

H E h C Th E h
f h f h , h
h h f h

If you are in any doubt f h
h

If you have sold or transferred h Ch H h
h h h h h h h h
h h f



CONTENTS

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

A . h . h h E . h
C f h
A h f h 25 2017 h

DEFINITIONS

E G h G h A f
h C

E h 100% h Ch F
h . . . h C FC F & D . . . C . . . h
h C

G h C

FA C
. 1 (.), 4 (.)
.) 6 (. f)
. h F
. h f
. h B C
h h h f h A

B C h f h B h
. f h C
h f h f h A
h A

h h () h h f h C h h C FC

D 14 2017, h h
. f h f h f
. f h

f h f 25 2017
Ch F f h
. f h Ch
. h h h h Ch
F h

h G h f Th
E h f H

h 25 2017
Ch F f
h h h Ch F
h

E f (.
h f f)

h h h 14.07
f h

DEFINITIONS

C	h , f Ch
h	C FC F H h B h h - f h C
C	h (• W z 4 \
C	ç ¥ • ') C FC h C 25 2017 h F (E W ~) B
F (E W ~)	h F (E W ~)
B	h B
B	, h f f h C
F	h F (Ch 571 f h f H)
h ()	h h () f h C
h h ()	h f h h
E h	h E h f H
B	h , h f () (G),)
C	C FC F F & D C , . (• E W ~ . Ü V P " ® !) , h C
B	h h h F (E W ~) B C FC h C h A
A	h F (E W ~) B C FC h C 25 2017
B	C FC F & D C , . (• . Ü V P " ® !) , h C h - f Ch F



LETTER FROM THE BOARD

That the f h h, h h, (1) f h f
h A h A, (2) f h B C h
h h h, (3) f h FA
h B C h h, (4)
h EG h f h h

2. THE AGREEMENT

That f h A f :

Date

25 2017

Parties

h : C FC F H

h : C FC F & D C ,

Subject Matter

h A, h h h h
h h E h C h
C, h C h - h f h C

h h h h f
f f h C :

Before the Completion

COFCO

the Company

China Agri-Industries Limited

COFCO Premier Brandri-Industr317946 20.922 re S Q

Target Company

LETTER FROM THE BOARD

Consideration

h A , h C f h A B1,050
h C f h
h h h C , h D h
h f f :

(1) h h f f f h B. f h
31 D 2015 2016;

(2) h f h h A ;

(3) h f h h f ;

(4) h h h C
h B. h h f f
550,000 - f- f C . D h
h B. h h f ;

(5) h f h A . f h
h f h A B f h G .

h f h f , h D h h C f
h f h C h h h .

G h h h h
h f f h h , h
C h f h f h h
C f h f f :

(1) h D h ff h f
f h h h C ;

(2) h B. f h
1993 - h ;

(3) h f h A .
h ;

(4) h A . h f f 100%
C , h f h C , h ,
;

(5) h D h h f h
A f h A ;

LETTER FROM THE BOARD

Termination

Ch A , h , f h
 h h A h h f h
 f h A , h f h f f h
 , h h A h h
 , h h h h
 ff h h f h

3. UNDERTAKINGS BY CHINA FOODS

Ch F () h - () h f
 25 2017.

(i) Non-competition Undertaking

h - , Ch F f h h
 h f h C h h
 B. f h C f h C . Ch F f h
 h , h C :

(1) Ch F h f
 h h h h
 B. f h C ;

(2) Ch F h h h h h , h , h
 h h h h h h h h h
 B. f h C ;

(3) h h Ch F h f f (. .)
 h 10% h , h)
 h h h h B. f h
 C , Ch F h , h h
 , ff h C h h
 f h h

F h f h - , f Ch F
 f h Ch F
 Ch F h ; h () h f
 ff (50%) f h h , ()
 f h h f h 50% f h , h h
 f h f h f ,
 h , f h

(ii) Letter of Undertaking

h f , Ch F h , h f
 , h f h h
 C h h h h h h f h h

LETTER FROM THE BOARD

4. RELEVANT “FORTUNE” (E W ~) BRAND TRADEMARKS

The Registered Trademark License Contract

h f. C FC h
 C h C FC h C , C FC
 f h F (E W ~) B h C
 h f :

(1) C FC h f f h C h B ;

(2) h h f
 f C FC h B .

h f h F (E W ~) B
 C FC C h h h f h ff f h
 C h h h f :

(1) h f h 0.02% f h () f
 h / h F (E W ~) B
 h C , f ,

(2) h f h ff h C FC .

h h C h h

h ff f h C
 f 25 2017 31 D 2020.

h C , C FC h h f h
 C h h h h h
 C h h f f h h
 C h C

The Trademarks Option Agreement

h C , C FC h C h f
 h F (E W ~) B :

(1) h h ff f h C ()
 f h h h h h
 C FC f h h f h F (E W ~)
 B h C ;

(2) C FC h h C h B
 C FC , h C h h h
 C FC f h h h F (E W ~)
 B h C .

(iii) Product overview

The Group's... (E W ~)
(f C FC), h h - -
Ch... f h f
f f - (...
) , (... , , f h),
h h- (... , h) h -
(- , , G,). The
h h- h h- 51.6%,
47.1% 1.3%, f h 31 D 2016. B h
h h- h h -

h h B, 87% f h
h F (E W ~) 98% f h
- f h 31 D 2016.

(iv) Distribution channels

h h f , h C
6 6.

LETTER FROM THE BOARD

(v) Financial information

As at 31 December 2016, the Company's total assets were RMB42,739,000.

	For the year ended 31 December 2016 (approximate RMB thousand)	For the year ended 31 December 2015 (approximate RMB thousand)
Operating profit	9,279,253	8,199,298
Finance income	1,041,438	1,003,358
Finance expense	(80,055)	(93,341)
Other income	80,055	93,341

Note: The figures are in RMB thousand unless otherwise stated.

(vi) Employees

At 31 December 2016, the Company had 1,400 employees. The Company's employees are primarily located in the PRC.

(vii) Industry overview

The D... Ch... A Ch... Ch... G... h... f... h... h... Ch... (S O V / « y ») B... h... h... D... h... h... Ch... h... f...

LETTER FROM THE BOARD

, h f f h h h- .E
h h h f f h B. f h f , h
D h f f h B. , h
h h f h f f
h h- h f f h F (E
W) f f , h D h
f h f h h
h f h h h h

6. REASONS FOR THE ACQUISITION AND BENEFIT TO THE GROUP

The G h h
2007 h h C The
C f
Ch The h h C h
550,000 - f- The C h h h
h F (E W) f

Transformational integration upstream and downstream business

The A f h G f
h , f f h h
f h C The h G h
ff , f :
h h f f h
h h h h h
G ;
C h
h h G h h h h
h h ;
f h G f
f h C E h
h C
h h h h h E G
h h h h f h h
h h h h ff h f
h.

LETTER FROM THE BOARD

Extensive sales network nationwide

The h Ch f h 550,000 - f- Ch
f h , -C h
The h G (B2C), h
h h (B2B) f
f , , f f The E G
f ff h
The G h ff , f
The B4.7 f h 31 D 2016. A f 31 D
2016, h h f 180,000 - f-
Ch , f f h h
H h , h h
h , h h h . Af h A , h
D h h f B.
h f h G , f
ff h h f h f h
f h h h
The h f h h h G , h A ff
h f h G f

Right to use the “Fortune” (E W ~) brand

C FC h F (E W ~) h h C
h f - The h h
ff f h C , h F (E W ~)
Ch f , h f h
f
Af h A , C FC h h h C h
F (E W ~) h B. h h C FC h
f f h C h B. The h G
h h f ff h
h h ff ff h.
B h , h D h h A h
h G f h f f
f h h

LETTER FROM THE BOARD

7. GENERAL INFORMATION ON THE PARTIES

The Group

The Group consists of the following entities: [redacted] C. [redacted] ff [redacted] f [redacted] h C [redacted] h [redacted] f [redacted] , [redacted] h [redacted] f [redacted] , [redacted] h [redacted]

The Purchaser

The Purchaser is [redacted] - [redacted] f h C h

China Foods

China Foods is a public company listed on the Hong Kong Stock Exchange (Stock Code: 506). The [redacted] h [redacted] h [redacted] h f [redacted]

The Vendor

The Vendor is [redacted] h C [redacted] f Ch F [redacted] h [redacted] , h [redacted] h h [redacted] C [redacted] , h [redacted] B [redacted] h [redacted] B [redacted] h C [redacted]

8. LISTING RULES IMPLICATIONS

The Acquisition

A [redacted] h h [redacted] f h A [redacted] h 5% [redacted] f h [redacted] h 25%, h A [redacted] f h C [redacted] h [redacted] Ch 14 [redacted] f h [redacted] A h [redacted] f h [redacted] , C FC h [redacted] 58.02% f h [redacted] h f h C [redacted] h [redacted] h h [redacted] f h C [redacted] f h [redacted] h [redacted] Th [redacted] [redacted] - [redacted] f Ch F [redacted] , [redacted] h h 74.1% [redacted] C FC [redacted] Th [redacted] f [redacted] [redacted] f h C [redacted] A [redacted] , h A [redacted] f h C [redacted] h [redacted] h h [redacted] Ch 14A f h [redacted]

LETTER FROM THE BOARD

Registered Trademark License Contract

B f h C f h A , h C f
Ch F , h f h f C FC h
C f h C Ch 14A f
h

Af h C f h A , h C f h
C , h f h f C FC , h
h h f h C (f h C), h
C (f h C
Ch 14A f h . H , h h
0.1% h h f h f h F (E W) B
C FC . A h, h h
C f
h h , h f
Ch 14A f h

Trademarks Option Agreement

14A.24(2), f C FC (
f h C)
C f h A

14A.79(2), f h
h h h
, f h f h h
.A h C FC , h
h C , h f , h
h 0.1% h f h
h C f
h h h f
Ch 14A f h

9. EXTRAORDINARY GENERAL MEETING

Ch EG h f h f , f h h f , h
h h h A h A

h EG h f h h
, C FC h f h h
h A h A . A h D , h h
C h f h h C , C FC
h h 58.02% f h h f h C

A h A f A , h D
h f h f h A h
A f h h h h

A h EG h C B , B3, H G
H , 50 h , h , H F , 7 2017
10:00 . . . 45 46 f h . . .

h h h EG (h f),
h f f h h h
h , h h f h C , 22,
H C , 183 ' E , H



CHINA AGRI-INDUSTRIES HOLDINGS LIMITED
中國糧油控股有限公司

(Incorporated in Hong Kong with limited liability)






(Stock Code: 606)





20 . . . 2017


To the independent shareholders of the Compan

D  ,

DISCLOSEABLE AND CONNECTED TRANSACTION

 h . . . h h . . . f h C . . .  h h A . . . A . . .
h . . . h h h . . . f h C . . . 20 . . . 2017 (h **Circular**) ,
f  h h h . . . f . . . f . . . h C . . . h h h . . .  h
h . . . h . . . h  . . .

H . . . h . . . f h A . . . , . . . h . . . f . . .
C . . . h . . . 21 38 f h C . . . ,  f h . . .
h h . . . f h A . . . h A . . . , f . . .
h . . . h . . . f h C . . . h h . . .  h . . .  h f . . .
h h . . . h h . . . f h C . . . f . . . f h . . .
h EG  . . . f h A . . . h A . . .

. . . f hf . . . ,
F . . . h f f h  . . . B C
LAM Wai Hon, Ambrose . . . **Patrick Vincent VIZZONE** . . . **ONG Teck Chye**
Independent . . . *Independent* . . . *Independent*
Non-executive Director . . . *Non-executive Director* . . . *Non-executive Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from Optima Capital Limited to the Independent Board Committee and the independent shareholders of the Company, which has been prepared for the purpose of inclusion in this circular.



1501, 15th Floor
 Hong Kong
 1501, 15th Floor
 1501, 15th Floor
 1501, 15th Floor
 2017

To: The Independent Board Committee and
 the independent shareholders of the Company

Date:

DISCLOSEABLE AND CONNECTED TRANSACTION

INTRODUCTION

On 25 February 2017, the Independent Board Committee (the "IBC") and the independent shareholders of the Company (the "Independent Shareholders") approved the proposed acquisition of 100% of the equity interest of the Company by the Company. The details of the proposed acquisition are set out in the Circular, dated 20 February 2017 (the "Circular").

On 25 February 2017, the Company's Board of Directors (the "Board") and the Company's shareholders (the "Shareholders") approved the proposed acquisition of 100% of the equity interest of the Company by the Company. The details of the proposed acquisition are set out in the Circular, dated 20 February 2017 (the "Circular").

The proposed acquisition of 100% of the equity interest of the Company by the Company is a connected transaction of the Company under the Listing Rules. The details of the proposed acquisition are set out in the Circular, dated 20 February 2017 (the "Circular").

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Ch B C , f h
D , H , A ,
Ch , h h h h h h
h h h f h A f f h h h h
h h h h A h
f f h G h f h C h
h h h h h h h h
h h h f h B
C h h h h
h h C , h ,
h A h h . A
f f f h h ,
h h f f h C , h , h

BASIS OF OUR OPINION

f , h h , h
A , h f h C Ch F f h 31
D 2015 (FY2015) 2016 (FY2016), h f f f f h
B f F 2015 F 2016, h f h C h
h f f , h , h D h
f h G h h h , h
h f f h D h f h h
f h f h h f h h f h
f h h h f h h f h h f h
h ff f h f h h , h ,
h ff f h G h C

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

The Group is a company listed on the Main Board of the Stock Exchange of Hong Kong. The Group is a public company and its shares are listed on the Main Board of the Stock Exchange of Hong Kong.

A. INFORMATION ON THE GROUP

1. Principal business of the Group

The Group is a diversified company with the following principal businesses:

(1) **Upstream Oilseeds Processing Business**: The Group is engaged in the upstream oilseeds processing business, which includes the production and processing of oilseeds. The Group's upstream oilseeds processing business is primarily conducted through its subsidiaries, including F. H. (E []), h (,), and (®®) G. h. (€) (h **Upstream Oilseeds Processing Business**);

(2) **Biochemical and Biofuel Business**: The Group is engaged in the biochemical and biofuel business, which includes the production and processing of biochemical and biofuel. The Group's biochemical and biofuel business is primarily conducted through its subsidiaries, including (G), and f (h **Biochemical and Biofuel Business**);

(3) **Rice Business**: The Group is engaged in the rice business, which includes the production and processing of rice. The Group's rice business is primarily conducted through its subsidiaries, including f (h **Rice Business**);

(4) **Wheat Processing Business**: The Group is engaged in the wheat processing business, which includes the production and processing of wheat. The Group's wheat processing business is primarily conducted through its subsidiaries, including f f (h **Wheat Processing Business**);

(5) **Brewing Materials Business**: The Group is engaged in the brewing materials business, which includes the production and processing of brewing materials. The Group's brewing materials business is primarily conducted through its subsidiaries, including f (h **Brewing Materials Business**).

The Group is a diversified company with the following principal businesses: (h **China Foods Group**) h 2007 Ch F h (h **China Foods Group**) f h C f F 2016, f h , h C. The B. h h f h G . h f f h f h G .

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. Financial performance of the Group

	FY2016	FY2015
	HK\$' million	HK\$' million
	89,163	82,548
<i>Upstream Oilseeds Processing Business</i>	50,434	41,053
<i>Biochemical and Biofuel Business</i>	11,526	14,622
<i>Rice Business</i>	9,196	9,986
<i>Wheat Processing Business</i>	8,946	8,528
<i>Brewing Materials Business</i>	2,685	2,617
<i>Corporate and others</i>	6,376	5,742
Operating Profit	6,243	4,286
Finance Income	1,530	1,675
Finance Expense	(6,284)	(6,177)
Other Income	296	162
Other Expenses	(253)	(323)
Profit before Income Tax	1,532	(377)
Income Tax	1,419	(333)
Profit after Income Tax	0.270	(0.063)
Profit after Income Tax per Share (EPS) (HK\$)	0.270	(0.063)
Operating Profit Margin	56.6%	49.7%
Operating Profit to Revenue	21.2%	21.2%
Operating Profit to Revenue	8.0%	8.0%
Operating Profit to Revenue	22.9%	22.9%
Operating Profit to Revenue	11.0%	11.0%

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

A ... h F 2016 A ... , h G ... f ... f
 5.2% ... 7.0% h h
 F 2016.

B f f h ... f f ... 45.7%
 , h G ... h ... f ... f h C ... f
 H \$333 ... f F 2015 ... f ... f h C ... f
 H \$1,419 ... f F 2016. h E ... f h G ... f F 2016
 H \$0.270.

3. Financial position of the Group

	As at 31 December 2016 <i>HK\$' million</i>
Non-current assets	28,576
h	21,790
h	6,786
Current assets	43,550
C h	17,887
A	7,586
h	2,903
h	15,174
Current liabilities	39,193
h	21,594
A	3,308
h	14,291
Non-current liabilities	2,621
h	1,596
h	1,025
Total equity	30,312
E ... (NAV)	26,249
h (HK\$)	4,063
h (HK\$)	5.0

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Products

The B. f - h
h f - , G,
. The (. . .),
(. . . , , f) h h- (. . . ,
h).

The Relevant Fortune (EW) Brand Trademarks

The B. h F (EW) B
1993. C , h
h F (EW) B 25 2017, f h f h
, h C C FC h
C h h C FC h h h
F (EW) B (h Licence) f f h ff
f h C 31 D 2020. C FC
h h f h C h
f h h h C . The
C h h C FC h f h
h C h B.

f h h h F (EW) B
C , C FC h h C h h h
C f C FC h F (EW) B
() h h f h ff f h C
; () h h C FC h h C h
The B. C FC , f
h .

Distribution network

The f h B. , h 550,000
f h C h h , -C
, h

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Class of markets	Number of markets identified	Number of markets where the Target Company has presence through its sales outlets	Percentage of coverage of the Target Company
Class A market:			
2	41	41	100%
Class B market:			
278	278	278	100%
Class C market:			
2,000	2,000	1,600	80%
Class D market:			
34,872	34,872	19,180	55%

2. Financial information of the Target Business

(i) *Financial performance*

	FY2016 RMB' million	FY2015 RMB' million
G	9,279.3	8,199.3
f	1,041.4	1,003.4
f f h	80.0	93.3

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

B. (.) h h f h B h h
 f Ch F 25 2017. f h f
 h C h h f f H
 F h Ch F . A h
 ff h f f h B. f F 2015 F 2016 h
 , h ff h f
 f f h C f h f h B .

D. f h - h F (E W
 ~) , , h , h f h
 B. f F 2016 13.2% f F 2015. H , h
 f f h B. 3.8% F 2016
 h B. h f h h -F .
 (E W ~) - h h f f , h
 h h h F 2016.

h h F 2015, f B18.6
 . h f h C h Ch F ' ,
 ff h f h
 B. h , h B.
 h h , h f F 2016, h
 f f B1.0 .

h h f f h B. F 2016
 14.3% f B93.3 B80.0 , h - ff f
 B18.1 F 2016 h h f h
 h f h C f h (h
One-off Reorganisation Expense). f h - ff E
 h h h f f h
 A , h f f h B. h
 B98.1 (h **FY2016 Adjusted Profit**), f
 5.1% h f f h B. F 2015. h
 f f f h B. F 2016

D. REASONS FOR AND BENEFITS OF THE ACQUISITION

A h h f h G , h G ff
 f Ch F G h 2007. h , h , h , h
 B. h h h h
 B. f h -
 h F (E W). Th C f h C 30%
 f / 70% .

A h f h B , h B f h h h A h
 f h C h h h h h
 :

1. Transformational integration of the edible oil business: Th A h
 f h G ' f h , f
 f h h h f h
 Th C , h h () h ff
 f , h ,
 h , ; () h E G
 h ff .

2. Extensive distribution network: A h , h E G h
 h h h h h 550,000 f
 h C, h h h G h h
 h f , h f h

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(ii) *Payment and conditions precedent*

The Company is to pay the following amounts to the shareholders of the Company:

(1) The first payment of \$315 million (30% of the total amount) to the shareholders of the Company, including the shareholders of the Company, on the date of the completion of the transaction.

(2) The second payment of \$315 million (30% of the total amount) to the shareholders of the Company, including the shareholders of the Company, on the date of the completion of the transaction, subject to the completion of the transaction and the satisfaction of the conditions precedent to the payment of the second payment.

(3) The third payment of \$420 million (40% of the total amount) to the shareholders of the Company, including the shareholders of the Company, on the date of the completion of the transaction, subject to the completion of the transaction and the satisfaction of the conditions precedent to the payment of the third payment.

(iii) *Consideration*

The consideration to be paid to the shareholders of the Company is \$1,050 million, which is the sum of the three payments described above.

(iv) *Undertakings b China Foods*

A. h f h B , Ch F f h h h
f h C (h **Competing Business**) f C
h C , h Ch F G h
, h h h h h , h
C B Ch F f h h f h f h
h h Ch F G h 10% f h
10% f h f h h
h C B , h ff h C
h h f h
h h , h
h h

(v) *Completion*

h C h h h h C h
h A h h
f h
h h h A h h h h
f h A , h f h f f f h
, h h A h h h
, h h h h h h h
h f h h
C , h C h h - 7.9(C 0 7.9(C 0 7

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

h h h (h PE Ratio) f
h h f h h (h Comparable
Companies) h h h h f
f h C . H h h
h h f h - f h - f f
; h h f
h h E f h C C h
h f f f H C
h f h f f
h B h h h ()
f h B ; () h E h
f h h h B
f h h f
(h h) . h f h f h h h
f (h Edible Oil Segment)
h E h , h h 50% f h f h E
h h h . B h , h
f h C C . H h f C
C H h B h C, f h
f h h h h E h (SSE), h
h h E h (SZSE) E h (SGX). h f
f h G h h h
50% f h f h C
h h f h C C
h h h ff f
h h h C h
h h h f h B
B h , h f f C C f
h E h , E, E G h f f h
C G h H , f h h
E f h C C E, E G h f f
() 0.8274, h H f h E h (HS Index) f
13.9 E C f 16.8
B h D ; () 0.5129, h H h
E C f 27.1 B h
D (SZSE Factor); () 1.0451, h H h
G h f 13.3 B h
D (SGX Factor),
h C C h f
h h h h f h C h
h f f h B h -A
f h f h G h h
f f f h A h

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Company name	Stock code	Businesses	Market Capitalisation (Note 1) HK\$' million	PE Ratio (Note 2) Times	Adjusted PE Ratio (Note 2) Times	
(H)	411.H	f f f ;h h	2,633.1	9.9	9.9	
Ch h . h . F C	1006.H	f , ; h f f , f f ;	2,282.8	7.6	7.6	
F ff C (Note 3)	000639.	f , , h , f f , - f ,	9,875.9	56.7	29.1	
D G C (Note 4)	002852.	f	9,172.5	29.0	14.9	
H C C , (Note 5)	600127. H	f , , f , , f h ,	4,127.0	474.4	392.5	
(Note 6)		f , h , h , f , h f , h f f f f	125,826.2	14.7	15.4	
				(Note 5)	23.6	15.4
				(Note 5)	14.7	14.9
				(Note 5)	56.7	29.1
				(Note 5)	7.6	7.6

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	Market Capitalisation (Note 1) HK\$' million	PE Ratio (Note 2) Times	Adjusted PE Ratio (Note 2) Times
E f h C h F 2016 f	B1,050	13.1	13.1
E f h C h F 2016 A f (h Implied PE Ratio)	B1,050	10.7	10.7

Source: Bloomberg and the Stock Exchange

Notes:

1. The H-share B
 2. The E f h C C h f B h
 D h h h f h f h E f
 h f E, E G H h D
 3. The H C (Xiwang) h 2016 f
 H C (Kerr), C h h,
 f h h h h
 f h E
 50% f h H , h E B h
 (75.7% f h) h f
 f h 31 D 2016, f h C
 C f A h E, h E h f h h
 E F
 4. The E f D G C h h E F
 5. H C C , h h f h
 E A E f h C C h h E
 6. The E f h G F
- A h , h E f h C C f
 7.6 29.1 (h Comparable Range), h f
 15.4 14.9 ,
- The E f 10.7 f h h C
 h h f h E f h C C h
 E f h C f 12.4 h D
 B h , h C f

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

G. FINANCIAL EFFECT OF THE ACQUISITION

1. Earnings

For the period ending 31 December 2016, the Company's earnings were \$113.3 million, compared to \$98.1 million for the corresponding period in 2015. The increase in earnings is primarily due to the acquisition of the target company, which contributed \$229.7 million to the Company's earnings for the period ending 31 December 2016, compared to \$5.4 million for the corresponding period in 2015. The Company's earnings for the period ending 31 December 2016 were \$0.270 per share, compared to \$0.288 per share for the corresponding period in 2015.

2. Effect on gearing

The Company's gearing ratio at 31 December 2016 was 70%, compared to 30% at 31 December 2015. The increase in gearing is primarily due to the acquisition of the target company, which increased the Company's debt to capitalization ratio from 30% at 31 December 2015 to 70% at 31 December 2016. The Company's debt to capitalization ratio at 31 December 2016 was 70%, compared to 30% at 31 December 2015.

3. NAV

The Company's net asset value (NAV) at 31 December 2016 was \$42.7 million, compared to \$49.3 million at 31 December 2015. The decrease in NAV is primarily due to the acquisition of the target company, which decreased the Company's NAV from \$49.3 million at 31 December 2015 to \$42.7 million at 31 December 2016. The Company's NAV at 31 December 2016 was \$42.7 million, compared to \$49.3 million at 31 December 2015.

4. Working capital

As at 31 December 2016, the working capital of the Company is as follows:

Component	2016 (RMB)	2016 (HK\$)
Trade receivables	1,050	1,212.2
Prepaid expenses	1,050	1,212.2
Other receivables	1,050	1,212.2
Other payables	1,050	1,212.2
Other assets	1,050	1,212.2
Other liabilities	1,050	1,212.2
Total	1,050	1,212.2

RECOMMENDATION

The Board of Directors of the Company has reviewed the financial statements and the working capital of the Company for the year ended 31 December 2016. The Board is satisfied with the financial performance of the Company and the working capital of the Company for the year ended 31 December 2016. The Board recommends that the financial statements and the working capital of the Company for the year ended 31 December 2016 be approved and the auditors' report be adopted.

Unless the context requires otherwise, all amounts in RMB are translated into HK\$ at an exchange rate of RMB1:HK\$1.1545. Such translation should not be construed as a representation that the amount in question has been, could have been or could be converted at an particular rate at all.

f hf ,
 f h f f
OPTIMA CAPITAL LIMITED
Ng Ka Po
Senior Director

Mr. Ng Ka Po is licensed person and responsible officer of Optima Capital Limited

1. RESPONSIBILITY STATEMENT

The Board of Directors, the management and the audit committee of the Company are responsible for the preparation and the fair presentation of the financial statements in accordance with the applicable accounting standards. The Board of Directors is also responsible for the preparation and the fair presentation of the non-financial information in the annual report. The Board of Directors has approved the financial statements and the non-financial information in the annual report. The Board of Directors is also responsible for the preparation and the fair presentation of the financial statements in accordance with the applicable accounting standards. The Board of Directors is also responsible for the preparation and the fair presentation of the non-financial information in the annual report.

2. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at the end of the reporting period, the following directors and the chief executive officer of the Company had interests in the shares and underlying shares of the Company:

(a) Directors

Mr. [Name] (Chairman of the Board) had interests in the shares and underlying shares of the Company as follows:

Name	Capacity	Number of Shares held in long position	Number of underlying Shares held in long position	Percentage
[Name]	Chairman of the Board	235,364	636,000	0.02%

(b) Chief Executive Officer

Mr. [Name] (Chief Executive Officer) had interests in the shares and underlying shares of the Company as follows:

Name	Capacity	Number of Shares held in long position	Number of underlying Shares held in long position	Percentage
[Name]	Chief Executive Officer	100,000	0	0.00%

Interests in the Shares and underlying shares of the Company

Name	Capacity	Number of Shares held in long position	Number of underlying Shares held in long position (Note 1)	Percentage (Note 2)
[Name]	Chairman of the Board	235,364	636,000	0.02%
[Name]	Director		1,197,000	0.02%
[Name]	Director	136,500	1,680,000	0.03%
[Name]	Director	48,000	1,680,000	0.03%
[Name]	Director	100,000	0	0.00%

Interests in shares of associated corporation

Name	Name of associated corporation	Capacity	Number of shares held in long position	Percentage (Note 4)
A GH	C	B f	10,000	0.00%

Notes:

1. ... f h h ... 47 50 f h C ... 2016 ... f h C
2. ... f ... h ... f h f h C ... D , 5,249,880,788 h
3. 235,364 h ... h ... f h
4. ... f ... h ... f h f C ... h ... D , 14,231,124,858 h ... f h D ... h f ... h h D ... h D

3. SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS

A h ... D , h f ... (... D) h ... h h ... h h f h C ... h ... h C ... 336 f h F :

Name	Capacity	Number of shares held (Note 1)	Percentage (Note 2)
H	B f	2,681,315,430	51.07%
C FC (H ...)	B f	364,790,827	6.95%
	f	2,681,315,430 (Note 3)	51.07%
C FC C	f	3,046,106,257 (Note 4)	58.02%

Notes:

1. h h f h C .
 2. h h h f h f h C h
D , 5,249,880,788 h .
 3. h h h f h H , h - h
C FC (H) .
 4. h h h h H C FC (H) ,
h - h C FC C .
- , f h D h h f f h
C , h D , h h h
h h f h C h h f h C
h f D 2 3 f h F h
h C 336 f h F .

4. DIRECTORS' SERVICE CONTRACTS

A h D , f h D h
h h C h f h G f h
h h h . f

(h h) .

5. DIRECTORS' INTERESTS IN ASSETS OR CONTRACTS OR ARRANGEMENT

A h D , f h D h
h h h 31 D 2016, h h h h
f f h G h f
f h G , h , f
f h G .

A h D , f h D h ,
h h h f h G .

6. LITIGATION

A f h D , h h f
h h D h f h G .

7. COMPETING INTERESTS

8.10 f h , h f D f h C h h h h f h G :

C FC h C FC A f C FC , f

C FC h h h h f h h C f :

(1) C FC B h (A h)C ., . (COFCO Biochemical), h h h h h f f h C . C FC B h h f h f , h h f h ;

(2) C FC A (COFCO Agri), h h h h C Ch .

C FC A h h f h h A , Af , E , A (h C) A :

G & , h h h f (h , h ,) (, f h , , f h , (, f h , f h));

f , h h h f , ff ;

A , h h h f f-

8. MATERIAL ADVERSE CHANGE

h h h h f f h G 31 D 2016, h h h h f f h G .

9. EXPERT'S QUALIFICATION AND CONSENT

That I, _____, do hereby certify that _____ is/are qualified to perform the services described in the attached contract.

Name **Qualification**

11. DOCUMENTS AVAILABLE FOR INSPECTION

C f h f [redacted] f
h h C ' ff 31 F , C FC [redacted] , 262 G ,
C [redacted] B , H f h f h h f h EG [redacted]:

- (1) h A ;
- (2) h f ;
- (3) h - ;
- (4) h [redacted] C ;
- (5) h [redacted] A ;
- (6) h f h [redacted] B C , h f [redacted] h h
20 f h ;
- (7) h f h [redacted] FA, h f [redacted] h h 21 38 f h ;
- (8) h f f h [redacted] FA f h h h E
[redacted] f C h ;
- (9) h .



NOTICE OF THE EGM

Notes:

1. The Company has received a written notice from Mr. YU Xubo, Chairman of the Board, dated 22, HONG KONG, 183, regarding the proposed amendments to the Articles of Association of the Company.
2. The Board has considered the proposed amendments to the Articles of Association of the Company and has resolved to recommend the shareholders to approve the proposed amendments to the Articles of Association of the Company at the EGM to be held on 4th July 2017 (the "EGM"). The EGM will be held at the Hong Kong Convention and Exhibition Centre, 1st Floor, 1st Avenue, Hong Kong, on 4:30 p.m. on 3rd July 2017.
3. A copy of the proposed amendments to the Articles of Association of the Company is available for inspection at the Company's registered office.
4. The Board has also resolved to recommend the shareholders to approve the proposed amendments to the Articles of Association of the Company at the EGM. The Board has also resolved to recommend the shareholders to approve the proposed amendments to the Articles of Association of the Company at the EGM.
5. A copy of the proposed amendments to the Articles of Association of the Company is available for inspection at the Company's registered office. The Board has also resolved to recommend the shareholders to approve the proposed amendments to the Articles of Association of the Company at the EGM. The EGM will be held at the Hong Kong Convention and Exhibition Centre, 1st Floor, 1st Avenue, Hong Kong, on 10:00 a.m. on 5th July 2017.
6. The Board has also resolved to recommend the shareholders to approve the proposed amendments to the Articles of Association of the Company at the EGM. The Board has also resolved to recommend the shareholders to approve the proposed amendments to the Articles of Association of the Company at the EGM.
7. The Board has also resolved to recommend the shareholders to approve the proposed amendments to the Articles of Association of the Company at the EGM.

As at the date of this notice, the Board comprises: Mr. YU Xubo as chairman of the Board and non-executive director; Mr. DONG Wei, Ms. YANG Hong and Mr. SHI Bo as executive directors; Mr. LI Jian and Mr. JIA Peng as non-executive directors; and Mr. LAM Wai Hon, Ambrose, Mr. Patrick Vincent VIZZONE and Mr. ONG Teck Chee as independent non-executive directors.