

HISTORY AND DEVELOPMENT

BUSINESS DEVELOPMENT

The history of the Group can be tracked back to 1980's when Artwell Enterprises, then controlled by Mr. Chu, engaged in sale and purchase of agricultural products business. Artwell Enterprises sourced dried cassava chips from, among others, Thailand to its customers in China in 1990s.

In response to the Thai government's action to liquidate its stockpile of dried cassava chips in 2001, Mr. Chu, through the then market intelligence in Thailand, entered into discussion with the Department of Foreign Trade in March 2001 in relation to the taking up of part of the stockpile. Mr. Chu agreed to acquire from Public Warehouse Organisation, a state enterprise under the supervision of the Thai government, approximately 300,000 tonnes of dried cassava chips. These procurement and sales were one of the milestones for the Group. The Group then established its foothold in its cassava procurement business in Thailand.

To facilitate the Group's procurement and export of dried cassava chips business in Thailand and to cope with the business development in China, Alush Thailand and Rizhao Yushun were both incorporated in 2001. Also, Alush Thailand became a member of the TTTA in 2001 and obtained the Certificate of the Exporter of Commodity Standard issued by the Office of the Commodity Standard of Thailand, which is subject to renewal each year, and export licenses issued by the Foreign Trade Department of the Ministry of Commerce of Thailand, which are required for each export, which enable Alush Thailand to engage in the business of exporting cassava chips.

The Group was the largest exporter of dried cassava chips in Thailand and the largest supplier of dried cassava chips imported from Thailand to the PRC from 2003 to 2007 by export volume based on the annual reports of TTTA.

With a view to reinforcing the customers' recognition on the quality of the dried cassava chips sold by the Group, Mr. Chu registered the trademark of "Artwell" in 2004 in the PRC and the Group supplies its quality products mainly under the "Artwell" brand with timely delivery to its customers generally with a starch content of 67% or above, which is higher than that of the required minimum of 65% of the Standard of Cassava Product issued by the Ministry of Commerce in Thailand. The "Artwell" brand is well-known among the Group's PRC customers. The Directors confirmed that there is currently no minimum requirement of starch content of dried cassava chips in the PRC.

To further expand the sales of dried cassava chips of the Group, Artwell Tapioca and Artsun Macao were incorporated in Hong Kong and Macau in 2004 and 2006, respectively. Both of them are principally engaged in trading of cassava chips which are purchased from Alush Thailand (for sales from warehouses) and other Southeast Asian suppliers (for direct sales) and sold to its customers in the PRC.

With a view to broadening the sources of dried cassava chips in Thailand, Mr. Chu obtained control of Global Property in 2007. Prior to Mr. Chu obtained control of Global Property in November 2007 and as at the Latest Practicable Date, save as engaging in the procuring and processing of fresh cassava chips in Thailand, Global Property has not commenced any business operations. Global Property is mainly responsible for procuring and processing of fresh cassava roots and procuring and sale of dried cassava chips. It became a member of the Thai Cassava Products Factory Association in 2007.

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In order to further expand its procurement network in Southeast Asia, Artwell Cambodia was incorporated on 28 March 2008. It is planned for engaging in the procurement and sales of dried cassava chips mainly to the Group members in Thailand for onward exports to the PRC.

CORPORATE DEVELOPMENT

Artwell Enterprises was incorporated in Hong Kong on 26 July 1983 and has been controlled by Mr. Chu since 1984. Immediately prior to the Reorganisation, Artwell Enterprises was over 99.99% beneficially owned by Mr. Chu and the remaining by Mrs. Chu. Artwell Enterprises had been engaged in the trading of dried cassava chips and is principally engaged in property investment and investment holding.

Alternative View was incorporated in BVI on 18 August 1999 and is principally engaged in investment holding and property investment. Immediately prior to the Reorganisation, the entire issued share capital of Alternative View was beneficially owned by Mr. Chu.

To facilitate the procurement and export of dried cassava chips business in Thailand, Alush Thailand was incorporated in Thailand in 2001. Details of the shareholding structure and arrangement of Alush Thailand are set out in the paragraph headed "Thai Arrangements" in this section.

To cope with the business development in the PRC, Rizhao Yushun was incorporated in the PRC on 19 July 2001 with a registered capital of US\$600,000 (equivalent to approximately HK\$4,680,000), which was fully paid up in June 2003. In 2006, its registered capital was approved to be increased to US\$1,260,000 (equivalent to approximately HK\$9,828,000). The increased part of its registered capital was fully paid-up in January 2007. The payment of the initial registered capital and the increased registered capital of Rizhao Yushun was not settled within the time prescribed by its articles of association and the relevant PRC laws, which required that the first instalment payment of the registered capital by a foreign investor should be not less than 15% of the registered capital subscribed by it and shall be paid up within 90 days of the issue of the business licence. However, as advised by the Company's PRC legal advisers, the authority in charge subsequently approved and issued the approval certificates to Rizhao Yushun in 2004, 2006 and 2007 respectively for its change of name, increase in registered capital and change of business scope and so far there has not been any administrative penalty imposed on Rizhao Yushun. The Directors confirmed that no other remedial actions were taken previously. The Company's PRC legal advisers opined that as Artwell Enterprises has fulfilled its obligation in paying up the registered capital of Rizhao Yushun and there is no legal impediment for its shareholder's right.

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Rizhao Yushun is principally engaged in the trading of dried cassava chips either as import agent or as seller to its customers mainly in the PRC. Since its incorporation on 19 July 2001 and up to 20 March 2005, the permitted business scope of Rizhao Yushun was "processing and sale of cassava chips". On 21 March 2005, Rizhao Yushun obtained its business licence with permitted business scope (amended) as processing, sales of dried cassava chips (for industrial use) and the import and export of products (excluding the sub-distribution of imported goods).

After Rizhao Yushun obtained the 《中華人民共和國海關進出口貨物收發貨人報關註冊登記證書》 (Register Document for Customs Declaration of Consignees and Consigners of Import and Export Goods of the Customs of the PRC) in July 2003, Rizhao Yushun started to engage in the import/sales of cassava chips. Prior to 29 July 2003, Rizhao Yushun did not engage in the business of import of cassava chips. As such, the import of dried cassava chips performed by Rizhao Yushun during July 2003 and March 2005 exceeded its then permitted business scope, namely, the processing and sale of cassava chips. However, as advised by the Company's PRC legal advisers, since Rizhao Yushun has obtained the 《中華人民共和國海關進出口貨物收發貨人報關註冊登記證書》 (Register Document for Customs Declaration of Consignees and Consigners of Import and Export Goods of the Customs of the PRC), the contracts made by Rizhao Yushun during the relevant period would still be legally valid. In addition, during the relevant period, Rizhao Yushun had not encountered any problems in issuing VAT invoices and filing tax return with the tax authority in relation to the sales transactions and in renewing its business licences and there was no penalty imposed on Rizhao Yushun for conducting business outside its permitted scope. As such, based on the Company's PRC legal advisers' opinion above, the Directors consider that the exposure to the Group and its senior management is remote. The Controlling Shareholders, Mr. Chu and AR Management undertake to indemnify in favour of the Group against any costs, expenses and/or damages as a result of the above non-compliance. Further details of the indemnity is set out in the paragraph headed "Other information" in Appendix V to this document.

Artwell Tapioca was incorporated in Hong Kong on 18 March 2004, which is principally engaged in the trading of dried cassava chips. Upon its incorporation, Artwell Tapioca was owned as to 50% by Artwell Enterprises and as to 50% by Exquisite Gold, a company wholly-owned by Mr. Chu.

On 20 April 2006, Artsun Macao was incorporated in Macau as a wholly-owned subsidiary of Alternative View and is principally engaged in the trading of dried cassava chips. Both Artwell Tapioca and Artsun Macao are principally engaged in trading of cassava chips, which are purchased from Alush Thailand (for sales from warehouses) and other Southeast Asian suppliers (for direct sales) and sold to its customers in the PRC.

In November 2007, with a view to broadening the sources of dried cassava chips in Thailand, Mr. Chu gained control of approximately 99.95% of the shareholdings in Global Property. Details of the shareholding structure and arrangement of Global Property are set out in the paragraph headed "Thai Arrangements" in this section.

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Immediately prior to the Reorganisation, certain companies of the Group had assumed the treasury function of the private companies managed by Mr. Chu. Money was advanced to Jinan Yaxin Real Estate Development Co. Ltd. (濟南雅新房地產開發有限公司) for the financing of its real estate development project in Jinan. As advised by the Company's PRC legal advisers, the advances to the related parties will be regarded as invalid under the relevant rules in the PRC. However, the borrowing parties continue to have the obligation to repay the advances. The Company's PRC Legal Advisers also opined that the Group would not be penalised by The People's Bank of China as the advances involving the Group's PRC companies are non-interest bearing, [and such advances have already been settled]. The Controlling Shareholders, Mr. Chu and AR Management, have undertaken to indemnify the Group from, among others, any losses, costs, expenses and/or damages suffered or incurred by the Group as a result of the advances. Further details of the indemnity is set out in the paragraph headed "other information" in Appendix V to this document.

Art Ocean was incorporated in BVI in February 2008 and became a wholly-owned subsidiary of Alternative View in March 2008, mainly for the purpose of holding the trademark of the Group. In March 2008, Mr. Chu signed an agreement with Art Ocean to transfer three trademarks registered in the PRC under his name to Art Ocean at a consideration of RMB1 (equivalent to approximately HK\$1.14). For details of the trademarks, please refer to the paragraph headed "Intellectual property rights" under the section headed "Business" of this document.

In order to dispose of the assets which are unrelated to the principal business and not compatible with the future development of the Group, in March 2008, Artwell Enterprises and Alternative View had respectively disposed of the following: (a) Artwell Enterprises transferred 50% equity interests in Artwell Cotton (the principal activity of which is trading of cotton) owned by it to Exquisite Gold (the principal activity of which is investment holding) at a nominal consideration of HK\$1.00 determined by reference to the unaudited net liability of Artwell Cotton as at 31 March 2008. As Artwell Cotton was accounted for as an associate and it had been loss-making prior to the Track Record Period, the Group's investment cost in Artwell Cotton of HK\$1 was fully impaired before the Track Record Period. For each of the three financial years ended 31 March 2008, it continued to record losses. As such, no share of profit/loss was equity accounted for by the Group in respect of its interest in Artwell Cotton; and (b) Alternative View assigned a property in Shatin, New Territories, Hong Kong to Alpha Concord Investments Limited, a company owned by Mr. Chu and Mrs. Chu, at a consideration of HK\$965,000 based on the market value of the property as at [31 March] 2008 for the reasons that the Group will not be able to utilise this property in the short run and such disposal will enhance the Group's working capital.

Art Rich and All High were incorporated in BVI and became wholly-owned subsidiaries of Alternative View in the first quarter of 2008. Art Rich is principally engaged in investment holding. All High is principally engaged in investment holding and provision of shipping agency service.

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Artwell Cambodia was incorporated in Cambodia on 28 March 2008, being a wholly owned subsidiary of Art Rich and is planned for engaging in the procurement of dried cassava chips in Cambodia and sales of dried cassava chips to the Group members in Thailand for onward exports to the PRC. As advised by the Company's Cambodia legal advisers, Artwell Cambodia is permitted, under Cambodian laws, to conduct business freely and no business licence is currently required for the procurement and export of cassava products. However, exports permits are required for export of agricultural products and it is likely that such a permit will be required for export of cassava products. As Artwell Cambodia has not yet commenced exporting, there are no current licensing requirements under Cambodian laws. Once Artwell Cambodia commences activities, permits may be required based on the specific quantities exported. The permits are issued on a case by case basis but the procedure for issuing permits is common and routine. The Company's Cambodia legal advisers advised that Artwell Cambodia will not face any particular difficulties in obtaining the relevant permits if required.

Artwell Cambodia did not complete the filing of the tax registration at the Tax Department of the Ministry of Economic and Finance of Cambodia ("MEF") within the prescribed time after incorporation as the Group was unfamiliar with Cambodian laws at the time when Artwell Cambodia was incorporated. By the time when the Group engaged suitable Cambodian legal advisers, the required time limit for completing the filing had already lapsed. As advised by the Company's Cambodian legal advisers, the tax registration for Artwell Cambodia was filed on 3 September 2008. Prior to filing the tax registration, Artwell Cambodia had settled a penalty of US\$275 (equivalent to approximately HK\$2,100) for the late filing and registration was completed by the Tax Department at MEF on 6 October 2008 with the Patent and VAT Certificates taken effect on 1 September 2008. According to Article 131 of Law on Tax of Cambodia ("LOT"), late filing of tax registration incurred a penalty of 10% plus 2% per month (or part thereof) of outstanding taxes. The taxes to be paid upon registration are the Patent Tax of 1,140,000 Riels (equivalent to approximately HK\$2,200) and the Seal Posting Tax of 10,000 Riels (equivalent to approximately HK\$19) (4,100 Riels is approximately equal to one US\$). Therefore, the assessed penalty was based on 22% of the amount due 1,150,000 Riels (equivalent to approximately HK\$2,400), which was calculated to be 253,000 Riels (equivalent to approximately HK\$480). There was an additional amount of sundry expenses payable in the amount of 848,000 Riels (equivalent to approximately HK\$1,600), due to another provision of the LOT, which states that the delay of payment of tax may be subject to the penalty of 2,000,000 Riel (equivalent to approximately HK\$3,800) per month. As Artwell Cambodia was incorporated on 28 March 2008 and remained dormant, the Cambodian legal advisers are of the opinion that since Artwell Cambodia has paid the late filing penalty and filed with the Tax Department of MEF all the documents required for the tax registration as required by the relevant laws, assuming the Company continues to comply with the usual monthly tax filings with the Tax Department of MEF, no further penalty will be imposed on Artwell Cambodia.

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In March 2008, as part of the Reorganisation, Artwell Enterprises acquired from Exquisite Gold its 50% shareholding in Artwell Tapioca at a consideration of HK\$11,787,920. The consideration for the acquisition was determined by reference to the then unaudited net asset value of Artwell Tapioca.

In March 2008, (a) Mr. Chu and Mrs. Chu transferred their 100% interest in each of Artwell Properties and Fine Success to Alternative View at an aggregate consideration of HK\$1,128,897 and HK\$2,872,599 respectively; and (b) Mr. Chu and Alther Limited transferred their aggregate of 100% interest in Wide Triumph to Alternative View at an aggregate consideration of HK\$5,694,267, for the purposes of facilitating the Group's future development, leveraging these properties as securities for bank facilities of the Group as well as enhancing the Group's asset and revenue base. Such considerations were based on the unaudited net asset value of the respective companies as at 31 March 2008, including the properties held by Artwell Properties, Fine Success and Wide Triumph respectively.

The financial statements of Artwell Property for the period from 3 September 2004 (date of incorporation) to 31 March 2006 were qualified as it covered a period in excess of that permitted by section 122 of the Companies Ordinance. The Directors admit that such non-compliance by Artwell Property was due to an unintentional oversight of the relevant requirement under the Companies Ordinance and an incorrect appreciation of the possible legal consequences from this non-uncommon practice. The Directors confirm that the first set of the financial statements had been duly prepared with the audit qualification and all subsequent financial statements had been timely prepared. Although under the Companies Ordinance, a director of a company who fails to take all reasonable steps to comply with the provisions of section 122 of the Companies Ordinance may be liable to a fine of HK\$300,000 and imprisonment for 12 months, the aforesaid penalty represents a maximum penalty under the Companies Ordinance and, as at the Latest Practicable Date, the Directors are not aware of any case being reported in Hong Kong under this category in the available legal research system in which the penalty was imposed on a single incident which had been duly ratified. As confirmed by the Directors, both Artwell Property, its directors and its senior management have not been imposed any penalty or prosecution in relation to this non-compliance. The Controlling Shareholders, Mr. Chu and AR Management, have undertaken to indemnify the Group from, among others, any losses, costs, expenses and/or damages suffered or incurred by the Group as a result of the non-compliance with section 122 of the Companies Ordinance by Artwell Property. Further details of the indemnity is set out in the paragraph headed "Other information" in Appendix V to this document.

In March 2008, the Group acquired the land use right and the factory complex constructed thereon at No. 22 Dongshen Road, E-gong Ling, Pingu Town, Longgang District, Shenzhen City, Guangdong Province, the PRC from Mr. Chu at a consideration of RMB9,200,000 (equivalent to approximately HK\$10,452,100) by canceling the nominee agreement entered into between Artwell Enterprises and Mr. Chu, under which Artwell Enterprises held the said property as a nominee of Mr. Chu. Such consideration was based on the market value of the said property as at [31 March 2008].

On 8 May 2008, the Company was incorporated in the Cayman Islands. It became the holding company of the Group as a result of the Reorganisation.

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On 2 July 2008, Mr. Chu transferred in aggregate of 14,999,999 shares in Artwell Enterprises (out of which 450,000 shares of Artwell Enterprises was transferred through Mr. Chu Chung Sum, being the father of Mr. Chu, who held such number of shares on trust for Mr. Chu) to Alternative View and Mr. Ng Chi Kong transferred one share of Artwell Enterprises which he held on trust for Mrs. Chu to Alternative View at the consideration of HK\$45,212,401 and HK\$3 respectively. The consideration for all the above transfers was determined based on the unaudited net asset value of Artwell Enterprises as at 31 March 2008, including the properties held by Artwell Enterprises.

On 2 July 2008, AR Management acquired the entire issued share capital of Alternative View from Mr. Chu, and the consideration for such acquisition were satisfied by the allotment and issue of 100 shares in AR Management, credited as fully paid, to Mr. Chu.

On 2 July 2008, AR Management allotted and issued 869 shares of it to Mr. Chu and 30 shares of it to Mrs. Chu, as such, the entire issued share capital of AR Management is beneficially owned as to approximately [97%] and [3%] by Mr. Chu and Mrs. Chu respectively.

THAI ARRANGEMENTS

In the end of 2000, Mr. Chu intended to set up Alush Thailand to further develop his business in Thailand, decided to establish Alush Thailand through the Alush Arrangements.

Pursuant to the Foreign Business Act in Thailand enacting since 1999, a foreign company (i.e. any company having its foreign national shareholders holding 50% or more of the total issued shares of the company) is allowed to engage in the export of cassava chips. Thus, regardless whether a company is a Thai or foreign national company under the Foreign Business Act, it is entitled to engage in such business. According to the Company's Thai legal advisers, the basis for such conclusion is that the Foreign Business Act lists out certain businesses that foreigner cannot engage in or can engage in only with specific permission. The Foreign Business Act provides three lists of businesses which foreign companies are (i) strictly prohibited from engaging in; (ii) restricted to engage in unless with permission from the Minister of the Ministry of Commerce with the approval of the Cabinet; and (iii) able to engage in only with the permission of the Director-General of the Business Development Department of Thailand, such as the wholesale or retail business having less than THB100 million (equivalent to approximately HK\$22,400,000) capital. The business of export of goods, including cassava chips, is not listed on either of the lists. Mr. Chu could have injected over THB100 million (equivalent to approximately HK\$22,400,000) to his business to obtain the permission for a foreign company, however as Mr. Chu did not want to lock up such amount of money in Thailand at that time and would like to have better and more efficient utilization of the Group's financial resources, he did not choose to expand the capital of Alush Thailand to THB100 million (equivalent to approximately HK\$22,400,000). Also, having considered the complicated procedures involved, Mr. Chu did not choose to obtain permission of the Director-General of the Business Development Department. Therefore, Mr. Chu would rather maintain Alush Thailand as the Thai national company in form at the relevant time. In the end of 2000,

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when Mr. Chu intended to set up Alush Thailand to further develop his businesses in Thailand, given the above and the fact that the Foreign Business Act was only enacted for about one year and that Mr. Chu had received the impression from other exporters that although the Foreign Business Act allows a foreign company to engage in the export of cassava chips, in practice it was not clear at the time of setting up Alush Thailand in 2001 as to whether only a Thai national company would be approved by the relevant Thai government authorities to export cassava chips. Accordingly, after consulting with the then advisers and other exporters as to their common practice; in order to allow Alush Thailand a more flexible future business operation and to avoid the uncertainty regarding interpretation of the Foreign Business Act, Mr. Chu decided to control Alush Thailand through the Alush Arrangements. Therefore, shortly after Mr. Chu established Alush Thailand personally and through the loan arrangements with Ms. Liu on 3 January 2001, Mr. Chu and Ms. Liu transferred part of their shares in Alush Thailand to Bangsai Grain Co., Ltd., a Thai national company, on 1 June 2001 such that Alush Thailand became a Thai national company as the majority of the registered shareholders are Thai national. In this regard, immediately prior to the Group's acquisition of the 100% interests in Alush Thailand in March 2008, the beneficial interest in and effective control over 99.976% equity interest of Alush Thailand by Mr. Chu was structured under the Alush Arrangements, particulars of which are as follows:

1. Mr. Chu had, at different points of time, entered into loan agreements and share pledge agreements with the Alush Shareholders, whose registered interests in Alush Thailand together with Mr. Chu's interest in Alush Thailand, represented more than 99.90% of the total issued share capital of Alush Thailand at all material time since the establishment of Alush Thailand. The remaining shareholdings in Alush Thailand, representing less than 0.10% of the total issued share capital of Alush Thailand, are held by a few Thai individuals, who are Independent Third Parties. Mr. Chu, pursuant to the loan agreements, had lent fund to the Alush Shareholders to invest in Alush Thailand, and as security to the repayment of their respective loans owed to Mr. Chu, the Alush Shareholders had agreed to pledge their respective shares in Alush Thailand in favour of Mr. Chu, by virtue of which, Mr. Chu could enforce the share pledge in an event of default of the loan repayment. Further, pursuant to the loan agreements, upon demand of repayment, Mr. Chu had the right at his sole discretion to demand and effect the transfer of the shares so pledged by the Alush Shareholders to Mr. Chu or his designated person at a consideration equal to the loan amount.

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2. The Alush Shareholders had also respectively entered into the letters of undertaking with Mr. Chu whereby they have undertaken, among other things, to assign and direct all dividends and special distribution paid and payable by Alush Thailand in relation to their shares in Alush Thailand, and all distribution of assets made or to be made by Alush Thailand in relation to their shares in Alush Thailand solely to Mr. Chu. In addition, two of the Alush Shareholders, namely Mr. MK Chu and Ms. Liu, in their capacities of directors of Alush Thailand, had also undertaken not to approve any resolution of Alush Thailand relating to any material business transactions without the prior written consent of Mr. Chu and not to approve any resolution relating to the appointment, acceptance of resignation of or otherwise removal of directors of Alush Thailand without the prior written consent of Mr. Chu.

3. Each of the Alush Shareholders also appointed Mr. Chu as their respective proxy to receive notices of meetings and to vote in all shareholders' meetings of Alush Thailand for any proposed resolution. Mr. MK Chu and Ms. Liu, in their capacities of directors of Alush Thailand had also appointed Mr. Chu as their respective proxy to receive notices of meetings and to vote in all directors' meetings of Alush Thailand for any proposed resolution.

The details of each of the Alush Arrangements at different points of time are set out as follows:

On 3 January 2001 (date of incorporation of Alush Thailand)

Borrower ("B") or name of registered shareholders ("S")	Lender	Number of shares pledged ("P") or owned ("O")	Approximate percentage of shareholdings	Amount of loan involved	Relationship with the Company	Remarks	Nationality of the registered shareholders
Ms. Liu (B)	Mr. Chu	14,997 (P) <i>(note 1)</i>	49.99%	THB1,499,700 (equivalent to approximately HK\$335,900)	An executive Director	-	Chinese
Mr. Chu (S)	-	14,998 (O) <i>(note 1)</i>	49.993%	-	An executive Director and Controlling Shareholder	-	Chinese
Other five minority shareholders (S)	-	5 (O)	0.017%	-	Independent Third Parties	Each of the five minority shareholders held 1 share of Alush Thailand, representing approximately 0.003% of the then shareholding of Alush Thailand	Thai
Total		<u>30,000</u>	<u>100%</u>				

Note 1: Mr. Chu effectively controlled approximately 99.983% of the then shareholdings of Alush Thailand, out of which 49.993% was legally and beneficially owned by Mr. Chu and approximately 49.99% was controlled through the Alush Arrangements with Ms. Liu.

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On 1 June 2001 (when several share transfers took place among the registered shareholders)

Borrower ("B") or name of registered shareholders ("S")	Lender	Number of shares pledged ("P") or owned ("O")	Approximate percentage of shareholdings	Amount of loan involved	Borrower's relationship with the Group	Remarks	Nationality of the registered shareholders
Mr. Chu (S)	-	8,700 (O) <i>(note 2)</i>	29%	-	An executive Director and Controlling Shareholder	Mr. Chu had transferred 6,298 shares of Alush Thailand to Bangsai Grain Co., Ltd. on 1 June 2001	Chinese
Bangsai Grain Co., Ltd. (B)	Mr. Chu	15,295 (P) <i>(note 2)</i>	50.983%	THB1,529,500 (equivalent to approximately HK\$342,600)	Independent Third Party		Thai national company
Ms. Liu (B)	Mr. Chu	3,000 (P) <i>(note 2)</i>	10%	THB300,000 (equivalent to approximately HK\$67,200)	An executive Director	Ms. Liu had transferred on 1 June 2001: (1) 8,997 shares of Alush Thailand to Bangsai Grain Co., Ltd.; and (2) 3,000 shares of Alush Thailand to Mr. MK Chu	Chinese
Mr. MK Chu (B)	Mr. Chu	3,000 (P) <i>(note 2)</i>	10%	THB300,000 (equivalent to approximately HK\$67,200)	An executive Director		Chinese
Other five minority shareholders (S)	-	5 (O)	0.017%	-	Independent Third Parties	Each of the five minority shareholders held 1 share of Alush Thailand, representing approximately 0.003% of the then shareholding of Alush Thailand	Thai
Total		30,000	100%				

Note 2: Mr. Chu effectively controlled approximately 99.983% of the then shareholdings of Alush Thailand, out of which 29% was legally and beneficially owned by him and approximately 70.983% was controlled through the Alush Arrangements with each of Ms. Liu, Bangsai Grain Co., Ltd. and Mr. MK Chu respectively.

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On 30 April 2004 (when Bangsai Grain Co., Ltd. transferred its shares in Alush Thailand to Mr. Jirasak Chuenchujitjaratkun)

Borrower ("B") or name of registered shareholders ("S")	Lender	Number of shares pledged ("P") or owned ("O")	Approximate percentage of shareholdings	Amount of loan involved	Borrower's relationship with the Group	Remarks	Nationality of the registered shareholders
Mr. Chu (S)	-	8,700 (O) <i>(note 3)</i>	29%	-	An executive Director and Controlling Shareholder		Chinese
Mr. Jirasak Chuenchujitjaratkun ("Mr. Jirasak") (B)	Mr. Chu	15,295 (P)	50.983%	THB1,529,500 (equivalent to approximately HK\$342,600)	Independent Third Party	Bangsai Grain Co., Ltd. transferred 15,295 shares of Alush Thailand to Mr. Jirasak Chuenchujitjaratkun on 30 April 2004	Thai
Ms. Liu (S)	Mr. Chu	3,000 (P) <i>(note 3)</i>	10%	THB300,000 (equivalent to approximately HK\$67,200)	An executive Director		Chinese
Mr. MK Chu (B)	Mr. Chu	3,000 (P) <i>(note 3)</i>	10%	THB300,000 (equivalent to approximately HK\$67,200)	An executive Director		Chinese
Other five minority shareholders (S)	-	5 (O)	0.017%	-	Independent Third Parties	Each of the five minority shareholders held 1 share of Alush Thailand, representing approximately 0.003% of the then shareholding of Alush Thailand	Thai
Total		<u>30,000</u>	<u>100%</u>				

Note 3: Mr. Chu effectively controlled approximately 99.983% of the then shareholdings of Alush Thailand, out of which 29% was legally and beneficially owned by him and approximately 70.983% was controlled through the Alush Arrangements with each of Ms. Liu, Mr. Jirasak and Mr. MK Chu respectively.

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On 5 April 2007 (when the registered capital of Alush Thailand increased from THB3,000,000 (equivalent to approximately HK\$672,000) to THB12,000,000 (equivalent to approximately HK\$2,688,000))

Borrower ("B") or name of registered shareholders ("S")	Lender	Number of shares pledged ("P") or owned ("O")	Approximate percentage of shareholdings	Amount of loan involved	Borrower's relationship with the Group	Remarks	Nationality of the registered shareholders
Mr. Chu (S)	-	34,800 (O) <i>(note 4)</i>	29%	-	An executive Director and Controlling Shareholder	On 5 April 2007, 26,100 shares were allotted and issued to Mr. Chu	Chinese
Mr. Jirasak (B)	Mr. Chu	61,194 (P) <i>(note 4)</i>	50.995%	THB6,119,400 (equivalent to approximately HK\$1,370,700)	Independent Third Party	On 5 April 2007: (1) 45,897 shares was allotted and issued to Mr. Jirasak (2) 2 shares were transferred to Mr. Jirasak from two independent minority shareholders	Thai
Ms. Liu (B)	Mr. Chu	12,000 (P) <i>(note 4)</i>	10%	THB1,200,000 (equivalent to approximately HK\$268,800)	An executive Director	On 5 April 2007, 9,000 shares were allotted and issued to Ms. Liu	Chinese
Mr. MK Chu (B)	Mr. Chu	12,000 (P) <i>(note 4)</i>	10%	THB1,200,000 (equivalent to approximately HK\$268,800)	An executive Director	On 5 April 2007, 9,000 shares were allotted and issued to Mr. MK Chu	Chinese
Other three minority shareholders (S)	-	6 (O)	0.005%	-	Independent Third Parties	On 5 April 2007, each of the three minority shareholders were allotted and issued 1 share. As such, each of the three minority shareholders of Alush Thailand held 2 shares, representing approximately 0.0017% of the then shareholding of Alush Thailand	Thai
Total		<u>120,000</u>	<u>100%</u>				

Note 4: Mr. Chu effectively controlled 99.995% of the then shareholdings of Alush Thailand, out of which 29% was legally and beneficially owned by him and each of 70.995% was controlled through the Alush Arrangements with Ms. Liu, Mr. Jirasak and Mr. MK Chu respectively.

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On 26 November 2007 (when the registered capital of Alush Thailand increased from THB12,000,000 (equivalent to approximately HK\$2,688,000) to THB15,000,000 (equivalent to approximately HK\$3,360,000))

Borrower ("B") or name of registered shareholders ("S")	Lender	Number of shares pledged ("P") or owned ("O")	Approximate percentage of shareholdings	Amount of loan involved	Borrower's relationship with the Group	Remarks	Nationality of the registered shareholders
Mr. Chu (S)	-	43,500 (O) <i>(note 5)</i>	29%	-	An executive Director and controlling Shareholder	On 26 November 2007, 8,700 shares were allotted and issued to Mr. Chu	Chinese
Mr. Jirasak (B)	Mr. Chu	76,464 (P) <i>(note 5)</i>	50.976%	THB7,646,400 (equivalent to approximately HK\$1,712,800)	Independent Third Party	On 26 November 2007, 15,270 shares were allotted and issued to Mr. Jirasak	Thai
Ms. Liu (B)	Mr. Chu	15,000 (P) <i>(note 5)</i>	10%	THB1,500,000 (equivalent to approximately HK\$336,000)	An executive Director	On 26 November 2007, 3,000 shares were allotted and issued to Ms. Liu	Chinese
Mr. MK Chu (B)	Mr. Chu	15,000 (P) <i>(note 5)</i>	10%	THB1,500,000 (equivalent to approximately HK\$336,000)	An executive Director	On 26 November 2007, 3,000 shares were allotted and issued to Mr. MK Chu	Chinese
Other three minority shareholders (S)	-	36 (O)	0.024%	-	Independent Third Parties	On 26 November 2007, each of the three minority shareholders were allotted and issued 10 shares. As such, each of the three minority shareholders of Alush Thailand held 12 shares, representing approximately 0.008% of the then shareholding of Alush Thailand.	Thai
Total		150,000	100%				

Note 5: Mr. Chu effectively controlled 99.976% of the then shareholdings of Alush Thailand, out of which 29% was legally and beneficially owned by him and each of 70.976% was controlled through the Alush Arrangements with Ms. Liu, Mr. Jirasak and Mr. MK Chu respectively.

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As advised by the Company's Thai legal advisers, based on the ruling of the Ministry of Commerce of Thailand ("Ministry of Commerce") dated 13 June 2003, carrying on export of goods for sales abroad is not a restricted or prohibited business under the list attached to the Foreign Business Act. Therefore, a foreigner under the Foreign Business Act (i.e. a company with 50% or more shares held by foreigners) can conduct such kind of business without requirement of any permit from the Business Development Department of the Ministry of Commerce. By analogy to the above ruling, the export of dried cassava chips business is a business outside such list and hence a foreigner is not prohibited or restricted from engaging in such business activity. In other words, if a company was a foreigner under the Foreign Business Act (meaning that a majority of shares in the company would be held by foreigners) or deemed to be a foreigner for any reason, the company would still be able to carry on this business without restrictions under the Foreign Business Act.

Mr. Chu and Ms. Liu has been appointed as directors of Alush Thailand since its incorporation and Mr. MK Chu has been appointed as a director of Alush Thailand since 8 June 2001.

According to the Company's Thai legal advisers, the Alush Arrangements enabled Mr. Chu to act solely to transact any business of Alush Thailand by calling for any shareholders' meeting and directors' meeting and convene such meeting, adopt any resolution Mr. Chu may desire and such resolution would be valid and lawful provided that the resolution is not against the laws of Thailand. Further, all dividends, special distributions paid and payable and all distribution of assets made or to be made in respect of the shares held by the Alush Shareholders in Alush Thailand shall be solely made to Mr. Chu, [and as such, all economic benefits and assets could be wholly received and controlled by Mr. Chu. Further, the fact that Mr. Chu could convene any shareholders' and director's meeting and adopt any resolution Mr. Chu may direct, together with the rights to control the appointment and removal of the directors; and the key decisions, such as the purchase price of dried cassava chips quoted to the market from time to time, the entering of long term supply contracts and the approval for material payments are supervised by Mr. Chu, which could prevent possible leakages of assets and values to the registered shareholders.]

According to the Company's Thai legal advisers, the Foreign Business Act stipulates that it is an offence if and only if (i) there exists a "nominee" relationship; and (ii) the "nominee" company carries out any of the restricted activities as defined in the Foreign Business Act. It would not be a criminal offence under the Foreign Business Act if the "nominee" company has not carried out any of the restricted activities as defined in the Foreign Business Act even if a "nominee" relationship is proven in courts of Thailand. To establish a "nominee" relationship, it must be proven in court of Thailand that the Thai shareholder in a company is a nominee of a foreigner.

As advised by the Company's Thai legal advisers, the Alush Arrangements together with the shareholding of Mr. Chu, in effect enabled Mr. Chu to be beneficially interested in, and effectively control, an aggregate of 99.976% equity interest in Alush Thailand immediately prior to the acquisition of Alush Thailand by the Group pursuant to the Reorganisation. As there has been no material change or official clarification to the

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Foreign Business Act since its enactment, the Alush Arrangements had been continued until immediately prior to the Reorganisation.

In November 2007, with a view to broadening the sources of the dried cassava chips in Thailand, and as it was found that Mr. Chu could exercise control effectively through the Alush Arrangements, Mr. Chu gained the control of approximately 99.95% of the shareholdings in Global Property through loan arrangements similar to the Alush Arrangements with each of the GP Shareholders:

1. Mr. Chu had entered into loan agreements and share pledge agreements on 13 November 2007 with the GP Shareholders namely, Mr. Aja and Mr. Su, whose registered interests in Global Property represented 51% and 48.95% of the total issued share capital of Global Property respectively. Mr. Su was the purchasing manager of Alush Thailand. Save as disclosed in the GP Arrangements, Mr. Aja has no other connected relationship with the Group. Mr. Chu, pursuant to the loan agreements, had lent fund to the GP Shareholders to invest in Global Property, and as security to the repayment of their respective loans owed to Mr. Chu, the GP Shareholders had agreed to pledge their respective shares in Global Property in favour of Mr. Chu, by virtue of which, Mr. Chu could enforce the share pledge in an event of default of the loan repayment. Further, pursuant to the loan agreements, upon demand of repayment, Mr. Chu had the right at his sole discretion to demand and effect the transfer of the shares so pledged by the GP Shareholders to Mr. Chu or his designated person at a consideration equal to the loan amount.
2. The GP Shareholders had also respectively entered into the letters of undertaking with Mr. Chu whereby they had undertaken, among other things, to assign and direct all dividends and special distribution paid and payable by Global Property in relation to their shares in Global Property, and all distribution of assets made or to be made by Global Property in relation to their shares in Global Property solely to Mr. Chu.
3. Each of the GP Shareholders also appointed Mr. Chu as their respective proxy to receive notices of meetings and to vote in all shareholders' meetings and directors' meetings of Global Property for any proposed resolutions.

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The details of each of the GP Arrangements are set out as follows:

On 13 November 2007

Borrower ("B") or name of registered shareholders ("S")	Lender	Number of shares pledged ("P") or owned ("O")	Approximate percentage of shareholdings	Amount of loan involved and basis	Borrower's relationship with the Group	Nationality of the registered shareholders
Mr. Aja (B)	Mr. Chu	5,100 (P) <i>(note 1)</i>	51%	THB127,500 (equivalent to approximately HK\$28,600) (based on the value of 25% paid up capital in respect of such 51% shareholding)	Mr. Aja has been a business acquaintance of Mr. Chu for years and he had been a director of Global Property until 25 June 2008. Save as disclosed above, Mr. Aja does not have any relationship with any of the Directors, members of senior management, shareholders of the Company and its subsidiaries, or their respective associates.	Thai
Mr. Su (B)	Mr. Chu	4,895 (P) <i>(note 1)</i>	48.95%	THB122,375 (equivalent to approximately HK\$27,400) (based on the value of 25% paid up capital in respect of such 48.95% of shareholding)	Mr. Su was an employee of Alush Thailand and had been a director of Global Property until 25 June 2008. Mr. Su had also been a director of Artsun Macao until 17 July 2006. Save as disclosed above, Mr. Su does not have any relationship with any of the Directors, members of senior management, shareholders of the Company and its subsidiaries, or their respective associates.	Chinese
Other five minority shareholders (S)	-	5 (O)	0.05%	-	Independent Third Parties	Thai
Total		10,000	100%			

Note 1: Mr. Chu effectively controlled 99.95% of the then shareholdings of Global Property through the GP Arrangements with Mr. Aja and Mr. Su.

Mr. Su was appointed because he had been an employee of the Group since the year [2004] and the management considered him trust-worthy and reliable. Mr. Aja has been a business acquaintance of Mr. Chu for years and he is considered trust-worthy by the management and is familiar with the cassava chips industry. Considering the business relationship and industry knowledge, the Group decided to appoint Mr. Aja as the registered holder of the relevant shares of Global Property.

Mr. Chu obtained control of the 51% interest held by Mr. Aja and 48.95% interest held by Mr. Su under the GP Arrangements on 13 November 2007. Such arrangements involved loans of THB127,500 (equivalent to approximately HK\$28,600) and THB122,375 (equivalent to approximately HK\$27,400) advanced to Mr. Aja and Mr. Su respectively, with reference to 25% of the capital of 51% and 48.95% equity interest held by Mr. Aja and Mr. Su respectively. The loans advanced to Mr. Aja and Mr. Su are based on the called and paid up capital of their respective shareholdings in Global Property which is allowed under the relevant Thai laws. Save as disclosed above, there was no consideration paid in relation to the above arrangements between Mr. Chu and each of Mr. Aja and Mr. Su.

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[Since its incorporation until 15 November 2007, Global Property had three directors, all being Thai national and Independent Third Parties. On 15 November 2007, Mr. Aja and Mr. Su were appointed as directors of Global Property. On 25 June 2008, Mr. Aja and Mr. Su had resigned and Mr. Chu, Mr. MK Chu and Ms. Liu had been appointed as directors of Global Property.] Save as disclosed above, apart from Mr. Chu being the controlling shareholder and director of Global Property, there are no other connected relationships of Global Property with the Group.

Prior to the obtaining control of 99.95% equity interest in Global Property by Mr. Chu on 13 November 2007, Global Property was owned as to 49% by Mr. Aja and the remaining 51% by six other Thai individuals, who are Independent Third Parties.

According to the Company's Thai legal advisers, the GP Arrangements enabled Mr. Chu to be beneficially interested in, and effectively control, an aggregate of 99.95% equity interest in Global Property since 13 November 2007 until 25 March 2008. Mr. Chu may act solely to transact any business by calling for any shareholders' meeting and directors' meeting and convene such meeting and adopt any resolution Mr. Chu may desire and such resolution would be valid and lawful provided that the resolution was not against the laws of Thailand. Further, all dividends, special distributions paid and payable and all distribution of assets made or to be made in respect of the shares held by the GP Shareholders shall be solely made to Mr. Chu, [and as such, all economic benefits and assets could be wholly received and controlled by Mr. Chu. Further, the fact that Mr. Chu could convene any shareholders' and director's meeting and adopt any resolution Mr. Chu may direct, together with the rights to control the appointment and removal of the directors; the key decisions, such as the purchase price of dried cassava chips quoted to the market from time to time, the entering of long term supply contracts and the approval for material payments are supervised by Mr. Chu could prevent possible leakages of assets and values to the registered shareholders.]

According to the Directors, Mr. Su was an employee of Alush Thailand and Mr. Aja has been a business acquaintance of Mr. Chu for years. Mr. Su and Mr. Aja had been the directors of Global Property but both of them resigned with effect from 25 June 2008. Mr. Su had also been a director of Artsun Macao until 17 July 2006. Save as disclosed above, both Mr. Su and Mr. Aja do not have any relationship with any of the Directors, members of senior management, shareholders of the Company and its subsidiaries, or their respective associates.

In March 2008, with a view to conduct corporate reorganisation, after obtaining advices from the Company's Thai legal advisers, whom confirmed that the Foreign Business Act allows a foreign national company to engage in the business of exporting agricultural products in Thailand and the Group intended to arrange Global Property to serve as the Group's Thai business vehicle, the Alush Arrangements were discontinued. Mr. Chu and each of the relevant Alush Shareholders, namely Mr. Jirasak Chuenchujitjaratkun, Ms. Liu and Mr. MK Chu, entered into a tri-party deed of assignment and set off (the "Alush Deeds") with Art Rich, in order to transfer all the

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shares controlled by Mr. Chu through the Alush Arrangements to Art Rich as part of the Reorganisation. The assignment and set off processes were effected similarly such that:

1. in consideration of an aggregate amount of THB10,646,400 (equivalent to approximately HK\$2.4 million) received from Art Rich, Mr. Chu assigned all his rights, titles and benefits and interests in the debt under the Alush Arrangements to Art Rich, and the relevant Alush Shareholders sold in aggregate 70.976% interest in Alush Thailand to Art Rich at an aggregate consideration of THB10,646,400 (equivalent to approximately HK\$2.4 million), with reference to the nominal value of the paid-up capital of Alush Thailand, which were set off against the debt originally owed by the relevant Alush Shareholders to Mr. Chu under the Alush Arrangements and subsequently assigned to Art Rich under the Alush Deeds; and
2. all the relevant Alush Shareholders' obligations and liabilities under the share pledge agreements, the letters of undertaking and the proxies in the Alush Arrangements were released pursuant to the entering into the Alush Deeds, respectively.

Further, Art Rich, Alternative View, Artwell Enterprises, Artwell Tapioca, Art Ocean, All High and Artsun Macao collectively acquired the remaining 29.024% interest in Alush Thailand, as to 29.000% from Mr. Chu at a consideration of THB4.35 million (equivalent to approximately HK\$1 million) and as to collectively 0.024% from three minority shareholders of Alush Thailand, each at a consideration of THB1,200 (equivalent to approximately HK\$[270]) [The consideration of acquisition of Alush Thailand was based on the nominal value of paid-up capital of Alush Thailand].

Upon completion of such assignment and set off through the Alush Deeds and the share transfers, Alush Thailand is owned as to 99.996% by Art Rich and the remaining 0.004% held equally by each of Alternative View, Artwell Enterprises, Artwell Tapioca, Artsun Macao, Art Ocean and All High, respectively.

In March 2008, Mr. Su and Art Rich entered into a share transfer document, and Mr. Chu, Mr. Su and Art Rich entered into a tri-party deed of assignment and set off (the "GPC Deed") in order to transfer all the shares in Global Property held by Mr. Su and controlled by Mr. Chu through the relevant GP Arrangements to Art Rich as part of the Reorganisation. The assignment and set off processes were effected similar to that of the Alush Deed.

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The assignment and set off process in relation to the GPC Deed are as follows:

1. in consideration of THB122,375 (equivalent to approximately HK\$27,400) received from Art Rich, Mr. Chu assigned all his rights, titles and benefits and interests in the debt under the GP Arrangement with Mr. Su to Art Rich, and Mr. Su sold his 48.95% interest in Global Property to Art Rich at a consideration of THB122,375 (equivalent to approximately HK\$27,400), which was set off against the debt originally owed by Mr. Su to Mr. Chu under the GP Arrangement and subsequently assigned to Art Rich under the GPC Deed; and
2. all Mr. Su's obligations and liabilities under the share pledge agreement, the letter of undertaking and the proxy in the relevant GP Arrangements were released pursuant to the entering into the GPC Deed.

The shareholding structure of Global Property immediately after the transfer of Mr. Su's shareholding to Art Rich in March 2008 but before the entering into of the Aja-Art Rich Arrangements and before the transfer of an aggregate of 0.05% interest in Global Property by five independent shareholders to the Group is as follows:

Borrower ("B") or name of registered shareholders ("S")	Lender	Number of shares pledged ("P") or owned ("O")	Approximate percentage of shareholdings	Amount of loan involved	Relationship with the Company	Nationality of the registered shareholders
Mr. Aja (B)	Mr. Chu	5,100 (P)	51%	THB127,500 (equivalent to approximately HK\$28,600) (based on the value of 25% paid up capital in respect of such 51% shareholding)	Mr. Aja was a business acquaintance of Mr. Chu before acquisition of Global Property by Mr. Chu and he had been a director of Global Property until 25 June 2008. Save as disclosed above, Mr. Aja does not have any relationship with any of the Directors, members of senior management, shareholders of the Company and its subsidiaries, or their respective associates.	Thai
Art Rich (S)	-	4,895 (O) (Note 2)	48.95%	-	A subsidiary of the Company	Incorporated in the BVI
Other five minority shareholders (S)	-	5 (O)	0.05%	-	Independent Third Parties	Thai
Total		10,000	100%			

Note 2: The Group effectively controlled 48.95% of the shareholdings of Global Property through the transfer under the GPC Deed.

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In March 2008, Mr. Chu, Mr. Aja and Art Rich entered into a tri-party deed of assignment, pursuant to which Mr. Chu assigned all his rights under the GP Arrangements between him and Mr. Aja to Art Rich, at a consideration of THB127,500 (equivalent to approximately HK\$28,600) paid by Art Rich to Mr. Chu, which is equivalent to the paid-up value of the shares held by Mr. Aja. Mr. Aja and Art Rich entered into Aja-Art Rich Arrangements similar to the Alush Arrangements, such that Art Rich could be beneficially interested in and effectively control 51% equity interest in Global Property, details of which are set out below:

(1) Loan agreement

On 26 March 2008, Art Rich as a lender and Mr. Aja as a borrower entered into a loan agreement, pursuant to which Art Rich had lent THB127,500 (equivalent to approximately HK\$28,600), being the nominal value of the capital of the 51% equity interests in Global Property called and paid up (i.e. 25% of such 51% equity interests are called and paid up), to Mr. Aja for capital injection by Mr. Aja to Global Property.

(2) Share pledge agreement

As security to the repayment of his loans owed to Art Rich, Mr. Aja had also entered into a share pledge agreement with Art Rich on 26 March 2008, pursuant to which Mr. Aja agreed to pledge his shares in Global Property, representing 51% equity interests in Global Property, in favour of Art Rich, by virtue of which, Art Rich could enforce the share pledge in an event of default of the loan repayment.

(3) Letter of undertaking

On 26 March 2008, Mr. Aja had made a letter of undertaking whereby Mr. Aja had undertaken, among other things, to assign and direct all dividends and special distribution paid and payable by Global Property in relation to his shares in Global Property, and all distribution of assets made or to be made by Global Property in relation to his shares in Global Property solely to Art Rich.

(4) Proxy

On 26 March 2008, Mr. Aja also appointed Art Rich as its proxy to receive notices of shareholders meeting and to vote in all shareholders meetings of Global Property for any proposed resolution.

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The shareholding structure of Global Property immediately after the transfer of Mr. Su's shareholding to Art Rich in March 2008 and after the entering into of the Aja-Art Rich Arrangements but before the transfer of an aggregate of 0.05% interest in Global Property by five independent shareholders to the Group is as follows:

Borrower ("B") or name of registered shareholders ("S")	Lender	Number of shares pledged ("P") or owned ("O")	Approximate percentage of shareholdings	Amount of loan involved	Relationship with the Company	Nationality of the registered shareholders
Mr. Aja (B)	Art Rich	5,100 (P) (Note 3)	51%	THB127,500 (equivalent to approximately HK\$28,600) (based on the value of 25% paid up capital in respect of such 51% shareholding)	Mr. Aja was a business acquaintance of Mr. Chu before acquisition of Global Property by Mr. Chu and he had been a director of Global Property until 25 June 2008. Save as disclosed above, Mr. Aja does not have any relationship with any of the Directors, members of senior management, shareholders of the Company and its subsidiaries, or their respective associates.	Thai
Art Rich (S)	-	4,895 (O) (Note 3)	48.95%	-	A subsidiary of the Company	Incorporated in the BVI
Other five minority shareholders (S)	-	5 (O)	0.05%	-	Independent Third Parties	Thai
Total		10,000	100%			

Note 3: The Group effectively controlled 99.95% of the shareholdings of Global Property through Art Rich's legal and beneficial interest in 48.95% of the shareholding in Global Property and the arrangements under the Aja-Art Rich Arrangements.

According to the Company's Thai legal advisers, a Thai national company, i.e. more than 50% of the issued shares of the company are held by Thai national, is entitled to engage in all kind of businesses in Thailand, including businesses which may be restricted to foreigners under the Foreign Business Act.

As advised by the Company's Thai legal advisers, as Global Property is a Thai national company in form through the Aja-Art Rich Arrangements, it can engage in many businesses as other Thai national companies, including businesses which foreign companies in Thailand are prohibited or restricted from engaging in for the purposes of the Foreign Business Act. To allow the Group to have flexibility in engage in (though the Group presently does not have any plan or intention to do so) such businesses in Thailand in the future, the Directors decide to keep Global Property as a Thai national company, in form, through the Aja-Art Rich Arrangements and therefore, the Aja-Art Rich Arrangements will continue after the Listing. The Directors confirm that both the Group and Mr. Aja have no intention to terminate the Aja-Art Rich Arrangements. However, in case either the Group or Mr. Aja would like to cease this relationship, the Group would pursuant to the loan agreement demand for repayment of the loan, Art Rich may enforce the pledge of shares under the Aja-Art Rich Arrangements by executing the relevant share transfer documents for and on behalf of Mr. Aja and the Group has the sole discretion to demand to effect the transfer of the shares pledged by Mr. Aja to the Group under the share pledge agreement to Art Rich or any person designated by Art Rich at a

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consideration equal to the loan amount and such consideration shall set off by the amount equal to the entire amount of the loan. Under such arrangement, the Group has right to acquire the equity interests in Global Property from Mr. Aja during the term of the loan agreement and once the repayment is demanded. Mr. Aja has also undertaken to cooperate with the Group to effect such transfer. In the event that the Aja-Art Rich Arrangements would be ceased, the Group proposes to arrange another Thai national to take up Mr. Aja's role, if necessary. In this regard, the Directors do not foresee any material problems in identifying other Thai nationals to take up Mr. Aja's role and in case of encountering difficulty, the Company's Thai legal advisers have confirmed that they could render assistance for the changing of shareholders, including to look for new shareholders to acquire the shares. The remaining five shareholders of Global Property transferred their respective one share in Global Property to each of Artwell Enterprises, Alternative View, Artwell Tapioca, Art Ocean and All High, respectively in March 2008.

Upon completion of such reorganisation of Global Property, it is controlled as to 99.95% by Art Rich and the remaining 0.05% held equally by each of Alternative View, Artwell Enterprises, Artwell Tapioca, Art Ocean and All High, respectively. Among the 99.95% interest owned and/or controlled by Art Rich, 51% was effected through the Aja-Art Rich Arrangements.

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The shareholding structure of Global Property immediately after the transfer of Mr. Su's shareholding to Art Rich in March 2008, after the entering into of the Aja-Art Rich Arrangements and after the transfer of an aggregate of 0.05% interest in Global Property by five independent shareholders to the Group and as at the Latest Practicable Date is as follows:

Borrower ("B") or name of registered shareholders ("S")	Lender	Number of shares pledged ("P") or owned ("O")	Approximate percentage of shareholdings	Amount of loan involved	Relationship with the Company	Nationality of the registered shareholders
Mr. Aja (B)	Art Rich	5,100 (P) (Note 4)	51%	THB127,500 (equivalent to approximately HK\$28,600) (based on the value of 25% paid up capital in respect of such 51% shareholding)	Mr. Aja was a business acquaintance of Mr. Chu before acquisition of Global Property by Mr. Chu and he had been a director of Global Property until 25 June 2008. Save as disclosed above, Mr. Aja does not have any relationship with any of the Directors, members of senior management, shareholders of the Company and its subsidiaries, or their respective associates.	Thai
Art Rich (S)	-	4,895 (O) (Note 4)	48.95%	-	A subsidiary of the Company	Incorporated in the BVI
Alternative View (S)	-	1 (O) (Note 4)	0.01%	-	A subsidiary of the Company	Incorporated in the BVI
Artwell Enterprises (S)	-	1 (O) (Note 4)	0.01%	-	A subsidiary of the Company	Incorporated in Hong Kong
Artwell Tapioca (S)	-	1 (O) (Note 4)	0.01%	-	A subsidiary of the Company	Incorporated in Hong Kong
Art Ocean (S)	-	1 (O) (Note 4)	0.01%	-	A subsidiary of the Company	Incorporated in the BVI
All High (S)	-	1 (O) (Note 4)	0.01%	-	A subsidiary of the Company	Incorporated in the BVI
Total		10,000	100%			

Note 4: The Group effectively controlled 100% of the shareholdings of Global Property through the Group's legal and beneficial interest in 49% of the shareholding in Global Property and the Group's control of 51% of the shareholding in Global Property through the arrangements under the Aja-Art Rich Arrangements.

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The Aja-Art Rich Arrangements enable Art Rich to act solely to transact any business of Global Property by calling for any shareholders' meeting and directors' meeting and convene such meeting, adopt any resolution Art Rich may desire and such resolution is valid and lawful provided that the resolution is not against the laws of Thailand and all dividends, special distributions paid and payable and all distribution of assets made or to be made in respect of the shares held by Mr. Aja in Global Property to be solely made to Art Rich, [and as such, all economic benefits and assets could be wholly received and controlled by Art Rich. Further, the fact that Art Rich could convene any shareholders, and director's meeting and adopt any resolution, Art Rich may direct, together with the rights to control the appointment and removal of the directors, and the key decisions, such as the purchase price of dried cassava chips quoted to the market from time to time, the entering of long term supply contracts and the approval for material payments are supervised by the Group's headquarters could prevent possible leakages of assets and values to the registered shareholders]. The Company's Thai legal advisers confirmed that the board of directors' resolutions of Alush Thailand and Global Property during the Track Record Period in respect of structure contract are in accordance with the Thai laws.

The Aja-Art Rich Arrangements, together with the registered shareholding of the Group in Global Property, in effect enables the Group to be beneficially interested in, and effectively control, the entire equity interests in Global Property, [and the economic benefits and assets could be wholly received and controlled by the Group]. Accordingly, Global Property is regarded as a subsidiary of the Group and its financial results have been included in the Group's combined financial statements.

For good corporate governance practice, the Group will implement the following corporate governance measures regarding the Aja-Art Rich Arrangements:

- (1) the Company will disclose whether the Aja-Art Rich Arrangements in place during each financial period in the annual report and accounts are in accordance with the relevant provisions of Rule 14A.45 of the Listing Rules;
- (2) the independent non-executive Directors will review the Aja-Art Rich Arrangements annually and confirm in the annual report and accounts for the relevant year that the Aja-Art Rich Arrangements remain unchanged and consistent with existing disclosure and that no dividends or other distributions have been made by Global Property to Mr. Aja and the Other Contracts during the relevant financial period are fair and reasonable so far as the Group is concerned and in the interests of the Shareholders as a whole;
- (3) the Company's auditors will carry out review procedures annually on the transactions carried out pursuant to the Aja-Art Rich Arrangements and the Other Contracts, and to provide a confirmation to the Board, with a copy to the Stock Exchange, at least 10 business days before the bulk-printing of the Company's annual report, confirming that the economic interest generated by Global Property flows to the Group is in accordance with the criteria and principles set out in the Aja-Art Rich Arrangements and the Other Contracts and they are properly approved by the directors of Global Property and that

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no dividends or other distributions have been made by Global Property (save as to Art Rich, Artwell Tapioca, All High, Alternative View, Artwell Enterprises and Art Ocean) to Mr. Aja;

- (4) for the purpose of Chapter 14A of the Listing Rules, and in particular the definition of "connected person", each of Global Property and any other newly established operating companies, will be treated as a wholly-owned subsidiary of the Company, but at the same time, the directors, chief executive and substantial shareholders of Global Property and any other newly established operating companies, and their respective associates will be treated as "connected persons" of the Group and transactions (excluding the Aja-Art Rich Arrangements) between these connected persons and the Group (including Global Property and any other newly established operating companies), shall comply with Chapter 14A of the Listing Rules; and
- (5) Global Property will provide to the Company an undertaking that, for so long as the Shares are listed on the Stock Exchange, Global Property will allow the Company and its auditors to have full access to relevant records of Global Property for the purpose of the Company's auditors' review of the transactions referred above.

As confirmed by the Company's Thai legal advisers, (i) the Alush Arrangements, the GP Arrangements and the Aja-Art Rich Arrangements are lawful, valid, legally effected, binding and enforceable under the laws of Thailand because there are no provisions under the relevant documents that violate the laws of Thailand, there has been no creation of any illegal shareholding; (ii) the Alush Arrangements, the GP Arrangements and the Aja-Art Rich Arrangements, together with the registered shareholding of Mr. Chu and/or Art Rich (as the case may be), enable Mr. Chu and/or Art Rich (as the case may be) to be beneficially interested in, and effectively control an aggregate of not less than 99.976% equity interest in Alush Thailand since its incorporation until immediately prior to the acquisition of Alush Thailand by the Group as part of the Reorganisation, and an aggregate of 99.95% equity interest in Global Property; (iii) Alush Thailand and Global Property have obtained and effected all licenses, approvals, consents, certificates registrations and filings and recordations required under the laws of Thailand for the establishment and the continuing existence as well as operating within their respective business scope, whereas no approval, consent, permit, authorisation, licence, registration, filing nor any recordation required under the laws of Thailand by/with any of the Thai governmental, administrative or regulatory authority or body (whether national, provincial or local level) or any subdivision or department of any such authority or body is required in connection with execution, delivery, effectiveness and enforceability of all the contracts under each of the Alush Arrangements, GP Arrangements and Aja-Art Rich Arrangements. The Directors confirmed that Alush Thailand and Global Property have been in full compliance with all applicable laws, rules and regulations of Thailand and there has been no objection by any regulatory authorities in Thailand to any of the contracts or agreements entered into under the Alush Arrangements, the GP Arrangements and the Aja-Art Rich Arrangements.

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As advised by the Company's Thai legal advisers, no appropriate regulatory assurance from any regulatory authorities is available regarding the Alush Arrangements, the GP Arrangements and the Aja-Art Rich Arrangements and there is no official authority which can give opinion on any contractual arrangement between private sectors if their contractual arrangement is legal or lawful. As the Alush Arrangements, GP Arrangements and Aja-Art Rich Arrangements are purely commercial contracts between private parties, and as long as it is not against the law, or against any person's right, the legality of which will not be challenged. There is a State Juridical Office in Thailand, which is responsible to provide opinion on legal issues for the government contracts or queries from any government organisations; it is not responsible for answering any queries from the general public regarding private contractual relationships. If the contracting parties have any disputes regarding the legality on the contract between each others, they could raise such contractual disputes to be resolved through civil litigations in the courts. As such the Company's Thai legal advisers confirm that all reasonable actions or steps to enable them to reach their conclusions had been taken. Based on the advice of the Company's Thai legal advisers, the Sponsor concurs with the Directors' view that all possible actions or steps to enable them to reach their conclusions had been taken. [Based on the above, since there are no requirements for registration of the Alush Arrangements, the GP Arrangements and Aja-Art Rich Arrangements under the existing Thai laws and regulations and there is no consultation channel available for any objection to those contracts and the Company's Thai legal advisers also noted that based on the legal search conducted, no case precedent could be found which confirmed any similar contractual arrangement is illegal.] The Alush Arrangements, the GP Arrangements and Aja-Art Rich Arrangements have not been challenged by any parties, and as such, there has been no objection by any regulatory authorities in Thailand. Having considered the view of the Company's Thai legal advisers in respect of the Aja-Art Rich Arrangements, Alush Arrangements and GP Arrangements, the Sponsor is of the view that the relevant arrangements taken as a whole are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

CORPORATE GOVERNANCE

In view of the pre-Listing unintentional oversight of certain financial, legal and statutory requirements under the laws of different jurisdictions which the Group engages its business in and/or for the protection of Shareholders' interests, the Group has implemented the following to ensure good corporate governance practices after Listing:

1. in respect of the carrying on businesses within the approved scope of business, the timing injection of registered capital, the timely financial reporting and the timely filing of tax and other statutory documents in compliance with the relevant laws and regulations of different jurisdictions:
 - (i) in respect of setting up new companies in different jurisdictions in the future or applying for renewal of existing business license or tax filing, the Group will seek competent corporate and legal experts to ensure full compliance with laws and regulations in relevant jurisdictions; and

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- (ii) the Group has implemented a periodic review procedure to monitor the Group's internal control matters, including review of the Group's business scope, particularly in case of the commencement of new business lines, against its business licenses by its executive Directors and the group financial controller, with reference to the control list, and consulting with legal experts when necessary;
2. in respect of related party advancement, stringent monitoring procedures are in place to monitor any loans and advances made by the group members in the PRC from time to time during the Track Record Period. The monitoring procedures to prevent the occurrence of such advances include:
 - (i) monthly review of the management accounts by the executive Directors;
 - (ii) issue a group restricted advance list regularly, but and frequent than annual; and
 - (iii) all funds transfer exceeding a threshold of HK\$1,000,000 must be reviewed and approved by both the chief financial officer of the Company and an executive Director;
3. in preparation of the Listing, the Group has employed four qualified accountants namely Mr. Chan Yuk Tong (an executive Director), Mr. Shum Shing Kei (the chief financial officer of the Company), Mr. Chan Chi Wai, Benny (the financial controller of the Group) and Mr. Wong Hoi Pang (group accountant and a member of Association of Chartered Certified Accountants), the Group will retain under their employment or with the assistance of external professionals an appropriate finance and accounting team with relevant qualifications and experience for carrying out the internal controls relevant in monitoring the Group's financial and corporate matters, including internal control matters as aforesaid;
4. the Group has established an audit committee comprising the three independent non-executive Directors to uphold stringent corporate governance and internal control implemented by the Group and, amongst other matters, ensure timely financial reporting;
5. in respect of its Thai operation, the Group has:
 - (a) established a management committee comprising Mr. Chu, Ms. Liu, Mr. MK Chu, all are executive Directors, and Mr. Chan Chi Wai Benny, the financial controller of the Group, which is chaired by Mr. Chu, and assisted by the staff in Thailand in:
 - (i) overseeing the business and operations of both Alush Thailand and Global Property;

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- (ii) formulating the business strategies of Alush Thailand and Global Property;
 - (iii) advising on the daily procedures for the management of Alush Thailand and Global Property;
 - (iv) reviewing of the F.O.B. price and purchase price of dried cassava chips; and
 - (v) setting up policies for safeguarding the assets of Alush Thailand and Global Property, such as, periodic assets counts, segregation of duties in authorising payments with high limits, segregation of duties in cash payments and book entries and monthly review of the financial statements of Alush Thailand and Global Property; and
- (b) implemented a departmental reporting mechanism, to ensure that proper records, and procedures in respect of procurement, inventory control, fixed assets management, human resources management, financial analysis and information technology system management have been implemented and reported to the management in order to centralise all key decision making as well as to manage each key process in business operation in Thailand.

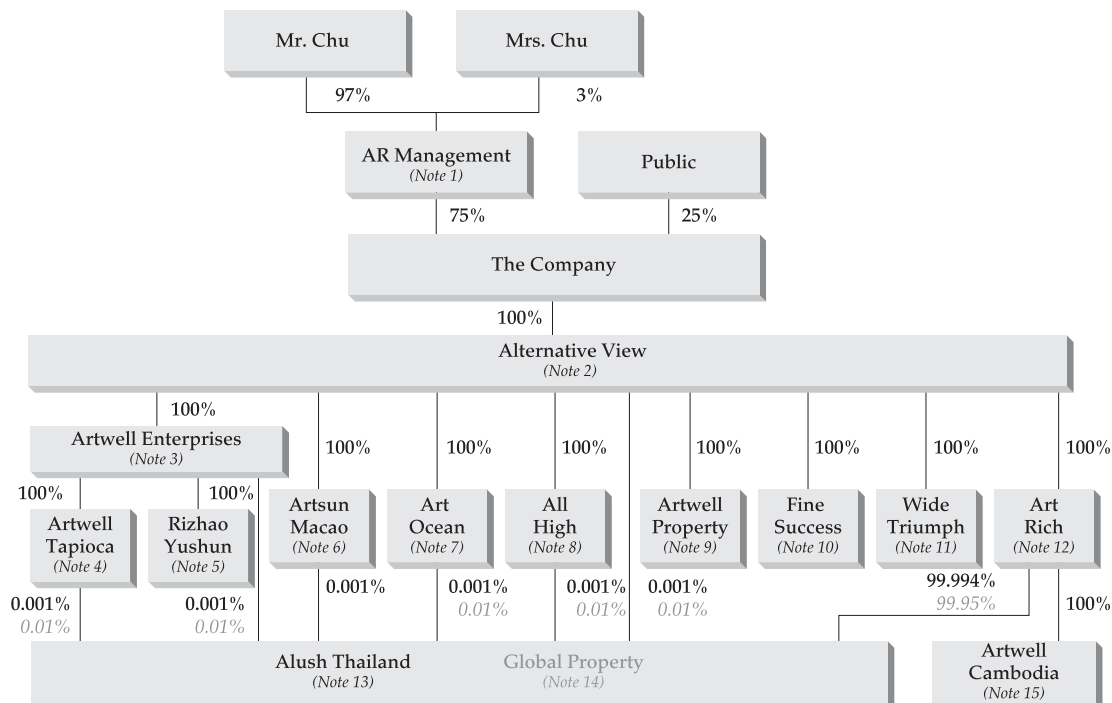
As such, the Directors consider that the Group has taken all reasonable actions or steps to protect the Shareholders' interest and financial resources, implement management systems and corporate governance practices.

SHAREHOLDING AND CORPORATE STRUCTURE

In preparation for the listing of the Shares on the Stock Exchange, the Group completed the Reorganisation on [●] 2009, as a result of which the Company became the holding company of the Group. The Company was incorporated in the Cayman Islands on 8 May 2008. The corporate structure, the places of incorporation and principal activities of the group companies and the shareholding structure of the Group immediately following the completion of the Share Offer and the Capitalisation Issue, taking no account of any Shares which may fall to be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme or any allotment and issue and/or repurchase of Shares by the Company under the general mandates as referred to in the

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paragraph headed "Written resolutions of the sole Shareholder" set out in the Appendix V to this document), and assuming that the Over-allotment Option is not exercised, are set out below:



Notes:

1. AR Management was incorporated in the BVI and is principally engaged in investment holding.
2. Alternative View was incorporated in the BVI and is principally engaged in investment holding and property investment.
3. Artwell Enterprises was incorporated in Hong Kong and is principally engaged in property investment and investment holding.
4. Artwell Tapioca was incorporated in Hong Kong and is principally engaged in the trading of dried cassava chips.
5. Rizhao Yushun was established in the PRC and is a wholly foreign-owned enterprise. Rizhao Yushun is principally engaged in the trading of dried cassava chips.
6. Artsun Macao was incorporated in Macau and is principally engaged in the trading of dried cassava chips.
7. Art Ocean was incorporated in the BVI and is principally engaged in the holding of trademarks.
8. All High was incorporated in the BVI and is principally engaged in investment holding and the provision of shipping agency service.
9. Artwell Property was incorporated in Hong Kong and is principally engaged in property investment.
10. Fine Success was incorporated in Hong Kong and is principally engaged in property investment.

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11. Wide Triumph was incorporated in Hong Kong and is principally engaged in property investment.
12. Art Rich was incorporated in the BVI and is principally engaged in investment holding.
13. Alush Thailand was incorporated in Thailand and is principally engaged in the procurement and sales of dried cassava chips.
14. Global Property was incorporated in Thailand and is principally engaged in the procurement and processing of fresh cassava roots and the procurement and sales of dried cassava chips. 51% interest of Global Property is registered under the name of Mr. Aja and controlled by Art Rich through the Aja-Art Rich Arrangements entered into between Art Rich and Mr. Aja.
15. Artwell Cambodia is incorporated in Cambodia and [is intended to be] principally engaged in the procurement and sales of dried cassava chips. Up to the Latest Practicable Date, Artwell Cambodia has not yet commenced its intended operations.