to the conditions under the Equity Transfer Agreement, the Completion is also subject to and conditional upon Shareholders' approval of the Amended and Restated Equity Transfer Agreement at the SGM to be held (the "**SGM Approval**").

Except for certain agreed items (including, among other things, the resolution of certain tax filing related matters) that must be completed by the Seller by the Completion Date, the Purchaser has confirmed that the condition with respect to completion of the Restructuring will be treated as having been satisfied. The Company does not envisage any issues with completing these remaining items before the Completion Date.

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Other than: (a) the SGM Approval and the Restructuring related matters described above; (b) those conditions that are of a continuing nature (including, without limitation, conditions concerning no material breach of warranties or covenants, no material adverse change to the Target Group, no pending or threatened legal proceeding seeking to restrain or prohibit the consummation of the Disposal, validity and effectiveness of corporate approvals, and termination of all related party transactions involving the Target Group and discharge of encumbrances) which, under the Equity Transfer Agreement, will need to be brought down to Completion and/or evidenced by an officer's certificate of the Seller to be delivered at or prior to Completion; and (c) completion of the registration of the Disposal with, and the issuance of a revised business license of the Target Company by, the State Administration for Industry and Commerce of the PRC (the "**Transfer Registration**"), the Purchaser has confirmed that all other conditions have been fulfilled.

Confirmations by the Purchaser

In addition, the Purchaser has (i) confirmed that it is not actually aware of any material breach of warranties as at the date of the Amended and Restated Equity Transfer Agreement; and (ii) agreed that the following shall be excluded in determining whether there is a material breach of warranties for purposes of satisfaction of the conditions as at Completion:

- (1) any material breach of warranties of which the Purchaser is actually aware as of the date of the Amended and Restated Equity Transfer Agreement,
- (2) any material breach of warranties that becomes known to the Purchaser as a result of information in its possession as of the date of the Amended and Restated Equity Transfer Agreement, and
- (3) any material breach of warranties relating to any technical default by the Company or its affiliates of their obligations in respect of indebtedness and borrowings (except that any material breach arising as a result of the effects or consequences of such technical default will not be so excluded).

Completion of the Disposal

As mentioned in the section headed "Conditions to Completion" of this circular, completion of the Disposal is subject to the satisfaction of a number of conditions, including but not limited to due completion of the Restructuring, no material breach of warranties given by the Company, Xiamen Company or Quanzhou Company and no material adverse change to the Target Group. Since the signing of the Equity Transfer Agreement and during the past few months, the Company has engaged the Purchaser in extensive discussions to seek agreement on the fulfillment of the conditions. However, given the readiness of the conditions and their nature, the Directors anticipate difficulties in reaching agreement with the Purchaser in relation to the satisfaction of the conditions.

LETTER FROM THE BOARD

The Directors consider that the confirmations by the Purchaser set out in the sections headed “Conditions to Completion” and “Confirmations by the Purchaser” of this circular would help to add certainty on the timing of Completion and to avoid further protracted negotiations. Given the financial conditions of the Company and the imminent payment obligations under the Bonds as referred to in the section headed “Reasons for the Proposed Amendments” of this circular, it is important for the Disposal to be completed with no further delay.

Based on the facts and circumstances existing as of the Latest Practicable Date, the Company expects that the Transfer Registration will be the last condition to be satisfied following the SGM Approval. Subject to completion of the Transfer Registration, Completion is targeted to occur within one week after the date of the SGM Approval.

Secondment and Advisory Support

The Parties have agreed that, during the period commencing on the Completion Date and ending on the last day of the Revenue Adjustment Period, a senior personnel of the Seller, whose identity shall be agreed between the Seller and the Purchaser in writing, shall be seconded to work on a full time basis as a member of the senior management of the Target Group. The Parties have further agreed that during the same period, the Founder shall provide free advisory support to the Target Group.

Limit of Liability

Subject to certain exceptions, the maximum aggregate liability of the Company, Xiamen Company and Quanzhou Company in respect of any and all claims arising out of the Amended and Restated Equity Transfer Agreement and certain other transaction documents shall not exceed US\$190 million (equivalent to approximately HK\$1,476.3 million).

Save as disclosed above, there has been no other material change to the key terms of the Equity Transfer Agreement.

REASONS FOR THE PROPOSED AMENDMENTS

It has taken longer than expected for the Company to satisfy the conditions under the Equity Transfer Agreement and in particular it has taken more than ten months for the Company to carry out the Restructuring, which primarily involves the transfer and consolidation of the Disposed Business under the Target Company pursuant to the Restructuring Agreement.

There will be significant challenges in meeting with certain repayment obligations. As at the Latest Practicable Date, the Group has outstanding indebtedness of approximately RMB1,741,828,600 (equivalent to approximately HK\$2,055,357,748), including two outstanding tranches of Bonds with an aggregate amount of RMB514,880,000 and RMB53,604,600 respectively, and outstanding loans owed to banks and other entities of approximately RMB 1,173,344,000. Under the terms of the Bonds, a total amount of approximately RMB600,000,000 (including accrued interests) would be due on 12 April 2016.

LETTER FROM THE BOARD

The Target Group has sales recorded slower than expected primarily due to market conditions. Set out below is a summary of the unaudited financial information of the Target Group for the twelve months ended 31 October 2014 and 31 October 2015 respectively, which was prepared under the Hong Kong Financial Reporting Standards:

	For the twelve months ended	
	31 October 2014	31 October 2015
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	1,431,024	1,343,019
Net profit before taxation	287,044	233,662
Net profit after taxation	202,527	143,927

The unaudited net assets value of the Target Group as at 31 October 2014 and 31 October 2015 were RMB1,364,100,000 (equivalent to approximately HK\$1,609,638,000) and RMB1,948,489,000 (equivalent to approximately HK\$2,299,217,020) respectively.

The Directors are aware that, given the downward pressure on the sales performance and the challenging operating conditions, there would be potential risks that the 2016 Nine-Month Revenue may be less than the 2015 Nine-Month Revenue, in which case the purchase price for the Disposal could be adjusted by the Performance Based Adjustment Amount. However, the performance based adjustment mechanism, the Purchaser's confirmations referred to in the sections headed "Conditions to Completion" and "Confirmations by the Purchaser" and the Purchaser's covenants in respect of the Target Group during the Revenue Adjustment Period (including covenants to operate the Disposed Business in good faith and in the ordinary course and undertakings with respect to advertising and marketing to be conducted) were all agreed by the Parties as part of the key terms under the Amended and Restated Equity Transfer Agreement. Despite the potential likelihood of purchase price adjustment and the revised escrow arrangement, the Board is of the view that the Amended and Restated Equity Transfer Agreement is fair and reasonable and is in the interests of the Company and the Shareholders as a whole. In particular, the Board has taken into account the following factors in assessing the Amended and Restated Equity Transfer Agreement: (a) the financial and liquidity position of the Group, (b) the limited refinancing options currently available to the Group; (c) consequences of default in the repayment obligation of the Bonds including solvency-related risks should the Company not be able to complete the Disposal in a timely manner.

The consideration payable by the Purchaser on Completion would meet with the repayment obligations under the Bonds and the Company will also resort to its internal resources and other financing arrangements for its remaining indebtedness when the same are due for repayment.

LETTER FROM THE BOARD

FINANCIAL EFFECT OF THE DISPOSAL

Assuming that the Disposal had been completed on 31 October 2015, the Group would have recognized a gain on Disposal before taxation of approximately RMB688.7 million (equivalent to approximately HK\$812.7 million) which is calculated as follows:

- agreed enterprise value of the Target Company of US\$400.5 million (equivalent to approximately RMB2,637.2 million)

less

- the net asset value of the assets and business to be disposed of as of 31 October 2015 of RMB1,948.5 million.

After deduction of estimated direct tax expenses of approximately RMB486.5 million and other direct expenses of approximately RMB64.4 million in connection with the Disposal, the Group would have recognized a net gain on Disposal of approximately RMB137.8 million (equivalent to approximately HK\$162.6 million) assuming that the Disposal had been completed on 31 October 2015.

As the purchase price is subject to adjustment, the gain on Disposal may be adjusted accordingly.

USE OF NET SALE PROCEEDS

The Company intends to apply the Second Deposit for settlement of the Restructuring costs and reduction of the total indebtedness of the Group. There will be no changes to the intended use of proceeds as disclosed in the Previous Circular, assuming that the performance of the Target Group will meet with all the requirements under the performance based adjustment mechanism during the Revenue Adjustment Period.

FOUNDER'S UNDERTAKING

As assurance for the Purchaser, the Founder and Capital Mate executed an undertaking on 28 February 2016 in favour of the Purchaser to vote for (and procure their controlled affiliates and immediate family members of the Founder to vote for) the resolution to approve the Amended and Restated Equity Transfer Agreement and the transactions contemplated under such agreement at any Shareholders' meeting of the Company. As at the Latest Practicable Date, Capital Mate had an interest in 366,546,600 Shares, representing 30.74% of the issued Shares of the Company.

INFORMATION ON THE PARTIES

The Company, Xiamen Company and Quanzhou Company

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

LETTER FROM THE BOARD

Xiamen Company is an indirect wholly-owned subsidiary of the Company, principally engaged in the sales of beverage products. Quanzhou Company is an indirect wholly-owned subsidiary of the Company, principally engaged in the processing and sales of beverage products.

The Purchaser

The Purchaser is a company incorporated in the PRC with limited liability. It is principally engaged in the manufacturing and selling of beverage base and concentrates for non-alcoholic beverages. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

LISTING RULES IMPLICATIONS

Pursuant to Rule 14.36, where a transaction previously announced pursuant to Chapter 14 of the Listing Rules is terminated or there is any material variation of its terms or material delay in the completion of the agreement, the listed issuer must as soon as practicable announce this fact by means of an announcement. As the Disposal is a very substantial disposal as classified under Chapter 14 of the Listing Rules and the Amended and Restated Equity Transfer Agreement represents a material change to the terms of the Disposal, the Amended and Restated Equity Transfer Agreement will be conditional on Shareholders' approval at general meeting under Rules 14.36 and 14.40 of the Listing Rules.

As at the Latest Practicable Date, Capital Mate had an interest in 366,546,600 Shares, representing 30.74% of the issued Shares of the Company. Capital Mate is an entity controlled by the Founder and, as referred to in the section headed "Founder's Undertaking" above, the Founder and Capital Mate have undertaken to the Purchaser that they shall vote for (and procure their controlled entities and immediate family members of the Founder to vote for) the resolution(s) to approve the Amended and Restated Equity Transfer Agreement and the transactions contemplated thereunder at any Shareholders' meeting to be held.

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

SGM

A notice convening the SGM at 5/F, Euro Trade Centre, 13-14 Connaught Road Central, Hong Kong on Wednesday, 23 March 2016 at 10:30 a.m. is set out on pages SGM-1 to SGM-2 of this circular. Whether or not you are able to attend the SGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as practicable but in any event not later than 48 hours before the time appointed for the holding of the SGM or the adjourned

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meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the SGM or any adjourned meeting thereof (as the case may be) should you so desire. In such event, the instrument appointing a proxy will be deemed to be revoked.

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

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

WARNING

The Completion of the Disposal is subject to the conditions set out in the section headed "Conditions to Completion" of this circular, which may or may not be fulfilled. Shareholders of the Company and potential investors should exercise caution when they deal or contemplate dealing in the Shares or other securities of the Company.

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.

RECOMMENDATION

Taking into account all the factors stated above as a whole, the Directors are of the view that the terms of the Amended and Restated Equity Transfer Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that the Shareholders vote in favour of the ordinary resolution to be proposed at the SGM to approve the Amended and Restated Equity Transfer Agreement and the transactions contemplated thereunder.

By Order of the Board
Sun Shao Feng
Chairman

NOTICE OF SGM



CHINA GREEN (HOLDINGS) LIMITED

中國綠色食品（控股）有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 904)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (“**Meeting**”) of China Green (Holdings) Limited (“**Company**”) will be held at 5/F, Euro Trade Centre, 13-14 Connaught Road Central, Hong Kong on Wednesday, 23 March 2016 at 10:30 a.m., for the purpose of considering and, if thought fit, passing (with or without modification) the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT

- (a) the entering into of the Amended and Restated Equity Transfer Agreement (as defined in the circular of the Company dated 7 March 2016 (the “**Circular**”), a copy of which agreement marked “A” has been tabled before the Meeting and signed by the chairman of the Meeting for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed; and
- (b) the directors of the Company (“**Directors**”) or any one of them be and are hereby authorised on behalf of the Company to do all such things and approve, sign, seal, execute, perfect and deliver all such agreements, documents as they may in their discretion consider necessary, desirable or expedient, for the purposes of or in connection with the implementation and/or giving effect to any matters relating to the Disposal (as defined in the Circular) and the transactions contemplated under the Amended and Restated Equity Transfer Agreement.”

By Order of the Board
Sun Shao Feng
Chairman

Hong Kong, 7 March 2016

Registered office:
Clarendon House
2 Church Street
Hamilton, HM 11
Bermuda

*Head office and principal place of
business in Hong Kong:*
Room 1502, 15/F
The Chinese Bank Building
61-65 Des Voeux Road Central
Hong Kong

NOTICE OF SGM

Notes:

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