
HISTORY, REORGANISATION AND CORPORATE STRUCTURE

BUSINESS HISTORY

In view of the increasing living standard and awareness of food safety in the PRC, Mr. Cai Chenyang came to recognise that there were great business potential and prospects in the industry of producing quality meat in early 2000s. Furthermore, through Mr. Cai Chenyang's acquaintances with certain industrial experts in the hog farming industry and having done certain background reading and researches on the hog farming industry, he realised that most companies then being engaged in the hog farming industry in the PRC were of small scale and relatively technological primitive, and only a few of them had an integrated production process.

In this circumstances, in April 2005, Mr. Cai Chenyang established Fujian Tianyi which started the construction of the Group's hog farm in early 2006. Although prior to the Group's establishment, Mr. Cai Chenyang had limited experience and expertise in the pork industry, he was supported by various professional personnel in hog farm construction and management, including veterinary specialists and other managerial personnel such as Mr. Yang Zhihai, the Group's production manager, when he started the business. Through the process, Mr. Cai Chenyang had accumulated substantial expertise in the pork industry. In September 2006, Fujian Tianyi commenced hog farming at its self-constructed hog farm. In achieving a large scale vertically integrated hog breeding and farming and pork production operation, Fujian Tianji started to engage Contract Farmers since 2009 for the provision of hog farming services in order to expand the scale of hog farming and constructed its own modernised slaughterhouse with a maximum slaughtering capacity of 2,000,000 heads of hogs per year.

BUSINESS MILESTONES

The following table summarises various milestones of the Group's development from its inception to the present scale of operations:

Time	Event
April 2005	Fujian Tianyi was established for conducting the business of farming and sale of hogs
March 2006	The Group obtained the approval from the Construction Committee of Fujian Province (福建省建設委員會) for the construction of hog farming facilities
September 2006	The Group commenced hog farming at its self-constructed hog farm
July 2007	The Group commenced its direct sales business through establishing its five direct sales outlets in Putian City
April 2009	The Group commenced Contract Farming to expand the scale of hog farming
May 2009	The Group extended its network of Points of Sales to Fuzhou City, the capital city of the Fujian Province, through the establishment of concession counters at a local supermarket chain of the Fujian Province

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Time	Event
August 2009	The Group's slaughterhouse, which had a maximum annual slaughtering capacity of 2,000,000 hogs, commenced operation. Thus, the Group has begun its business in the wholesale of whole hog carcasses
December 2009	The Group set up a concession counter at one of the largest U.S. supermarket chains in Putian City
October 2010	The Group expanded its network of Points of Sales to Quanzhou city
By the end of 2010	The volume of the hogs slaughtered and sold by the Group exceeded 270,000 heads in 2010
December 2011	The Group expanded its network of Points of Sales to Zhangzhou City

CORPORATE HISTORY

The Company

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law on 27 May 2011 and is the holding company of the Group.

The Company completed the Reorganisation on 10 February 2012 in preparation for listing of the Shares on the Main Board of the Stock Exchange pursuant to which the Company became the ultimate holding company of the Group. Details of the Reorganisation are set out in the paragraph headed "Corporate reorganisation" in Appendix VI to this prospectus.

The Company has a number of directly and indirectly wholly-owned subsidiaries incorporated in the BVI, Hong Kong and the PRC. The only operating subsidiary was established in the PRC. Corporate history of each of the subsidiaries are set out below.

Fujian Tianyi

The Group's operating subsidiary, Fujian Tianyi, was established in the PRC as a WFOE on 26 April 2005 with a registered capital of US\$5,000,000 which was fully paid up by Mr. Cai Chenyang (i) by way of cash of US\$4,760,000 and (ii) by way of equipment of US\$240,000. Fujian Tianyi was principally engaged in the farming of hogs and the production and sales of pork.

On 30 August 2008, Mr. Cai Chenyang and China Modern entered into a share transfer agreement, pursuant to which Mr. Cai Chenyang agreed to transfer his entire equity interest in Fujian Tianyi to China Modern at a consideration of HK\$1.00. Fujian Tianyi obtained a new business licence reflecting the change on 6 February 2009.

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On 26 May 2009, Fujian Tianyi increased its registered capital to US\$7,000,000. The increased capital of US\$2,000,000 was fully paid up by China Modern by way of cash.

As at the Latest Practicable Date, the scope of business of Fujian Tianyi was, as approved in its business licence, the breeding of livestock and poultry, plantation farming, slaughtering, processing and sale of the meat products produced by Fujian Tianyi, their agricultural products for human consumption, production, processing and sale of organic fertilisers and plantation species research (excluding national prohibited and restricted species), agriculture techniques research and provision of consultancy services.

After the Reorganisation, Fujian Tianyi is indirectly wholly-owned by Wellname Investments through China Modern and Wellname Investments is wholly-owned by the Company.

The head office and production facilities of Fujian Tianyi are located at Putian City, Fujian Province of the PRC.

Victoria Top

Victoria Top is an indirect wholly-owned subsidiary of the Company. It was incorporated in Hong Kong as a limited liability company on 23 February 2011 under the Companies Ordinance, with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each, of which 1 share has been issued and fully paid. Victoria Top was acquired by China Modern on 17 March 2011 at a nominal consideration of HK\$1.00. Victoria Top is used as an administration and liaison office of the Group in Hong Kong.

China Modern

China Modern is an indirect wholly-owned subsidiary of the Company. It was incorporated in Hong Kong as a limited liability company on 13 August 2008 under the Companies Ordinance, with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each, all of which have been issued and fully paid. China Modern is an investment holding company.

From incorporation up to 14 February 2011, China Modern was wholly-owned by Mr. Cai Chenyang. On 14 February 2011, Mr. Cai Chenyang transferred his entire shareholding in China Modern to Wellname Investments for the purpose of the Reorganisation (as set out below).

After the Reorganisation, China Modern is indirectly wholly-owned by the Company through Wellname Investments.

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Wellname Investments

Wellname Investments is a direct wholly-owned subsidiary of the Company. It was incorporated in the BVI as a BVI business company with limited liability on 13 January 2011 under the BVI Business Companies Act 2004 and is authorised to issue a maximum of 50,000 shares of a single class each with a par value of US\$1.00, of which 1,000 shares have been allotted and fully paid up. At the time of incorporation, Wellname Investments was directly wholly-owned by Zhan Rui, a company wholly-owned by Mr. Cai Chenyang.

Corporate investors

The following are the details of the corporate investors who had acquired shares in Wellname Investments from Zhan Rui.

	Charming Investment <i>(Note 1)</i>	Long Excel <i>(Note 2)</i>	Wide Sincere <i>(Note 3)</i>	Giant King <i>(Note 4)</i>	Kai Rong <i>(Note 5)</i>
Date of signing the agreement	16 February 2011 <i>(Note 6)</i>	16 February 2011 <i>(Note 6)</i>	18 April 2011 <i>(Note 6)</i>	18 April 2011 <i>(Note 6)</i>	18 April 2011 <i>(Note 6)</i>
Number of shares acquired	100	100	20	60	40
Total consideration	HK\$30,000,000 <i>(Note 7)</i>	HK\$30,000,000 <i>(Note 7)</i>	HK\$6,000,000 <i>(Note 7)</i>	HK\$18,000,000 <i>(Note 7)</i>	HK\$12,000,000 <i>(Note 7)</i>
Time of settlement of consideration	2 April 2011, 8 April 2011 and 11 April 2011	21 March 2011	21 April 2011	3 May 2011	21 April 2011
Number of Shares immediately after the completion of the Global Offering and the Capitalisation Issue	60,000,000	60,000,000	12,000,000	36,000,000	24,000,000
Shareholding in the Company immediately after completion of the Global Offering and the Capitalisation Issue	7.5%	7.5%	1.5%	4.5%	3%
Lock-up period <i>(Note 8)</i>	6 months from the Listing Date	6 months from the Listing Date	not subject to any lock-up restriction	6 months from the Listing Date	6 months from the Listing Date

Notes:

- (1) Charming Investment is legally and beneficially wholly-owned by Ms. Lee Ming Hin, an Independent Third Party. Ms. Lee Ming Hin is a merchant and was introduced to the Group in a gathering of the Fujian Puxian Association (福建莆仙同鄉會) in 2010. Charming Investment acquired the shares in Wellname Investments as an investment as it was optimistic about the prospects of the Group, in particular in view of the Listing.

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- (2) Long Excel is legally and beneficially wholly-owned by Mr. Chi Chi Hung Kenneth, an Independent Third Party. Mr. Chi Chi Hung Kenneth is a merchant and was introduced to the Group via a friend of Mr. Cai Chenyang in 2010. Long Excel acquired the shares in Wellname Investments as an investment as it was optimistic about the prospects of the Group, in particular in view of the Listing.
- (3) Wide Sincere is legally and beneficially wholly-owned by Mr. Wong Pui Kee, an Independent Third Party. Mr. Wong Pui Kee is a senior executive of a company not related to the Group whose main business is sale of electronic products. Mr. Wong Pui Kee was acquainted with Mr. Cai Chenyang in a social gathering in 2008. Wide Sincere acquired the shares in Wellname Investments as an investment as it was optimistic about the prospects of the Group, in particular in view of the Listing.
- (4) Giant King is legally and beneficially wholly-owned by Ms. Tsui Sau Chun Ginny, an Independent Third Party. Ms. Tsui Sau Chun Ginny is an executive of a company not related to the Group whose main business is red wine trading. Ms. Tsui Sau Chun Ginny was acquainted with Mr. Cai Chenyang in a social gathering in 2009. Giant King acquired the shares in Wellname Investments as an investment as it was optimistic about the prospects of the Group, in particular in view of the Listing.
- (5) Kai Rong is legally and beneficially wholly-owned by Mr. Wong Kin Chong, an Independent Third Party. Mr. Wong Kin Chong is a merchant and was acquainted with Mr. Cai Chenyang in the Associacao Conterra Pu Tian Macau in 2001. Kai Rong acquired the shares in Wellname Investments as an investment as it was optimistic about the prospects of the Group, in particular in view of the Listing.
- (6) All the aforesaid corporate investors have entered into an agreement of sale and purchase of shares in Wellname Investments with substantially the same terms. The key terms of these sale and purchase agreements include:
 - all parties shall procure that the Listing will be completed within 18 months of the date of the respective agreements, that is on or before 16 August 2012 or 18 October 2012 (as the case may be), unless the parties agree otherwise. In the event that the Listing cannot be completed within the said period or the extended period, each of Charming Investment, Long Excel, Wide Sincere, Giant King and Kai Rong shall have the right to request Zhan Rui to repurchase all those shares of Wellname Investments acquired by it under the relevant agreement or the Shares exchanged for the shares of Wellname Investments acquired by it, and the consideration for such repurchase shall be the price of acquisition of the shares of Wellname Investments. Save as aforesaid, the five corporate investors have no redemption rights over the shares of Wellname Investments or the Shares exchanged for their shares in Wellname Investments;
 - each of Charming Investment, Long Excel, Wide Sincere, Giant King and Kai Rong agreed to forgo their rights to, in respect of the subscribed shares of Wellname Investments, any dividend distributed by Wellname Investments or its subsidiaries, out of its profits obtained in the financial year 2010; and
 - each of Charming Investment, Long Excel, Wide Sincere, Giant King and Kai Rong agreed that it will not transfer, sell, mortgage, pledge or otherwise dispose of or create any interests or encumbrances in respect of the shares of Wellname Investments acquired by it under the relevant agreement or the Shares exchanged for the shares of Wellname Investments acquired by it until the earlier of the Listing Date or the date after 18 months of the date of the relevant agreement, unless prior written agreement of Zhan Rui's is obtained.

There are no special rights for the aforesaid investors after the Listing and there are no benefits to the Group as a result of their investments.

- (7) The considerations were determined after taking into account (i) the estimated net profit-after-tax of Fujian Tianyi for the year ended 31 December 2010 being not less than HK\$60,000,000 and (ii) the price-to-earning ratio of 5 times. The considerations were paid by the corporate investors to Zhan Rui as the vendor of the relevant investments. There are no agreements amongst the aforesaid corporate investors and Zhan Rui on how Zhan Rui should apply or utilise such sale proceeds. According to the sale and purchase agreement, the investment cost per share of Wellname Investments paid by the aforesaid corporate investors was HK\$300,000 equivalent to cost per Share of HK\$0.5. If the Offer Price is HK\$1.31 per Share, being the mid-point of the Offer Price range, then the investment cost per Share for the corporate investors would represent a discount of approximately 61.8% to the Offer Price.

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- (8) Except that Wide Sincere is not subject to any lock-up restriction after the Listing, each of the other corporate investors who have acquired shares in Wellname Investments from Zhan Rui, namely Charming Investment, Long Excel, Giant King and Kai Rong, have entered into a deed of undertaking dated 30 January 2012, 31 January 2012, 31 January 2012 and 30 January 2012 respectively, whereby they have agreed not to transfer, sell, mortgage, pledge or otherwise dispose of or create any interests or encumbrances in respect of their shares in Wellname Investments or the Shares exchanged for the shares of Wellname Investments for a period of 6 months from the Listing Date (both dates inclusive).

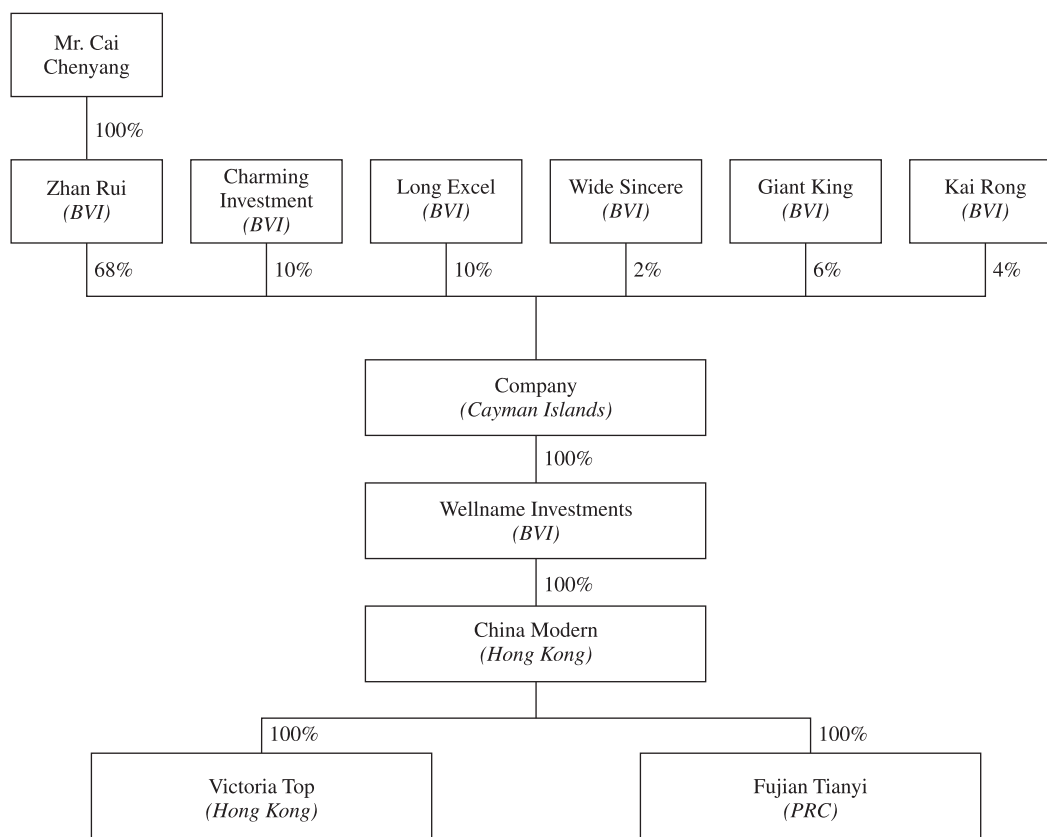
As part of the Reorganisation, on 10 February 2012, the Company acquired the entire issued share capital of Wellname Investments from Zhan Rui, Charming Investment, Long Excel, Wide Sincere, Giant King and Kai Rong. In exchange and as consideration for such acquisition, the Company credited as fully paid at par the one nil-paid Share held by Zhan Rui and the 67, 10, 10, 2, 6 and 4 nil paid Shares previously issued to Zhan Rui, Charming Investment, Long Excel, Wide Sincere, Giant King and Kai Rong respectively and further allotted and issued an aggregate of 679,932, 99,990, 99,990, 19,998, 59,994 and 39,996 Shares to Zhan Rui, Charming Investment, Long Excel, Wide Sincere, Giant King and Kai Rong all credited as fully paid. After that, Wellname Investments is wholly-owned by the Company and the Company became the holding company of the Group on 10 February 2012.

Shares held by Charming Investment, Long Excel, Wide Sincere, Giant King and Kai Rong are considered as part of the public float since Charming Investment, Long Excel, Wide Sincere, Giant King and Kai Rong, and their respective beneficial owners are Independent Third Parties of the Company.

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Corporate structure after the Reorganisation

The following chart sets out the corporate structure of the Group immediately after the Reorganisation but before the Global Offering:



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CAPITALISATION ISSUE

Conditional upon the crediting of the Company's share premium account as a result of the issue of the Offer Shares pursuant to the Global Offering, the Directors are authorised to apply an amount of HK\$59,900,000 standing to the credit of the share premium account of the Company towards the paying up of 599,000,000 Shares in full at par for allotment and issue to the Existing Shareholders, on a pro rata basis.

The following chart sets out the corporate structure of the Group immediately after completion of the Global Offering and the Capitalisation Issue (but taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option and options which may be granted under the Share Option Scheme):

