
APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION

A. UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of our adjusted net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules is for illustration purposes only, and is set forth here to illustrate the effect of the Share Offer on our net tangible assets as of 30 June 2010 as if it had taken place on 30 June 2010.

The unaudited pro forma statement of adjusted net tangible assets have been prepared for illustrative purpose only and because of its hypothetical nature, it may not give a true picture of our combined net tangible assets as of 30 June 2010 or any future date following the Share Offer. It is prepared based on our combined net assets as of 30 June 2010 as derived from our combined financial statements set forth in the accountants' report in Appendix I, and adjusted as described below. The unaudited pro forma statement of net tangible assets does not form part of the accountants' report as set forth in Appendix I to this prospectus.

	Audited combined net tangible assets attributable to owners of the Company as at 30 June 2010 <i>RMB'000</i> <i>(Note 1)</i>	Estimated net proceeds from the Share Offer assuming that the Over-allotment Option will not be exercised <i>RMB'000</i> <i>(Note 2)</i>	Unaudited pro forma adjusted combined net tangible assets <i>RMB'000</i>	Unaudited pro forma adjusted combined net tangible assets per share <i>RMB</i> <i>(Note 3)</i>	Unaudited pro forma adjusted combined net tangible assets per share <i>HK\$</i> <i>(Note 4)</i>
Based on an Offer Price of HK\$0.80 per share	<u>210,312</u>	<u>254,410</u>	<u>464,722</u>	<u>0.29</u>	<u>0.34</u>
Based on an Offer Price of HK\$0.60 per share	<u>210,312</u>	<u>187,595</u>	<u>397,907</u>	<u>0.25</u>	<u>0.29</u>

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Notes:

- (1) The audited combined net tangible assets attributable to owners of the Company as at 30 June 2010 is based on the combined net assets attributable to owners of the Company of RMB210,312,000 as at 30 June 2010 extracted from the accountants' report set out in Appendix I to this prospectus.
- (2) The estimated net proceeds from Share Offer are based on the Offer Shares and the Offer Price of HK\$0.80 or HK\$0.60 per share, being the high or low end of the stated offer price range, after deduction of the underwriting fees and related expenses payable by the Company of approximately HK\$23,000,000 or HK\$21,000,000 (equivalent to approximately RMB19,776,000 or RMB18,057,000) and taking no account of any shares which may be allotted and issued upon the exercise of the Over-allotment Option. The estimated net proceeds from the Share Offer are converted from Hong Kong dollars into Renminbi at an exchange rate of HK\$1.00 to RMB0.8566, the prevailing rate quoted by the People's Bank of China on 20 December 2010.
- (3) The unaudited pro forma adjusted combined net tangible assets per Share is calculated based on 1,600,000,000 shares in issue immediately after the Share Offer and the Capitalisation Issue become unconditional but takes no account of any Shares which may be taken up under the Over-allotment Option and any Shares which may fall to be issued pursuant to the exercise of options which may be granted under the Share Option Scheme or of any Shares which may be allotted and issued or repurchased by the Company.
- (4) The unaudited pro forma adjusted net tangible assets per Share is converted into Hong Kong dollars at an exchange rate of HK\$1.00 to RMB0.8566, the prevailing rate quoted by the People's Bank of China on 20 December 2010.
- (5) By comparing the valuation of the property interests of the Group as set out in Appendix IV to this prospectus after taking into account a reference value of RMB120,520,000 for certain properties and the audited net book value of these properties as of 30 June 2010, the valuation surplus was approximately RMB4,707,000. The valuation surplus of the property interests will not be incorporated in the Group's consolidated financial statements in the future. If the valuation surplus was to be included in the consolidated financial statements, an additional depreciation charge of approximately RMB169,000 per annum would be incurred.

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B. UNAUDITED PRO FORMA COMBINED STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP

The following is the unaudited pro forma combined statement of assets and liabilities of the Company and its subsidiaries (the “Group”) and Fujian Baojiashun Food Development Company Limited (“Fujian Baojiashun”) (collectively referred to as the “Enlarged Group”), assuming that the acquisition of 68% of the equity interest of Fujian Baojiashun (the “Acquisition”) has been completed on 30 June 2010. The unaudited pro forma combined statement of financial position of the Enlarged Group is based on the audited combined statement of financial position of the Group as at 30 June 2010 as set out in Appendix I to the Prospectus and the unaudited statement of financial position of Fujian Baojiashun, after making pro forma adjustments relating to the Acquisition.

This unaudited pro forma statement of assets and liabilities of the Enlarged Group has been prepared to illustrate the effects of the Acquisition as if the Acquisition had taken place on 30 June 2010. It has been prepared on the basis of the notes set out below and in accordance with the accounting policies adopted by the Group.

As the unaudited pro forma combined statement of financial position of the Enlarged Group has been prepared for illustrative purpose only and because of its nature, it may not give a true picture of the financial position of the Enlarged Group as at the date to which it is made up to or at any future date.

	Audited Combined Statement of Financial Position of the Group as at 30 June 2010 <i>RMB'000</i>	Unaudited Statement of Financial Position of Fujian Baojiashun as at 31 August 2010 <i>RMB\$'000</i>	Sub-total <i>RMB'000</i>	<i>Notes</i>	Pro Forma adjustments for the Acquisition <i>RMB'000</i>	Unaudited Pro Forma Combined Statement of Financial Position of the Enlarged Group as at 30 June 2010 <i>RMB'000</i>
ASSETS						
Non-current assets						
Property, plant and equipment	97,444	38,684	136,128			136,128
Investment property	1,085	–	1,085			1,085
Biological assets	9,041	–	9,041			9,041
Prepaid lease payments	9,422	45,565	54,987			54,987
Held-to-maturity investments	1,000	–	1,000			1,000
Deferred tax assets	885	–	885			885
	118,877	84,249	203,126			203,126
Current assets						
Inventories	35,860	–	35,860			35,860
Biological assets	5,191	–	5,191			5,191
Trade and other receivables	42,875	20	42,895	2	(1,133)	41,762
Prepaid lease payments	290	1,007	1,297			1,297
Amount due from a shareholder	5,433	–	5,433			5,433
Amount due from holding company	–	27,334	27,334	2	(27,334)	–

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	Audited Combined Statement of Financial Position of the Group as at 30 June 2010 <i>RMB'000</i>	Unaudited Statement of Financial Position of Fujian Baojiashun as at 31 August 2010 <i>RMB\$'000</i>	Sub-total <i>RMB'000</i>	<i>Notes</i>	Pro Forma adjustments for the Acquisition <i>RMB'000</i>	Unaudited Pro Forma Combined Statement of Financial Position of the Enlarged Group as at 30 June 2010 <i>RMB'000</i>
Amounts due from related parties	204,619	94	204,713	1	(81,600)	123,113
Financial assets at fair value through profit or loss	94	–	94			94
Held-to-maturity investment	6,000	–	6,000			6,000
Pledged bank deposits	47,451	–	47,451			47,451
Cash and bank balances	104,246	6,991	111,237	2	28,467	139,704
	<u>452,059</u>	<u>35,446</u>	<u>487,505</u>			<u>405,905</u>
Current liabilities						
Trade and other payables	134,182	72	134,254			134,254
Amounts due to related parties	2,341	–	2,341			2,341
Bank borrowings	144,000	–	144,000			144,000
Dividend payable	16,606	–	16,606			16,606
Current tax liabilities	790	–	790			790
	<u>297,919</u>	<u>72</u>	<u>297,991</u>			<u>297,991</u>
Net current assets	<u>154,140</u>	<u>35,374</u>	<u>189,514</u>			<u>107,914</u>
Total assets less current liabilities	<u>273,017</u>	<u>119,623</u>	<u>392,640</u>			<u>311,040</u>
Equity						
Share capital	–	120,000	120,000	3	(120,000)	–
Reserves	210,312	(377)	209,935			209,935
Equity attributable to owners of the Company	210,312	119,623	329,935			209,935
Non-controlling interests	16,905	–	16,905	4	38,400	55,305
Total equity	<u>227,217</u>	<u>119,623</u>	<u>346,840</u>			<u>265,240</u>
Non-current liabilities						
Bank borrowings	41,260	–	41,260			41,260
Deferred revenue	4,540	–	4,540			4,540
	<u>45,800</u>	<u>–</u>	<u>45,800</u>			<u>45,800</u>
Total equity and non-current liabilities	<u>273,017</u>	<u>119,623</u>	<u>392,640</u>			<u>311,040</u>

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Notes:

1. The consideration for Acquisition to be satisfied by the Company is approximately RMB81,600,000. The consideration is satisfied by:

	<i>RMB'000</i>
Cash consideration (<i>note</i>)	<u>81,600</u>

Note:

The cash consideration shall be settled by way of deducting the amount due from Fujian Sumhua Enterprise Limited (the "Vendor").

2. The pro forma adjustment represented the elimination of the current accounts between the Company and Fujian Baojiashun upon the completion of the Acquisition.

The details are as the follows:

	<i>RMB'000</i>
Amount due from Fujian Baojiashun to the Company	1,133
Amount due from the Company to Fujian Baojiashun	<u>27,334</u>
	<u>28,467</u>

The current accounts between the Company and Fujian Baojiashun were maintained for fund transfer and some operational activities. As if the completion of the Acquisition was completed on 30 June 2010, the fund transfer between the Company and Fujian Baojiashun would be remained as cash for the Enlarged Group.

3. The pro forma adjustment represented the elimination of the share capital of Fujian Baojiashun upon the completion of the Acquisition.
4. The pro forma adjustment of RMB38,400,000 represented the elimination of 32% of the entire equity interest in Fujian Baojiashun upon the completion of the Acquisition. The Company has injected RMB38,400,000 for the 32% entire equity interest in Fujian Baojiashun on the date of incorporation of Fujian Baojiashun.

**C. LETTERS FROM THE REPORTING ACCOUNTANTS ON UNAUDITED
PROFORMA FINANCIAL INFORMATION**

The following is the text of a report received from the independent reporting accountants, HLB Hodgson Impey Cheng, Chartered Accountants, Certified Public Accountants, Hong Kong.



Chartered Accountants
Certified Public Accountants

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

30 December 2010

The Directors
Sumpo Food Holdings Limited

Dear Sirs,

We report on the unaudited pro forma financial information of Sumpo Food Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) set out on pages III-1 to III-5 under the headings of “Unaudited Pro Forma Adjusted Net Tangible Assets” and “Unaudited Pro Forma Combined Statement of Assets and Liabilities of the Enlarged Group” (collectively referred to as the “Unaudited Pro Forma Financial Information”) for inclusion in the prospectus of the Company dated 30 December 2010 (the “Prospectus”), in connection with the listing of shares of the Company on the Main Board of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the shares offer and the acquisition of Fujian Baojiashun Food Development Company Limited might have affected the relevant financial information of the Group. The basis of preparation of the Unaudited Pro Forma Financial Information is set out on pages III-1 to III-5 of the Prospectus.

Respective responsibilities of directors of the Company and reporting accountants

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

It is our responsibility to form an opinion, as required by Rule 4.29(7) of the Listing Rules on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial

information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements (“HKSIR”) 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. The engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to Rule 4.29(1) of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgments and assumptions of the directors of the Company, and because of its hypothetical nature, it does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 30 June 2010 or any future date.

Opinion

In our opinion:

- a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- b) such basis is consistent with the accounting policies of the Group; and
- c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to Rule 4.29(1) of the Listing Rules.

Yours faithfully
HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants
Hong Kong