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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
h h ☒ 25 ☒ 2017 ☒ h
A 1() () . 11352.4(9566310(¶)7917)☒ 4.7()-290.1(°)541()-290.1 ☒ 2017

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 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 - h f h C
C	h (• W z 4 \ ¢ ¥ • ') C FC h C 25 2017 h F (E W ~) B
F (E W ~) B	h F (E W ~) h 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
⚡	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

: 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

Target Company

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 h A ;

(3) h f h h f ;

(4) h h B. h h C h h

LETTER FROM THE BOARD

(6) The D h h h f h A f
 A h f f

Pa ment

The C h f B1,050 h h
 h f h h
 The f f B315 (30% f h C)
 h h h h , h h
 h h f h h h , h f f
 h A h h h h The h h
 f h f f B315 h
 31 2017.

The h f h f f
 f h , h h (1) h (30% f
 h C , B315) h
 h h f h ; (2)
 B315 (30% f h C) h f h
 h h :

- (1) The h h f h
 h A , h f h f ;
- (2) The h h f h C h h A
 h h h h ;
- (3) The - f h h h h
 h A ()
 f f h f f
 h h ;
- (4) The f h h f
 h f Ch F h C h h A ;
- (5) The - f C FC h h A ;
- (6) The h h h A h
 f f h C The C h h
 h h f

A f h D , (1) (5) f h
 h f f

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

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

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

(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
 ff (50%) f h h , () h f
 f h h f h 50% f h , h h
 f h f h f , f h

(ii) Letter of Undertaking

h f , Ch F h , h f
 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 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.

, C FC h h f h
 C h h h f f 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 B. h F. (E W ~)
(f C FC), h h - -
Ch f h f
f f - (. .
) , (. . , , f h),
h h- (. . , h) h -
(- , , G,). Th
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.

(v) **Financial information**

f h f f f h C
 f h f h f f f h B
 Ch A f h f f f h B
 f h 31 D 2015 2016. h f h
 B. 31 D 2016 B42,739,000.

**For the year ended
 31 December 2016**
*(approximately
 RMB thousand)*

**For the year ended
 31 December 2015**
*(approximately
 RMB thousand)*

		9,279,253	8,199,298
G	f	1,041,438	1,003,358
	f f		
	h		
h	f h		
C		80,055	93,341
	f f		
	h		
h	f h		
C		80,055	93,341

Note: h f h B. f h 31 D 2015 2016
 h f h f

(vi) **Employees**

, h

f

f

h h-

.E

LETTER FROM THE BOARD

Extensive sales network nationwide

The company has a sales network of approximately 550,000 franchise units nationwide. The company's sales are primarily derived from its franchise units, which are operated by independent franchisees. The company's sales are reported on a consolidated basis, and the following table provides a summary of the company's sales for the years ended December 31, 2016, and 2015.

Year	Total Sales	Franchise Sales	Company Sales
2016	\$180,000	\$170,000	\$10,000
2015	\$175,000	\$165,000	\$10,000

The company's sales are primarily derived from its franchise units, which are operated by independent franchisees. The company's sales are reported on a consolidated basis, and the following table provides a summary of the company's sales for the years ended December 31, 2016, and 2015.

Right to use the Fortune (E W ~) brand

The company has a license to use the Fortune (E W ~) brand for its franchise units. The license is granted by the Fortune (E W ~) brand owner, and the company is required to pay a fee to the brand owner for the use of the brand. The company's sales are reported on a consolidated basis, and the following table provides a summary of the company's sales for the years ended December 31, 2016, and 2015.

Year	Total Sales	Franchise Sales	Company Sales
2016	\$180,000	\$170,000	\$10,000
2015	\$175,000	\$165,000	\$10,000

The company's sales are primarily derived from its franchise units, which are operated by independent franchisees. The company's sales are reported on a consolidated basis, and the following table provides a summary of the company's sales for the years ended December 31, 2016, and 2015.

LETTER FROM THE BOARD

7. GENERAL INFORMATION ON THE PARTIES

The Group

The Group consists of the following entities:

C. ff f h C

h f , h , h

h

The Purchaser

The Purchaser is h - h f h C

h

China Foods

China Foods Holdings (: 506). The h

h h f

The Vendor

The Vendor is h C

h - h f Ch F h h ,

f h , h h h C , h B , h

h B h C

8. LISTING RULES IMPLICATIONS

The Acquisition

A h h

f h A h 5% f h

h 25%, h A f h

C h Ch 14

f h

A h f h , C FC h 58.02% f h

h f h C h h h f h C f

h . h h - h f Ch F , h h 74.1%

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

A , h A f h C

h h h

Ch 14A f h

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



中糧
COFCO

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
 Central
 Hong Kong

 20 July 2017

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

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION

INTRODUCTION

On 25 July 2017, the Board of Directors of the Company (the "Board") has approved the proposed acquisition of 100% of the equity interest of the Target Company (the "Target") by the Company. The proposed acquisition is a connected transaction of the Company under the Listing Rules. The Board has also approved the proposed acquisition of 100% of the equity interest of the Target by the Company as a disclosed transaction under the Listing Rules.

The proposed acquisition of 100% of the equity interest of the Target by the Company is a disclosed transaction of the Company under the Listing Rules. The proposed acquisition of 100% of the equity interest of the Target by the Company is a disclosed transaction of the Company under the Listing Rules.

The proposed acquisition of 100% of the equity interest of the Target by the Company is a disclosed transaction of the Company under the Listing Rules. The proposed acquisition of 100% of the equity interest of the Target by the Company is a disclosed transaction of the Company under the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

f , h f

A. INFORMATION ON THE GROUP

1. Principal business of the Group

The Group, h h f

() f f The Group ' F h (E [), h (,), (®®) G. h (€) (h **Upstream Oilseeds Processing Business**);

() f h h, (f h (G), f (h **Biochemical and Biofuel Business**);

() f (h **Rice Business**);

() f f (h **Wheat Processing Business**);

() f (h **Brewing Materials Business**).

The Group ff f Ch F h (h **China Foods Group**) h 2007 f h C f F 2016, f h , h C. The B. h h f h G

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. Financial performance of the Group

f F 2015 F 2016 (h	FY2016 Annual Report):	FY2016 HK\$' million	FY2015 HK\$' million																		
		89,163	82,548																		
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 2px;"><i>Upstream Oilseeds Processing Business</i></td> <td style="text-align: right; padding: 2px;">50,434</td> <td style="text-align: right; padding: 2px;">41,053</td> </tr> <tr> <td style="padding: 2px;"><i>Biochemical and Biofuel Business</i></td> <td style="text-align: right; padding: 2px;">11,526</td> <td style="text-align: right; padding: 2px;">14,622</td> </tr> <tr> <td style="padding: 2px;"><i>Rice Business</i></td> <td style="text-align: right; padding: 2px;">9,196</td> <td style="text-align: right; padding: 2px;">9,986</td> </tr> <tr> <td style="padding: 2px;"><i>Wheat Processing Business</i></td> <td style="text-align: right; padding: 2px;">8,946</td> <td style="text-align: right; padding: 2px;">8,528</td> </tr> <tr> <td style="padding: 2px;"><i>Brewing Materials Business</i></td> <td style="text-align: right; padding: 2px;">2,685</td> <td style="text-align: right; padding: 2px;">2,617</td> </tr> <tr> <td style="padding: 2px;"><i>Corporate and others</i></td> <td style="text-align: right; padding: 2px;">6,376</td> <td style="text-align: right; padding: 2px;">5,742</td> </tr> </table>				<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
<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																			
G	f	6,243	4,286																		
	h	1,530	1,675																		
	h	(6,284)	(6,177)																		
h	f f	296	162																		
		(253)	(323)																		
	f / () f h	1,532	(377)																		
	f / () f h	1,419	(333)																		
	h C																				
E	/ () h (EPS) (HK\$)	0.270	(0.063)																		
h G	F 2016 F 2015																				
	B	56.6%	49.7% f h																		
	f h G																				
	f h G (h B h B f B) f		21.2%																		
	f h G	8.0%																			
F 2015. h	f h G F 2016																				
	f h B f	22.9% f																			
H- \$41,053	H- \$50,434																				
	h h h h																				
	f h G h																				
	h G h																				
	h f h G f																				
	f	11.0%	F 2016. h																		
	B h																				
	f h G																				
f	h D h h A																				
f	f h f h G																				

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 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 h
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
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. (. f) 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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(ii) *Financial position*

31

D 2016 f f f f f :

**As at
31 December
2016**
RMB' million

Non-current assets **3.8**

3.2

0.6

Current assets **2,287.2**

1,286.0

A 307.0

h 414.2

C h h 188.6

h 91.4

Current liabilities **2,248.3**

A 1,568.0

h 680.3

Non-current liabilities

NAV of the Target Business **42.7**

A 31 D 2016, h f h ¥ B.

() f B1,286.0 ; () h f

B721.2 ; () h h f

B188.6 ; () h - . B h F 2016

A f h f h ¥ B. 31 D 2016, h

f h ¥ B. 4.3%.

¥h ¥ B. f B2,248.3

f B1,568.0 h

¥h ¥ B. h - ¥

A 31 D 2016, h A f h ¥ B.

B42.7 (H \$49.3). B h F 2016

A f h A f h ¥ B. 31 D 2016, h

f h ¥ B. 229.7%, h h h ¥ f f h

¥ B. ff f h

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

D. REASONS FOR AND BENEFITS OF THE ACQUISITION

The Acquisition is expected to generate synergies, which are expected to be realized over the period of 2017 to 2019. The synergies are expected to be realized through the following measures:

B. **Operational Synergies**

The Company has entered into a strategic partnership with the Company, which is expected to result in operational synergies. The Company has entered into a strategic partnership with the Company, which is expected to result in operational synergies. The Company has entered into a strategic partnership with the Company, which is expected to result in operational synergies. The Company has entered into a strategic partnership with the Company, which is expected to result in operational synergies.

The Company has entered into a strategic partnership with the Company, which is expected to result in operational synergies. The Company has entered into a strategic partnership with the Company, which is expected to result in operational synergies. The Company has entered into a strategic partnership with the Company, which is expected to result in operational synergies. The Company has entered into a strategic partnership with the Company, which is expected to result in operational synergies.

1. Transformational integration of the edible oil business: The Acquisition is expected to result in transformational integration of the edible oil business. The Acquisition is expected to result in transformational integration of the edible oil business. The Acquisition is expected to result in transformational integration of the edible oil business. The Acquisition is expected to result in transformational integration of the edible oil business.

2. Extensive distribution network: The Acquisition is expected to result in an extensive distribution network. The Acquisition is expected to result in an extensive distribution network. The Acquisition is expected to result in an extensive distribution network. The Acquisition is expected to result in an extensive distribution network.

3. Right to use the Fortune (E W ~) brand: The Acquisition is expected to result in the right to use the Fortune (E W ~) brand. The Acquisition is expected to result in the right to use the Fortune (E W ~) brand. The Acquisition is expected to result in the right to use the Fortune (E W ~) brand. The Acquisition is expected to result in the right to use the Fortune (E W ~) brand.

E. PRINCIPAL TERMS OF THE ACQUISITION

(i) *Introduction*

The Acquisition is expected to be completed by 25th 2017. The Acquisition is expected to be completed by 25th 2017. The Acquisition is expected to be completed by 25th 2017. The Acquisition is expected to be completed by 25th 2017.

The Acquisition is expected to be completed by 25th 2017. The Acquisition is expected to be completed by 25th 2017. The Acquisition is expected to be completed by 25th 2017. The Acquisition is expected to be completed by 25th 2017.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(ii) *Payment and conditions precedent*

The Company is to pay to the Vendor the sum of £1,000,000 (one million pounds) in cash.

(1) The first £315,000 (31.5%) of the purchase price is to be paid to the Vendor on completion of the sale of the Company's shares in the Company.

(2) The second £315,000 (31.5%) of the purchase price is to be paid to the Vendor on completion of the sale of the Company's shares in the Company, subject to the Company's obligations under the terms of the Share Purchase Agreement being satisfied. The Company's obligations under the terms of the Share Purchase Agreement are to be satisfied on completion of the sale of the Company's shares in the Company.

(3) The third £370,000 (37%) of the purchase price is to be paid to the Vendor on completion of the sale of the Company's shares in the Company, subject to the Company's obligations under the terms of the Share Purchase Agreement being satisfied. The Company's obligations under the terms of the Share Purchase Agreement are to be satisfied on completion of the sale of the Company's shares in the Company.

(iii) *Consideration*

The Vendor is to receive a total consideration of £1,000,000 (one million pounds) for the shares in the Company. The consideration is to be paid to the Vendor in cash.

(iv) Undertakings by China Foods

A. The following information is provided for the year ended 31 December 2015:

B. The following information is provided for the year ended 31 December 2015:

C. The following information is provided for the year ended 31 December 2015:

(v) Completion

The following information is provided for the year ended 31 December 2015:

The following information is provided for the year ended 31 December 2015:

The following information is provided for the year ended 31 December 2015:

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Compan 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
					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 E f
h f E, E G H h D
 3. The F ff C (Xi'ang) h 2016 f
H C (Kerr), C h h,
f h
f 50% f h H , h E B h
(75.7% f h) h f
The 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 from 31 D 2016 to 31 D 2017, the Company's earnings were \$113.3 million, compared to \$98.1 million for the same period in 2016. This increase is primarily due to the acquisition of the Company's subsidiary, which contributed \$113.3 million to earnings in 2017, compared to \$98.1 million in 2016. The Company's earnings were \$0.270 per share in 2017, compared to \$0.288 per share in 2016. The Company's earnings were \$113.3 million in 2017, compared to \$98.1 million in 2016. The Company's earnings were \$0.270 per share in 2017, compared to \$0.288 per share in 2016.

2. Effect on gearing

The Company's gearing ratio was 30% at 31 D 2016, compared to 70% at 31 D 2017. This increase is primarily due to the acquisition of the Company's subsidiary, which increased the Company's debt by \$15,531.6 million. The Company's gearing ratio was 30% at 31 D 2016, compared to 70% at 31 D 2017. This increase is primarily due to the acquisition of the Company's subsidiary, which increased the Company's debt by \$15,531.6 million.

3. NAV

The Company's NAV was \$42.7 million at 31 D 2016, compared to \$49.3 million at 31 D 2017. This increase is primarily due to the acquisition of the Company's subsidiary, which increased the Company's NAV by \$6.6 million. The Company's NAV was \$42.7 million at 31 D 2016, compared to \$49.3 million at 31 D 2017. This increase is primarily due to the acquisition of the Company's subsidiary, which increased the Company's NAV by \$6.6 million.

4. Working capital

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

Component	2016 (RMB)	2016 (HK\$)
Trade receivables	7,586	900.0
Trade payables	(1,050)	(126.25)
Other receivables	23,190	2,788.50
Other payables	(598.8)	(71.86)
Total	29,127.2	3,550.49

The working capital of the Company is primarily composed of trade receivables and trade payables. The Company's working capital is sufficient to meet its current and foreseeable requirements.

RECOMMENDATION

The Board of Directors recommends that the shareholders of the Company approve the proposed dividend of HK\$1.1545 per share, which is equivalent to RMB1.1545 per share at the exchange rate of RMB1:HK\$1.1545. The dividend is payable to the shareholders of record as at the close of business on 31 December 2016.

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 the following 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	Percentage
[Name]	Chairman of the Board	235,364	636,000	0.02%
[Name]	Director	1,197,000	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	100,000	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	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	100,000	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. h h h f h h 47 50 f h C 2016 h h h f h C
2. h f h h 5,249,880,788 h f h f h C
3. 235,364 h h h f h
4. h f h h D 14,231,124,858 h h f h C h h D h f h h D

3. SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS

A h D , h f (D h f f h C) 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	51.07%
	(Note 3)		
C FC C	f	3,046,106,257	58.02%
	(Note 4)		

Notes:

1. h h f h C .
2. h 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 :

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

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

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

G & , h h h f (h , 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

I, the undersigned, being a duly qualified expert in the field of _____, do hereby certify that the above is a true and correct copy of the _____ as shown to me by _____.

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 B C , h f [redacted] h h
20 f h ;
- (7) h f h FA, h f [redacted] h h 21 38 f h ;
- (8) h f f h FA f h h h E
f C h ;
- (9) h .

NOTICE OF THE EGM

Notes:

1. The shareholders of the Company are invited to attend the AGM of the Company to be held at the Hong Kong Convention and Exhibition Centre, 100, Nathan Road, Kowloon, Hong Kong on 22, HONG KONG, 2017.
2. The AGM of the Company will be held at the Hong Kong Convention and Exhibition Centre, 100, Nathan Road, Kowloon, Hong Kong on 22, HONG KONG, 2017. The AGM will be held at 4:30 p.m. on 22, HONG KONG, 2017.
3. The AGM of the Company will be held at the Hong Kong Convention and Exhibition Centre, 100, Nathan Road, Kowloon, Hong Kong on 22, HONG KONG, 2017.
4. The AGM of the Company will be held at the Hong Kong Convention and Exhibition Centre, 100, Nathan Road, Kowloon, Hong Kong on 22, HONG KONG, 2017.
5. The AGM of the Company will be held at the Hong Kong Convention and Exhibition Centre, 100, Nathan Road, Kowloon, Hong Kong on 22, HONG KONG, 2017.
6. The AGM of the Company will be held at the Hong Kong Convention and Exhibition Centre, 100, Nathan Road, Kowloon, Hong Kong on 22, HONG KONG, 2017.
7. The AGM of the Company will be held at the Hong Kong Convention and Exhibition Centre, 100, Nathan Road, Kowloon, Hong Kong on 22, HONG KONG, 2017.

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.