
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **FU JI Food and Catering Services Holdings Limited**, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.



福記食品服務控股有限公司
FU JI Food and Catering Services Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 1175)

**(1) VERY SUBSTANTIAL ACQUISITION AND
CONNECTED TRANSACTION RELATING TO ACQUISITIONS OF
THE 100% EQUITY INTERESTS IN
WUXI MEITONG FOOD TECHNOLOGY CO., LTD.;**
**(2) PLACING AND SUBSCRIPTION OF SHARES
UNDER SPECIFIC MANDATE;**
**(3) CONNECTED TRANSACTION:
SUBSCRIPTION OF SHARES UNDER SPECIFIC MANDATE;**
(4) ADOPTION OF SHARE OPTION SCHEME;
(5) PROPOSED CHANGE OF COMPANY NAME;
AND
(6) NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent Financial Adviser

VEDA | CAPITAL
智略資本

Veda Capital Limited

A letter from the Board is set out from page 10 to 48 of this circular. A letter from the Independent Board Committee containing its advice to the independent Shareholders is set out from page 49 to 50 of this circular. A letter from the Independent Financial Adviser to the Independent Board Committee and the independent Shareholders is set out from page 51 to 82 of this circular.

A notice convening the EGM of the Company to be held at Hong Kong General Chamber of Commerce, Theatre A, 22/F, United Centre, 95 Queensway, Hong Kong on Monday, 30 May 2016 at 10:30 a.m. is set out on page 165 to 170 of this circular. A form of proxy for use at the EGM is also enclosed.

Whether or not you are able to attend the EGM, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the EGM if they so wish and, in such event, the form of proxy shall be deemed to be revoked.

6 May 2016

CONTENTS

	<i>Page</i>
Expected Timetable	ii
Definitions	1
Letter from the Board	10
1. Introduction	10
2. The First Agreement	11
3. The Second Agreement	15
4. Information of the Seller and Seller's Subsidiary	23
5. Information of the Target	24
6. Reasons for making the Acquisitions	26
7. Listing Rules Implications	30
8. Fund Raising Activities	31
9. Adoption of the Scheme	43
10. Proposed change of Company Name	46
11. EGM	47
12. Recommendation	48
13. Further Information	48
Letter from the Independent Board Committee	49
Letter from the Independent Financial Advisor	51
Appendix I – Financial information of the Group and the Enlarged Group	83
Appendix II – Accountant's Report of the Target Company	86
Appendix III – Management discussions and analysis	115
Appendix IV – Unaudited Pro Forma Financial Information of the Enlarged Group	123
Appendix V – Valuation Report	138
Appendix VI – Summary of principal terms of the Scheme	146
Appendix VII – General information	156
Notice of EGM	165

EXPECTED TIMETABLE

The following expected timetable is indicative only and is subject to change. If necessary, further announcement in relation to any revised timetable will be published as and when appropriate. All times and dates in this circular refer to Hong Kong local time and date.

Event	Expected time and date
Despatch of this circular	Friday, 6 May 2016
Latest time and date for lodging proxy forms for the EGM	10:30 a.m. on Saturday, 28 May 2016
Time and date of the EGM	10:30 a.m. on Monday, 30 May 2016
Announcement of results of the EGM	Monday, 30 May 2016

If approvals sought at the EGM are obtained:

Completion of the Acquisitions and the Placing	Monday, 6 June 2016
Announcement of completion of the Acquisitions and the Placing	Monday, 6 June 2016

DEFINITIONS

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

“Acquisitions”	the First Acquisition and the Second Acquisition
“Agreements”	the First Agreement and the Second Agreement
“Acquisition Announcements”	the announcement of the Company dated 25 May 2015 relating to the First Acquisition, the announcement of the Company dated 23 August 2015 relating to the Second Acquisition, the announcement dated 31 December 2015 for extension of the long-stop date for the Acquisitions, the announcement dated 25 January 2016 for variation of terms of the Acquisitions and the announcement dated 27 April 2016 for further extension of the long-stop date for the Acquisitions
“Articles”	the articles of association of the Company (as amended from time to time)
“associate”	has the meaning ascribed to it under Chapter 14A of the Listing Rules
“Bank”	渤海銀行股份有限公司廣州分行 (China Bohai Bank Co. Ltd, Guangzhou Branch)
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	FU JI Food and Catering Services Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Stock Exchange
“connected person”	has the meaning ascribed to it under Chapter 14A of the Listing Rules
“Directors”	the directors of the Company
“Eligible Persons”	has the meanings as defined under paragraph 2 of Appendix VI to this circular
“EGM”	the extraordinary general meeting of the Company to be held at Hong Kong General Chamber of Commerce, Theatre A, 22/F, United Centre, 95 Queensway, Hong Kong on Monday, 30 May 2016 at 10:30 a.m. and any adjournment thereof

DEFINITIONS

“Enlarged Group”	the Group and the Target immediately upon completion of the Acquisitions
“FG Completion”	completion of the FG Subscription in accordance with the terms and conditions of the FG Subscription Agreement
“FG Subscriber”	Fortunate Gravity Hongkong Limited, a company incorporated in Hong Kong with limited liability, which is owned as to 90% by Cherry International Hongkong Limited, a company incorporated in Hong Kong with limited liability, and as to 10% by Theone Holdings Limited, a company incorporated in the British Virgin Islands with limited liability. Cherry International Hongkong Limited is wholly owned by 上海新泉投資有限公司 (Shanghai Xinquan Investment Company Limited*) (a company established in the PRC with limited liability), which is in turn owned as to 80% by Mr 龐道滿 (Pang Dao Mun) and as to 20% by an Independent Third Party. Theone Holdings Limited is wholly owned by another Independent Third Party
“FG Subscription”	217,720,000 new Shares the FG Subscriber has conditionally agreed to subscribe under the FG Subscription Agreement
“FG Subscription Agreement”	the agreement in relation to the FG Subscription entered into between the Company and the FG Subscriber on 14 March 2016 (after trading hours) (as supplemented by supplemental agreements dated 23 March 2016 and 27 April 2016)
“FG Subscription Shares”	the Subscription of 217,720,000 FG Subscription Shares pursuant to the terms of the FG Subscription
“First Acquisition”	the purchase of 25% equity interests in the Target by the Company from the Seller pursuant to the terms and conditions of the First Agreement and as amended and supplemented by the Second Agreement

* For identification purpose only

DEFINITIONS

“First Agreement”	the agreement dated 23 May 2015 (as supplemented by the Second Agreement and the supplemental agreements dated 31 December 2015, 25 January 2016 and 27 April 2016) and entered into between the Company and the Seller regarding the sale and purchase of 25% equity interests in the Target and as amended and supplemented by the Second Agreement
“Fund Raising Agreements”	collectively the Placing Agreement, the ML Subscription Agreement and the FG Subscription Agreement
“Fund Raising Announcements”	the announcements of the Company dated 16 March 2016, 23 March 2016 and 27 April 2016 relating to the Placing and the Subscriptions
“Grantee”	any Eligible Person who accepts an Offer in accordance with the terms of the Scheme, or (where the context so permits) any person who is entitled, in accordance with the laws of succession applicable, to exercise any Option in consequence of the death of the original Grantee
“Group”	the Company and its subsidiaries
“Guangzhou Circle”	廣州元亨能源有限公司 (Guangzhou Circle Energy Company Limited*), a company established in the PRC, which Mr. Wang is the general manager but he does not hold any equity interests or directorship
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Court”	the High Court of Hong Kong
“Independent Board Committee”	the independent board committee comprising Dr. Leung Hoi Ming, Mr. Mak Ka Wing, Patrick and Mr. Sung Wing Sum being all the independent non-executive Directors, established by Board for the purpose of advising the independent Shareholders on the terms of the Agreements, the ML Subscription Agreement and the transactions contemplated respectively thereunder

DEFINITIONS

“Independent Financial Advisor”	Veda Capital Limited, the independent financial adviser engaged by the Company to advise the independent Shareholders and the Independent Board Committee in relation to the terms of the Agreements, the ML Subscription Agreement and the transactions respectively contemplated thereunder
“Independent Third Party”	third party independent of the Company and its connected persons (as defined under the Listing Rules)
“Invested Entity”	any entity in which any member of the Group holds any equity
“Investor Group”	including Marvel Light, any ultimate shareholders of Marvel Light, and their respective fellow subsidiaries, and “member of the Investor Group” shall mean any of them
“Latest Practicable Date”	3 May 2016, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loans”	the sums of RMB7,024,500 and RMB334,544,952 due by the Target to the Seller and to Seller’s Subsidiary respectively, and a sum of RMB44,350,401 due from another member of the Investor Group to the Target, which remain outstanding as at the date of the Second Agreement
“Marvel Light”	Marvel Light Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, which is indirectly and ultimately owned as to (i) 40% by 安徽省創業投資有限公司 (Anhui Province Venture Investment Limited*), (ii) 30% by 廣東華亨能源有限公司 (Guangdong Huaheng Energy Limited*) which is 90% owned by Mr. Wang, and (iii) 30% by 上海華利投資有限公司 (Shanghai Huali Investment Limited*) which is owned as to 20% by 伊投(上海)實業發展有限公司 (Yitou (Shanghai) Industrial Development Co., Limited*), which in turn is owned as to 50% by each of Ms. Ji and Ms. Tang, and accordingly Marvel Light is an associate of Mr. Wang

DEFINITIONS

“ML Completion”	completion of the ML Subscription in accordance with the terms and conditions of the ML Subscription Agreement
“ML Subscription”	192,710,000 new Shares Marvel Light has conditionally agreed to subscribe under the ML Subscription Agreement
“ML Subscription Agreement”	the agreement in relation to the Subscription entered into between the Company and Marvel Light on 14 March 2016 (after trading hours) as supplemented by supplemental agreements dated 23 March 2016 and 27 April 2016
“ML Subscription Shares”	192,710,000 new Shares Marvel Light has conditionally agreed to subscribe under the ML Subscription Agreement
“Mr. Wang”	Mr. Wang Jianqing
“Ms. Ji”	Ms. Ji Qingqiao
“Ms. Tang”	Ms. Tang Qin
“Name Change Announcement”	the announcement of the Company dated 9 March 2015 relating to proposed change of the Company name
“Offer”	an offer for the grant of an Option made in accordance with the Scheme
“Offer Date”	the date on which an Offer is made to an Eligible Person pursuant to the Scheme
“Options”	the options that may be granted under the Scheme to subscribe for Shares in accordance with the terms thereof
“percentage ratio”	has the meaning ascribed to it under Chapter 14 of the Listing Rules
“Phase I Disposal”	the disposal of all equity interests in or share capital of Phase I Disposal Companies (as defined in the Restructuring Circular) which include the Seller, the Seller’s Subsidiary and the Target, together with all assumed liabilities and any freezing orders or other encumbrances pursuant to the Phase I Disposal Documentation (as defined in the Restructuring Circular)

DEFINITIONS

“Placees”	any individual, institutional, professional and/or private investors independent of and not connected with the Company, the connected persons of the Company and their respective associates procured by or on behalf of the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of the Placing Shares by or on behalf of the Placing Agent to the Placee(s) on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	Guotai Junan Securities (Hong Kong) Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the placing agreement entered into between the Company and the Placing Agent dated 14 March 2016 in respect of the Placing (as supplemented by a supplemental agreement dated 27 April 2016)
“Placing Completion”	completion of the Placing in accordance with the terms and condition as set out in the Placing Agreement
“Placing Long Stop Date”	12:00 noon on 30 June 2016 or such later time and date as the Company and the Placing Agent may from time to time agree in writing
“Placing Price”	HK\$0.54 per Placing Share
“Placing Shares”	an aggregate of 40,080,000 new Shares to be issued pursuant to the Placing Agreement
“Pledge”	the pledge of the Properties to secure general banking facilities of up to RMB285,000,000 granted to Guangzhou Circle, a related company to the Investor Group, which was subsisting as at the date of the Second Agreement and has been released prior to the Latest Practicable Date
“PRC”	The People’s Republic of China

DEFINITIONS

“Properties”	a total site area of about 77,776.5 sq.m. of land located in Wuxi City, Jiangsu Province, the PRC, with 11 buildings built on the land having a gross floor area of about 64,878.87 sq.m., and related structures and fixtures
“Properties’ Values”	the values of the Properties valued by a professional property valuer engaged by the Purchaser
“Proposed Change of Company Name”	the proposed change of the English name of the Company from “FU JI Food and Catering Services Holdings Limited” to “Fresh Express Delivery Holdings Group Co., Limited” and the Chinese name of the Company from “福記食品服務控股有限公司” to “鮮馳達控股集團有限公司”
“Provisional Liquidators”	the provisional liquidators of the Company appointed by the Hong Kong Court on 19 October 2009 and were subsequently discharged on 2 July 2013
“Purchaser”	the Company
“Restructuring Announcement”	the announcement dated 7 July 2010 of the Company relating to the disposal of assets of the Company sanctioned by the Hong Kong Court
“Restructuring Circular”	the circular of the Company dated 1 March 2013 containing details, among other matters, of the restructuring and reorganisation of the Company
“Scheme”	the share option scheme of the Company proposed to be adopted and approved by the Shareholders at the EGM, a summary of its principal terms is set out in Appendix VI to this circular
“Scheme Mandate Limit”	the total number of Shares which may be issued upon exercise of all Options that may be granted under the Scheme and any other share option scheme of the Group which shall not in aggregate exceed 10% of the Shares in issue as at the date of the passing of the relevant resolution for its initial adoption, or subsequently for its refreshment
“Second Acquisition”	the purchase of the remaining 75% equity interests in the Target by the Company from Seller’s Subsidiary pursuant to the terms and conditions of the Second Agreement

DEFINITIONS

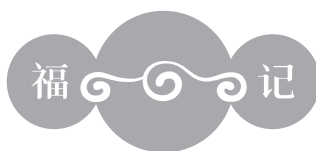
“Second Agreement”	the agreement dated 23 August 2015 (as supplemented by the supplemental agreements dated 31 December 2015, 25 January 2016 and 27 April 2016) and entered into between the Company, the Seller and Seller’s Subsidiary regarding the Second Acquisition and amendment to the First Agreement
“Seller”	Perfect Future Investment Limited (創輝投資有限公司), a company incorporated in Hong Kong with limited liability, which is ultimately and indirectly owned as to 50% by Mr. Wang, 25% by Ms. Ji and 25% by Ms. Tang and, accordingly the Seller is an associate of Mr. Wang
“Seller’s Subsidiary”	廣西美通食品有限公司 (Guangxi Meitong Foods Co., Ltd.*), a wholly foreign owned enterprise established under the laws of the PRC, which is indirectly wholly owned by the Seller
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Shareholders”	the holders of the Shares
“Specific Mandate”	the specific mandate to be granted by the Shareholders to the Board at the EGM for the allotment and issue of the Placing Shares pursuant to the Placing Agreement and the Subscription Shares pursuant to the Subscription Agreements
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriptions”	the subscription of the Subscription Shares pursuant to the terms of the FG Subscription Agreement and the ML Subscription Agreement
“Subscribers”	the FG Subscriber and Marvel Light
“Subscription Agreements”	the FG Subscription Agreement and the ML Subscription Agreement

DEFINITIONS

“Subscription Long Stop Date”	12:00 noon on 30 June 2016 or such later time and date as the Company and the subscribers may from time to time agree in writing
“Subscription Price”	HK\$0.54 per Subscription Share
“Subscription Shares”	the new Shares to be subscribed by the Subscribers under the Subscription Agreements, and where the context requires, shall mean either FG Subscription Shares or ML Subscription Shares
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Target”	無錫美通食品科技有限公司 (Wuxi Meitong Food Technology Co., Ltd.*), a sino-foreign equity enterprise established under the laws of the PRC

* *for identification purpose only*

LETTER FROM THE BOARD



福記食品服務控股有限公司
FU JI Food and Catering Services Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 1175)

Executive Directors:

Mr. Huang Shourong (*Chairman*)

Mr. Pan Junfeng

Independent non-executive Directors:

Dr. Leung Hoi Ming

Mr. Mak Ka Wing, Patrick

Mr. Sung Wing Sum

Registered Office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Head office and principal place of
business in Hong Kong:*

Unit D, 12/F

Seabright Plaza

9-23 Shell Street

North Point, Hong Kong

6 May 2016

To the Shareholders

Dear Sir or Madam,

**(1) VERY SUBSTANTIAL ACQUISITION AND
CONNECTED TRANSACTION RELATING TO ACQUISITIONS OF
THE 100% EQUITY INTERESTS IN
WUXI MEITONG FOOD TECHNOLOGY CO., LTD.;**
**(2) PLACING AND SUBSCRIPTION OF SHARES
UNDER SPECIFIC MANDATE;**
**(3) CONNECTED TRANSACTION:
SUBSCRIPTION OF SHARES UNDER SPECIFIC MANDATE;**
(4) ADOPTION OF SHARE OPTION SCHEME;
(5) PROPOSED CHANGE OF COMPANY NAME;
AND
(6) NOTICE OF EXTRAORDINARY GENERAL MEETING

1. INTRODUCTION

References are made to the Name Change Announcement, the Acquisitions Announcements, and the Fund Raising Announcements.

LETTER FROM THE BOARD

The purpose of this circular is to provide Shareholders further details of, among other thing, (a) the Acquisitions; (b) the recommendation from the Independent Board Committee relating to the Acquisitions; (c) further information of the Target; (d) the valuation report of the Properties; (e) the unaudited pro forma financial information of the Enlarged Group upon Completion; (f) details of the Placing; (g) details of the Subscriptions; (h) a letter of advice from the Independent Financial Advisor to the Independent Board Committee and the independent Shareholders in relation to the terms of the Agreements and the transactions contemplated thereunder and the terms of the ML Subscription; (i) the adoption of the Scheme; (j) the Proposed Change of Company Name; and (k) the notice of the EGM.

2. THE FIRST AGREEMENT

On 23 April 2015, the Purchaser and the Seller entered into the First Agreement to acquire 25% equity interests in the Target.

Principal terms of the First Agreement (as amended by the Second Agreement)

Date: 23 May 2015

Parties:

1. The Company as the purchaser
2. The Seller as the seller

Assets to be acquired

Under the First Agreement, the Purchaser will acquire 25% equity interests in the Target from the Seller.

Together with the Second Agreement, the Purchaser will acquire the entire 100% equity interests in the Target.

Conditions Precedent

Completion of the First Agreement is conditional upon the satisfactions of the following conditions precedent on or before 30 June 2016:

- (1) the obtaining of all necessary approvals from the board of directors and the shareholders of the Purchaser and the Seller in accordance with all applicable laws, rules and the constitutional documents respectively;
- (2) the obtaining of all necessary approvals from applicable governmental and regulatory authorities by the Purchaser and the Seller in accordance with all applicable laws;

LETTER FROM THE BOARD

- (3) the Purchaser obtaining a valuation report from an independent professional property valuer to be engaged by the Purchaser showing the Properties' Values of the Target substantially similar to the carrying value of RMB690,561,447;
- (4) the Purchaser obtaining a PRC legal opinion from a PRC legal Advisor to be engaged by the Purchaser in relation to matters relating to the Target in the form and content satisfactory to the Purchaser; and
- (5) the Second Agreement having become unconditional (other than the fulfilment of any condition in the Second Agreement requiring completion of the First Agreement and other transactions contemplated thereunder) and not being terminated in accordance with its terms and conditions.

If the above conditions precedent are not satisfied on or before 30 June 2016, unless the Purchaser and the Seller have otherwise extended the time to satisfy the outstanding conditions precedent, the Seller shall return the deposit, without interest, to the Purchaser and any consideration that the Purchaser may have paid to the Seller and the First Agreement shall automatically be terminated save for any antecedent breach.

As at the Latest Practicable Date, the above conditions precedent (3) and (4) have been fulfilled, and the Company and the Seller have no intention to waive any of the other conditions precedent.

Deposit and Due Diligence

The Purchaser has paid to the Seller in cash RMB1,000,000 as deposit in accordance with the terms of the First Agreement.

The Purchaser was entitled to carry out all necessary due diligence on the Target within 90 Business Days from the date of the First Agreement, and to carry out supplemental due diligence on the Target within 120 Business Days from the date of the First Agreement. If the Purchaser discovers that there are material defects of the Target, the Purchaser is entitled to terminate the First Agreement which was exercisable by the Purchaser on or before 30 November 2015. If the Purchaser exercises such right to terminate the Agreement, the Seller should return the above mentioned deposit, without interest, to the Purchaser and any consideration that the Purchaser may have paid to the Seller.

The Company has been satisfied with the results of the due diligence on the Target.

LETTER FROM THE BOARD

Consideration

The total consideration for the acquisition of the 25% equity interests in the Target is RMB98,749,000. The total net asset value of the Target as at 31 December 2014 was RMB394,996,000 and the consideration is determined based on the 25% of the net asset value of the Target as at 31 December 2014, which is RMB98,749,000. The Directors noted that there are changes in the net asset value of the Target between 31 December 2014, 31 March 2015 and the nine months ended 31 December 2015, which partly was due to the reducing carrying amounts of the Property after taking into account of the accumulated depreciation of the Property. The Directors (except for the independent non-executive Directors) and the independent non-executive Directors after taken into account of the advice from the Independent Financial Adviser, are of the view that it is still fair and reasonable to determine the consideration based on the net asset value of the Target as at 31 December 2014 for (i) such figure was the only figure available at the time when the Company and the Seller entered into the First Agreement, and (ii) it was the agreed basis of determination of the consideration.

Please refer to the Appendix II to this circular for the net asset value of the Target for the year ended 31 March 2015 and the nine months ended 31 December 2015.

Please refer to the sub-section headed “Reasons for making the Acquisitions” for the synergy and financial effects between the Target and the Group.

Since the principal business activities of the Target is the holding of the Properties, the Purchaser and the Seller agrees that if the Properties’ Values to be obtained is less than RMB690,561,447 as shown on the accounts of the Target as at 31 December 2014, the total consideration shall be adjusted downward by subtracting the 25% of the valuation shortfall on a dollar-to-dollar basis. On the contrary, if the Properties’ Values to be obtained exceeds RMB690,561,447, no upward adjustment shall be made to the consideration.

As the Properties’ Values as per the valuation report set out in Appendix V to this circular is RMB713,040,570.12, no adjustment shall be made to the consideration.

The Directors have reviewed the valuation report set out in Appendix V to this circular (including the assumptions made), and based on their review, they have considered the Properties’ Values of the Target are fair and reasonable.

LETTER FROM THE BOARD

Payment terms

The consideration (or the adjusted consideration) shall be payable in cash by two stages as follows:

- First payment: 20% of the consideration (or adjusted consideration) shall be paid by the Purchaser to the Seller on the date of completion of the Acquisitions, out of which RMB1,000,000 by setting off the deposit paid under the First Agreement (as supplemented) on a dollar-to-dollar basis and the balance of which shall be paid in cash;
- Second payment: 60% of the consideration (or the adjusted consideration) shall be paid by the Purchaser to the Seller within thirty Business Days after the date of completion of the Acquisitions; and
- Third payment: the remaining balance of the consideration (or the adjusted consideration) shall be paid by the Purchaser to the Seller eighteen months after the date of completion of the Acquisitions.

The Purchaser shall be entitled to treat the deposit to satisfy part of the consideration (or adjusted consideration).

The consideration was arrived at after arm's length negotiation with the Seller with reference to the net asset value of the Target, and subject to adjustment if the Properties' Value is less than that as shown on the accounts of the Target as the assets of the Target comprises principally the Properties. The Directors (except for the independent non-executive Directors) and the independent non-executive Directors after taken into account of the advice from the Independent Financial Adviser, considered that the consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Completion

Completion of the First Agreement shall be inter-conditional with the completion of the Second Agreement and shall proceed to completion within five Business Days following the day on which all the conditions precedent of the First Agreement are satisfied by submitting all necessary documents to the relevant regulatory authorities in the PRC to effect the change of the shareholders of the Target, and the date of completion of the Acquisitions shall be the date when the regulatory authorities registered the Purchaser or its wholly-owned subsidiary as the sole shareholder of the Target. If any of the First Agreement and the Second Agreement is voted down by the Shareholders, the conditions precedent under the First Agreement and the Second Agreement could not be fulfilled and the Acquisitions will not be proceeded to completion.

Immediately upon completion of the Acquisitions, the Company will hold directly, or indirectly through its wholly-owned subsidiary 100% equity interest in the Target, and the Target will become a wholly-owned subsidiary of the Company.

3. THE SECOND AGREEMENT

Date: 23 August 2015

Parties:

1. The Company as the purchaser;
2. Seller's Subsidiary, as the seller; and
3. The Seller, as guarantor of the obligations of its wholly owned subsidiary, Seller's Subsidiary.

Assets to be acquired

Under the Second Agreement, the Purchaser will acquire 75% equity interests in the Target from Seller's Subsidiary. Together with the First Agreement, the Purchaser will acquire the entire 100% equity interests in the Target.

LETTER FROM THE BOARD

Conditions precedent

Completion of the Second Agreement is conditional upon the satisfactions of the following conditions precedent (which are similar to the conditions precedent under the First Agreement) on or before 30 June 2016:

- (1) the obtaining of all necessary approvals from the board of directors and the shareholders of the Purchaser, the Seller and Seller's Subsidiary in accordance with all applicable laws, rules and the constitutional documents respectively;
- (2) the obtaining of all necessary approvals from applicable governmental and regulatory authorities by the Purchaser, the Seller and Seller's Subsidiary in accordance with all applicable laws;
- (3) the Purchaser obtaining a valuation report from an independent professional property valuer to be engaged by the Purchaser showing the Properties' Values of the Target is substantially similar to the carrying value of RMB690,561,447;
- (4) the Purchaser obtaining a PRC legal opinion from a PRC legal adviser to be engaged by the Purchaser in relation to matters relating to the Target in the form and content satisfactory to the Purchaser; and
- (5) the First Agreement having become unconditional (other than the fulfilment of any condition in the First Agreement relating to the Second Agreement and other transactions contemplated thereunder) and not being terminated in accordance with its terms and conditions.

If the above conditions precedent are not satisfied on or before 30 June 2016, unless the Purchaser, the Seller and Seller's Subsidiary having otherwise extended the time to satisfy the outstanding conditions precedent, Seller's Subsidiary shall return the deposit, without interest, to the Purchaser and any consideration that the Purchaser may have paid to Seller's Subsidiary, and the Second Agreement shall automatically be terminated save for any antecedent breach.

As at the Latest Practicable Date, the above conditions precedent (3) and (4) have been fulfilled, and the Company, the Seller and the Seller's Subsidiary have no intention to waive any of the other conditions precedent.

Deposit and due diligence

The Company has paid to Seller's Subsidiary in cash RMB3,000,000 as deposit in accordance with the terms of the Second Agreement.

LETTER FROM THE BOARD

The Purchaser was entitled to carry out all necessary due diligence on the Target within 60 Business Days from the date of the Second Agreement, and to carry out supplemental due diligence on the Target within 90 Business Days from the date of the Second Agreement. If the Purchaser discovers that there are material defects of the Target, the Purchaser is entitled to terminate the Second Agreement which was exercisable by the Purchaser on or before 30 November 2015. If the Purchaser exercises such right to terminate the Second Agreement, Seller's Subsidiary should return the deposit, without interest, to the Purchaser and any consideration that the Purchaser may have paid to Seller's Subsidiary.

The Company has been satisfied with the results of the due diligence on the Target.

Consideration

The total consideration for the acquisition of the 75% equity interests in the Target is RMB296,247,000. The total net asset value of the Target as at 31 December 2014 was RMB394,996,000 and the consideration is determined based on the 75% of the net asset value of the Target as at 31 December 2014, which is RMB296,247,000 and the basis used is the same basis used in determining the consideration for the acquisition of the 25% equity interests in the Target under the First Agreement. The Directors noted that there are changes in the net asset value of the Target between 31 December 2014, 31 March 2015 and the nine months ended 31 December 2015, which partly was due to the reducing carrying amounts of the Property after taking into account of the accumulated depreciation of the Property. The Directors (except for the independent non-executive Directors) and the independent non-executive Directors after taken into account of the advice from the Independent Financial Adviser, are of the view that it is still fair and reasonable to determine the consideration based on the net asset value of the Target as at 31 December 2014 for (i) such figure was the only figure available at the time when the Company, the Seller and the Seller Subsidiary entered into the Second Agreement, (ii) it was the same basis used in determining the consideration under the First Agreement, and (iii) it was the agreed basis of determination of the consideration.

Please refer to the Appendix II to this circular for the net asset value of the Target for the year ended 31 March 2015 and the nine months period ended 31 December 2015.

Since the principal business activities of the Target is the holding of the Properties, the Purchaser, the Seller and Seller's Subsidiary agree that if the Properties' Values to be obtained is less than RMB690,561,447 as shown on the accounts of the Target as at 31 December 2014, the total consideration for the acquisition of the 75% equity interests shall be adjusted downward by subtracting the 75% of the valuation shortfall on a dollar-to-dollar basis. On the contrary, if the Properties' Values to be obtained exceeds RMB690,561,447, no upward adjustment shall be made to the consideration.

LETTER FROM THE BOARD

It is one of the conditions precedent that the valuation report to be obtained by the Purchaser showing the Properties' Values of the Target shall be substantially similar to the carrying value of RMB690,561,447. If there is a valuation shortfall which exceeds the total consideration under the Agreements, such condition precedent will not be satisfied, and both the First Agreement and the Second Agreement shall automatically be terminated and the Seller and Seller's Subsidiary shall return the deposits to the Purchaser and any consideration that the Purchaser may have paid to the Seller's Subsidiary without interest. In which event, the Company will look for other opportunities and alternative ways to increase its warehousing capacities to complement the business growth of the Company.

Synergy and financial effect

The Board considered that it will be more beneficial to the Group that the Target and the Properties will become wholly owned by the Company after completion of the Acquisitions. Given the Properties could be used as cold storage and distribution centre, the Company will have full control and flexibility to utilize and reintegrate the Properties for the continued expansion of the regional distribution network in the eastern part of the PRC. The Acquisitions will complement the Group's cold chain distribution business, and will complement the Group's plan in gradually establishing a nationwide cold chain distribution and delivery network covering all major cities in the eastern and central part of the PRC as reported by the Chairman in the 2015 Annual Report of the Company.

Please refer to the sub-section headed "Reasons for making the Acquisitions" for the synergy and financial effects between the Target and the Group.

For illustration purpose only, assuming there were a valuation shortfall of RMB1,000,000: (a) under the Second Agreement, the total consideration for the acquisition of the 75% equity interests shall be adjusted downward by RMB750,000; (b) under the First Agreement, the total consideration for the acquisition of the 25% equity interests shall be adjusted downward by RMB250,000; and thus (c) the total consideration for the 100% equity interests shall be adjusted downward by the total amount of the shortfall of RMB1,000,000.

As the Properties' Values as per the valuation report set out in Appendix V to this circular is RMB713,040,570.12, no adjustment shall be made to the consideration under both the First Agreement and the Second Agreement.

The Directors have reviewed the valuation report set out in Appendix V to this circular (including the assumptions made), and based on their review, they have considered the Properties' Values of the Target are fair and reasonable.

LETTER FROM THE BOARD

Payment terms

The consideration (or the adjusted consideration) under the Second Agreement shall be payable in cash by two stages as follows:

- First payment: 40% of the consideration (or adjusted consideration) shall be paid by the Company to the Seller Subsidiary on the date of completion of the Acquisitions out of which RMB3,000,000 by setting off the deposit paid under the Second Agreement (as supplemented) on a dollar-to-dollar basis and the balance of which shall be paid in cash;
- Second payment: 40% of the consideration (or the adjusted consideration) shall be paid by the Company to the Seller Subsidiary within thirty Business Days after the date of completion of the Acquisitions and only after the Pledge has been fully released and discharged in favour of the Target, whichever is later; and
- Third payment: the remaining balance of the consideration (or the adjusted consideration) shall be paid by the Company to the Seller Subsidiary eighteen months after the date of completion of the Acquisitions.

The Purchaser shall be entitled to treat the deposit to satisfy part of the consideration (or adjusted consideration).

The consideration was arrived at after arm's length negotiation with Seller's Subsidiary with reference to the net asset value of the Target, and subject to adjustment if the Properties' Value is less than that as shown on the accounts of the Target as the assets of the Target comprises principally the Properties and the same basis of the acquisition of the 25% equity interests under the First Agreement. The Directors (except for the independent non-executive Directors) and the independent non-executive Directors after taken into account of the advice from the Independent Financial Adviser, considered that the consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As at 31 March 2015, the bank and cash balances of the Company were approximately RMB130 million. As at 30 September 2015, the bank and cash balances of the Company were approximately RMB62.8 million.

LETTER FROM THE BOARD

Outstanding Loans and Pledge with members of the Investor Group

As at the date of the Second Agreement, the Target owed an outstanding amount of RMB7,024,500 and RMB334,544,952 to the Seller and to Seller's Subsidiary respectively, and another member of the Investor Group owed an outstanding amount of RMB44,350,401 to the Target, which are unsecured, non-interest bearing and have no fixed repayment terms. The Loans were in existence as at 31 December 2014 and were included in the net asset value of the Target as at 31 December 2014.

On 2 February 2015, the Target entered into the Pledge with the Bank to secure the general banking facilities granted by the Bank to Guangzhou Circle for financing its ordinary course of business for the period from 2 February 2015 to 1 February 2016. Guangzhou Circle is a company established in the PRC, which Mr. Wang is the general manager but he does not hold any equity interest or directorship of Guangzhou Circle. Guangzhou Circle is an Independent Third Party. To the best of information and knowledge of the Directors, save as Mr Wang being the general manager of Guangzhou Circle, Guangzhou Circle has no other relationship with the Target and the Investor Group.

As at the date of the Second Agreement, the amount drawn under the general banking facilities that were secured by the Pledge was RMB170,000,000. The amount drawn under the general banking facilities was fully repaid and the Pledge was discharged and released on 1 February 2016.

The Loans will remain outstanding after completion of the Acquisitions and subject to the terms of the Second Agreement. Other than the Loans, the Target has no other liability as at 31 December 2015. Please refer to the Appendix II to this circular for the financial position of the Target.

Given the existence of the Pledge, the Company had been able to negotiate with the Seller and Seller's Subsidiary for better commercial terms under the Second Agreement. The parties were of the view that since the Pledge was only valid up to 1 February 2016, it was not costs and time efficient to discharge the Pledge. Thus, the parties agreed that the Loans (in respect of the parts that are owing by the Target) (which currently are loans with no fixed term) will become term loans of two years after discharge and release of the Pledge in the Second Agreement. With this arrangement, the Company in fact has obtained long-term financing and substantially lowered the initial cash outlays for satisfying the total consideration, and if there were no such arrangement regarding the Loans, the Company and/or the Target would have to purchase or repay the parts of the Loans that are owing by the Target upon Completion..

LETTER FROM THE BOARD

Under the terms of the Second Agreement, the Seller and Seller's Subsidiary have irrevocably agreed, and shall procure the other member of the Investor Group to agree that:

- (a) the terms of the Loans shall remain unsecured and non-interest bearing for the duration of the Loans;
- (b) the Seller, Seller's Subsidiary and each member of the Investor Group will not be entitled to demand, and the Target will not be required to repay all or part of the Loans or any other amount due by the Target to the Seller, Seller's Subsidiary or any member of the Investor Group for so long as the Pledge remain subsisting;
- (c) if and when the Target is required to pay any amount to the Bank or any third parties pursuant to the terms of the Pledge, the Target shall be entitled to set-off on a dollar-to-dollar basis such amount so paid from the outstanding Loans; and
- (d) the Seller, Seller's Subsidiary and each member of the Investor Group will only be entitled to demand, and the Target will only be required to repay all or part of the Loans (which are unsecured and non-interest bearing) (or the balance of the Loans, if any, following payment pursuant to the terms of the Pledge) due by the Target to the Seller and the Seller's Subsidiary, two years after the Pledge has fully been discharged and the Target will not be under any further obligation or subject to any potential liability under the Pledge to pay any amount to the Bank or any third parties.

Since the Pledge was discharged and released on 1 February 2016, the Loans due by the Target to the Seller and the Seller's Subsidiary (which are unsecured and non-interest bearing) become term loans which will be due and payable to the Seller and the Seller's Subsidiary on 1 February 2018. As to the part of the Loans that is due by another member of the Investor Group to the Target, it would remain as an unsecured loan, non-interest bearing and payable on demand by the Target.

Further, under the terms of the Second Agreement, the Seller and Seller's Subsidiary had irrevocably agreed to procure Guangzhou Circle, the related company to the Investor Group to discharge and release the Target from the Pledge as soon as was practicable and in any event would not renew or revise the terms of the Pledge. The Pledge was discharged and released on 1 February 2016.

Other than those stated in this circular, the Company currently does not have any plan to have further equity fund raising activities whether to enable the Company to satisfy its obligations under the Loans or otherwise. As the Loans will only be due on 1 February 2018, the Company will from time to time review the financial situation of the Group and devise the most suitable strategies as when the Loans are due for repayment.

LETTER FROM THE BOARD

After completion of the Acquisitions, when the terms of the Loans are revised, it may constitute a notifiable transaction and/or a connected transaction under Chapter 14 and/or Chapter 14A of the Listing Rules and the Company will comply with all requirements under the Listing Rules.

The Board was informed by the Investor Group that since they had acquired the Seller, Seller's Subsidiary and the Target upon completion of the Phase I Disposal (please refer to the section "Reasons for Making the Acquisitions" for further details), it was commercially logical for them to utilize such assets for certain financing, and hence the entering into of the Pledge. The Board also noted that since the net amount of the Loans due by the Target to the members of the Investor Group exceeds the contingent liability under the Pledge, and given the repayment of the Loans will not arise until two years after the Pledge has fully been discharged, which reduce significantly the amount of cash outlays in the short to medium term of the Company. In the event that the contingent liability under the Pledge is crystallised and the Target were required to pay any amount to the Bank or any third parties pursuant to the terms of the Pledge, the Target will be protected from the risk of recovering the amount so paid pursuant to the terms of the Pledge by setting-off on a dollar-to-dollar basis such amount so paid from the outstanding Loans. Also, the Board considers that the Loans provide a good financing to the Company taking into account that it is non-interest bearing, unsecured and will not be due for repayment until two years after the Pledge is discharged which the Company could not obtain from the financial markets loans with similar terms. In view of the terms relating to the Loans and the Pledge as set out above, the Board considers it is reasonable and provides adequate safeguard of the Group and the Target and are in the interests of the Company and the Shareholders as a whole.

Completion

Completion of the Second Agreement shall be inter-conditional with the completion of the First Agreement, and shall proceed to completion within five Business Days following the day on which all the conditions precedent of the Second Agreement are satisfied by submitting all necessary documents to the relevant regulatory authorities in the PRC to effect the change of the shareholders of the Target, and the date of completion of the Acquisitions shall be the date when the regulatory authorities registered the Purchaser or its wholly-owned subsidiary as the sole shareholder of the Target. If any of the First Agreement and the Second Agreement is voted down by the Shareholders, the conditions precedent under the First Agreement and the Second Agreement could not be fulfilled and the Acquisitions will not be proceeded to completion.

LETTER FROM THE BOARD

The Seller and the Seller's Subsidiary have irrevocably and unconditionally undertaken to the Company that if the fund raising transactions (other than ML Subscription) as set out in this circular fail to complete at the same time or immediately before completion of the Acquisitions, they will not oblige the Company to complete part or all of the Acquisitions.

Immediately upon completion of the Acquisitions, the Company will hold directly, or indirectly through its wholly-owned subsidiary 100% equity interest in the Target, and the Target will become a wholly-owned subsidiary of the Company.

4. INFORMATION OF THE SELLER AND SELLER'S SUBSIDIARY

The Seller is a company incorporated in Hong Kong with limited liability and its principal activities is investment holding. The Seller directly holds 25% equity interests in the Target and indirectly holds the remaining 75% equity interests in the Target through Seller's Subsidiary.

Seller's Subsidiary is wholly foreign owned enterprise established under the laws of the PRC and its principal activities is investment holding. It is an indirectly wholly owned subsidiary of the Seller.

As explained in the section "Historical Background" below, both the Seller, the Seller's Subsidiary and the Target (which includes the food processing centre in Wuxi) were originally wholly owned subsidiaries of the Company but were disposed of and formed part of the assets under the Phase I Disposal. In order to facilitate the restructuring and reorganisation of the Company and the resumption of trading of the Shares, the Investor Group agreed to, among other matters, acquire the companies and assets constituting the Phase I Disposal as a whole for a total consideration comprising cash of HK\$77,270,000 and assumption of liabilities of HK\$324 million. However, no separate consideration was given to each of the companies or assets being disposed of under Phase I Disposal.

The Phase I Disposal was completed in June 2013 and the Seller, the Seller's Subsidiary and the Target became wholly owned subsidiaries of the Investor Group.

As at the Latest Practicable Date, the Seller and Seller's Subsidiary, which are ultimately and indirectly owned as to 50% by Mr. Wang, are associates of Mr. Wang. Mr. Wang is also indirectly interested in 30% equity interests of Marvel Light, a substantial shareholder of the Company (holding 135,405,352 Shares, representing about 21.04% of the total issued share capital of the Company as at the Latest Practicable Date) and Marvel Light is also an associate of Mr. Wang. Accordingly, the Seller and Seller's Subsidiary are connected persons of the Company at issuer level.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Ms. Ji and Ms. Tang, other than being an indirect shareholder of the Seller with Mr. Wang, does not have any other relationship with Mr. Wang, the Company and its connected persons.

LETTER FROM THE BOARD

5. INFORMATION OF THE TARGET

The Target is a sino-foreign equity enterprise established under the laws of the PRC with a registered capital of USD25,000,000. Its principal activities are food processing business and holding of the Properties.

The Properties comprise a total site area of about 77,776.5 sq.m. of land located in Wuxi City, Jiangsu Province, the PRC, with 11 buildings built on the land having a gross floor area of about 64,878.87 sq.m., and related structures and fixtures. The Properties are used as food processing, storage and logistics centre for fresh and cold food.

The Properties have previously been pledged to secure general banking facilities for approximately RMB285,000,000 granted to Guangzhou Circle, a related company to the Investor Group but has been released prior to the Latest Practicable Date.

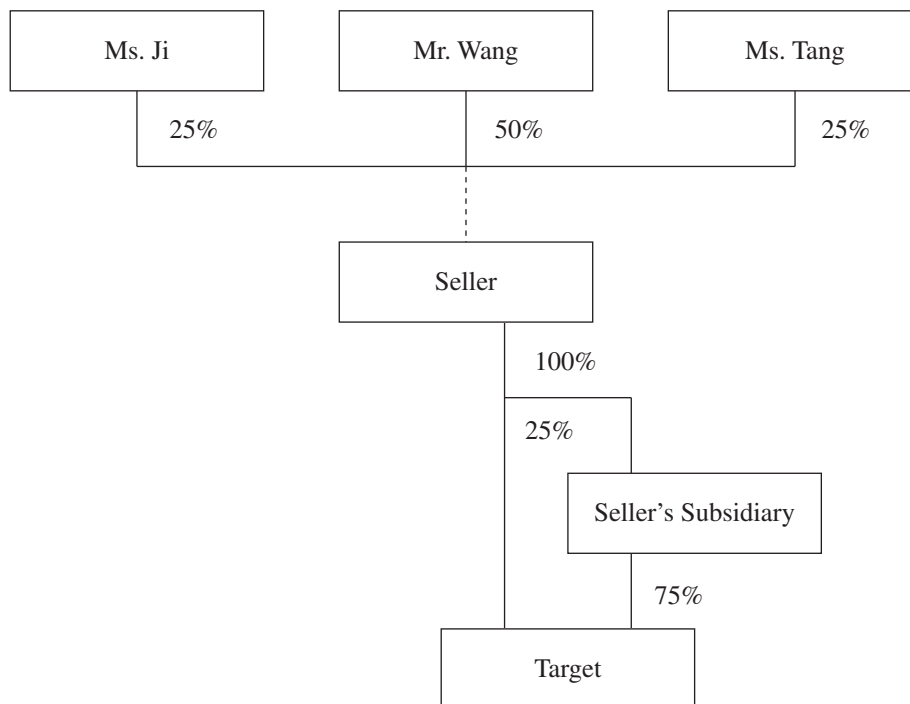
Set out below is the financial information of the Target for the two financial years ended 31 March 2014 and 2015, and for the nine months ended 31 December 2015:

	For the year ended 31 March 2014 RMB'000	For the year ended 31 March 2015 RMB'000	For the nine months ended 31 December 2015 RMB'000
Turnover	9,237	10,002	4,634
Net profits/(loss) (before taxation)	3,499	5,295	(4,068)
Net profits/(loss) (after taxation)	3,499	5,295	(4,068)
			For the nine months ended 31 December 2015 RMB'000
	As at 31 March 2014 RMB'000	As at 31 March 2015 RMB'000	
Total asset value	702,215	689,509	677,418
Net asset value	342,413	347,708	343,640

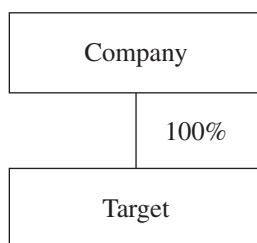
LETTER FROM THE BOARD

The shareholding structures of the Target as at the Latest Practicable Date and immediately upon completion of the Acquisitions are as follows:

As at the Latest Practicable Date:



Immediately upon completion of the Acquisitions:



LETTER FROM THE BOARD

6. REASONS FOR MAKING THE ACQUISITIONS

Historical background

Trading of the Shares of the Company was suspended on 29 July 2009 due to the delay in the publication of the 2009 annual results of the Company. Such delay constituted defaults of the two listed convertible bonds issued by the Company and several banking facilities of the Group.

As no feasible solutions could be reached by the Board with the creditors and the lenders, on 19 October 2009, a petition to wind up the Company was presented to the Hong Kong Court by the Company, and Provisional Liquidators were appointed.

The Provisional Liquidators then took over the management of the Company as all the then Directors except one independent non-executive Director subsequently resigned from their offices.

In order to successfully settle the outstanding liabilities of the Group, among other matters, the Provisional Liquidators had finally accepted the proposals from the Investor Group, including many steps, where the Phase I Disposal formed part.

The Seller, Seller's Subsidiary and the Target (which includes the food processing centre in Wuxi) were originally wholly owned subsidiaries of the Company, but were disposed of and formed part of the assets under the Phase I Disposal. Certain assets under the Phase I Disposal had been frozen due to legal proceedings in local courts of the PRC.

The total consideration relating to the Phase I Disposal comprises cash of HK\$77,270,000 and assumption of liabilities of HK\$324,000,000 by the Investor Group. According to the Restructuring Announcement, the Provisional Liquidators had confirmed with an independent appraiser that the aggregate consideration payable by the Investor Group for the underlying assets of the Phase I Disposal were in excess of the liquidation values of such assets at that time.

The Phase I Disposal was one of the conditions precedent for the resumption of trading of the Shares, and was completed in June 2013 and the Seller, the Seller's Subsidiary and the Target became wholly owned subsidiaries of the Investor Group. All the resumption conditions were fulfilled on 4 July 2013 and the Shares resumed trading on 8 July 2013.

LETTER FROM THE BOARD

Background relating to the First Agreement

As previously disclosed the Acquisitions Announcements, the principal activities of our Group have been changing its business focus from delivery and processing and sale of convenient packaged food to providing nationwide cold food storage and logistics platforms, providing catering industries and individuals for large scale food ingredients and convenient packaged food integrated services, and facilitate the integration of the demand and supply networks of the PRC's food industry.

Following the completion of the restructuring and reorganisation of the then existing Group leading up to the resumption of trading of the Shares on 8 July 2013, the Group has been consolidating and improving upon its business operations. Also taking into consideration the positive response from the placing of new Shares of the Company which was completed on 8 April 2015, the Board considered it is prudent not only to focus on the segment of the existing business operations (which have more potential for growth and which are expanding), but also to slowly recapture our Group's previous business assets and activities, which complement such shifting of business focus. Due to the growth in the revenue from the trading of convenience food business of the Company for the financial years ended 31 March 2014 and 31 March 2015 (about 175% increase in revenue as compared with those of the financial year ended 31 March 2013 and about 400% increase in revenue as compared with those of the financial year ended 31 March 2014 respectively), the Company has become financially sound and currently has the capacity to acquire certain disposed assets from the Investor Group. In May 2015, the Board initiated discussion with the Investor Group exploring the possibilities to repurchase certain of those assets and business disposed by the Group under the restructuring and reorganisation. Following arm's length discussion, the Company signed the First Agreement with the Seller on 23 May 2015 intending to become a strategic investor in the Target holding 25% of its equity interests.

The Company has been given to understand by the Seller and the Seller Subsidiary that after the completion of the Phase I Disposal, the Investor Group had reorganised and restructured the business operations of the Target. Since 2013, the Target has gradually established its customer base for provision of cold storage and logistics services to third parties, which mainly are food companies, and the Target received rental income for letting its cold storage to its customers. The Company considers that it would be beneficial to the Group to acquire the Target and has its own cold storage which will complement its cold chain distribution business.

Currently, other than the Target, the Company does not have any plan to acquire from the Investor Group the other companies that formed part of the assets under the Phase I Disposal (or any other companies disposed by the Company as disclosed under the Restructuring Announcement).

LETTER FROM THE BOARD

Reasons for entering into the Second Agreement

As reported by the Chairman in the 2015 Annual Report of the Company, the Group continued to scale down and terminate its catering business in the year ended 31 March 2015, and based on the existing logistic distribution facilities, the Group was committed to expand the cold chain food distribution business of delivering fresh food to end-user corporations.

Since 2009, the Group has been engaging in production, sale and trading of convenience food, which include the cold chain food distribution business of delivering fresh food to end-user corporations as a separate business segment. The trading of convenience food business of the Company has been growing gradually through time and the growth has become very substantial and remarkable since the financial year ended 31 March 2014. For the financial year ended 31 March 2013, revenue from the trading of convenience food business of the Company was approximately RMB65 million. For the financial year ended 31 March 2014, the revenue from the trading of convenience food business of the Company was about RMB179 million, (i.e. about 175% increase in revenue as compared with those of the financial year ended 31 March 2013), and the revenue from the trading of convenience food business of the Company for the year ended 31 March 2015 was about RMB911 million (i.e. about 400% increase in revenue as compared with those of the financial year ended 31 March 2014).

Further, cold-chain distribution of fresh food has always been an integral part of the Group's business operation throughout as this is one of the Company's necessary expertise and requisite for all the Group's business operation for the proper storage, transport and distribution of all food related products. Such cold chain distribution of fresh food of the Company, includes convenience frozen food and seafood sold in PRC and overseas market, has always been included in the "convenience food and related business" segment of the Company since 2010. In view of the rapid development of the current cold chain food distribution business, and the establishment of a regionalized cold chain food distribution network, the Chairman reported that the Company will, in the next three years, capitalising on the experience gained from the successful transformation of the cold chain distribution business, gradually establish a nationwide cold chain distribution and delivery network covering all major cities in the eastern and central part of the PRC.

LETTER FROM THE BOARD

Also, after having reviewed the financial and business results of our Group for the year ended 31 March 2015, in particular that the trading and distribution of food products having recorded about 400% increase in revenue from about RMB179 million for the year ended 31 March 2014 to about RMB911 million for the year ended 31 March 2015, and after having formulated our Group's future strategic plans as explained above, the Board have decided to seize the opportunities and on 13 July 2015 approached and negotiated with the Investor Group for acquiring the remaining 75% equity interests in the Target and subsequently led to the signing of the Second Agreement. Taking into account the revenue growth as mentioned above, and securing a favourable repayment term of the Loans, the Board considers that the Company will be able to obtain necessary financial resources via fund raising activities together with existing internal resources to satisfy payment of the consideration. The Board believes that it will be more beneficial to the Group that the Target and the Properties will become wholly owned by the Company after completion of the Acquisitions and the Company will have full control and flexibility to utilize and reintegrate the Properties for the continued expansion of the regional distribution network in the eastern part of the PRC.

Taking into account the above, the terms of the First Agreement and the Second Agreement and the basis of the consideration (and adjusted consideration) as a whole, the Directors (also noting that none of the Directors had any material interest therein) believe the terms of the First Agreement and the Second Agreement and the transactions contemplated therein are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Financial effects of the Acquisitions

Upon Completion, the Target will become a wholly-owned subsidiary of the Company and the profit and loss and assets and liabilities of the Target will be consolidated to the financial statements of the Group. The unaudited pro forma financial information of the Enlarged Group is set out in Appendix IV to this circular.

Based on the unaudited pro forma financial information of the Enlarged Group as set out in Appendix IV to this circular, the unaudited pro forma consolidated total assets of the Group would increase from approximately RMB766.03 million as at 30 September 2015 to approximately RMB1,500.94 million and the unaudited pro forma consolidated total liabilities of the Group would increase from approximately RMB524.42 million as at 30 September 2015 to approximately RMB937.19 million, as a result of the Acquisitions.

It should be noted that the above financial effects are for illustrative purpose only and do not purport to represent the financial position of the Group upon Completion.

LETTER FROM THE BOARD

Since the Properties are ready to use with minimal refurbishments required, the Company envisages that after completion of the Acquisitions, the Company is not required to inject substantial capital to the Target for its operations. The Company in the meantime plans that the Target shall complement the Company's existing business operation and grow together.

7. LISTING RULES IMPLICATIONS

As one or more of the relevant percentage ratios for the Acquisitions exceeds 100%, the Acquisitions constitute a very substantial acquisition on the part of the Company.

Since Seller's Subsidiary is indirectly wholly owned by the Seller, and the Seller is ultimately and indirectly owned as to 50% by Mr. Wang, both Seller's Subsidiary and the Seller are associates of Mr. Wang. Mr. Wang is also indirectly interested in 30% equity interests of Marvel Light, a substantial shareholder of the Company and, Marvel Light is also an associate of Mr. Wang. Accordingly, the Seller and Seller's Subsidiary are connected persons of the Company at the issuer level and the Acquisitions constitute a connected transaction on the part of the Company and is subject to reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Wang and his associates, including Marvel Light (holding 135,405,352 Shares, representing about 21.04% of the total issued share capital of the Company as at the Latest Practicable Date), shall abstain from voting on the proposed resolution to approve the Acquisitions at the EGM. Since Ms. Ji and Ms. Tang are also interested in the Acquisitions, they, and their associates, shall abstain from voting on the proposed resolutions to approve the Acquisitions at the EGM. As at the Latest Practicable Date, to the best knowledge of the Board, Ms. Ji and Ms. Tang (other than they are indirectly interested in the 135,405,352 Shares which are held by Marvel Light) and their associates do not hold any other Shares. Save for the aforesaid and to the best knowledge of the Board as at the Latest Practicable Date, no other Shareholder is involved in or interested in the Acquisitions which requires him to abstain from voting on the proposed resolution to approve the Acquisitions at the EGM.

The Independent Board Committee has been established comprising all the independent non-executive Directors to advise the independent Shareholders in respect of, amongst others, the Agreements and the Acquisitions contemplated thereunder. Veda Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the independent Shareholders as to, amongst others, whether the terms of the Agreements and the Acquisitions contemplated thereunder are (i) fair and reasonable; (ii) is on normal commercial terms or better and in the ordinary and usual course of business of the Company; and (iii) is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

8. FUND RAISING ACTIVITIES

I. Placing

The placing agreement

Date

14 March 2016 (after trading hours)

Issuer:

The Company

Placing Agent

The Placing Agent has conditionally agreed to place 40,080,000 Placing Shares on a fully underwritten basis and will receive a placing commission of 2% of the amount that is equal to the Placing Price multiplied by the number of Placing Shares. Such commission was arrived at after arm's length negotiations between the Company and the Placing Agent under normal commercial terms and with reference to prevailing market rate. The Directors are of the view that the placing commission of 2% is fair and reasonable.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, as at the Latest Practicable Date, the Placing Agent and its ultimate beneficial owners are Independent Third Parties, and are independent to the FG Subscriber.

The Placing Agent is a corporation licensed to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Placees

The Placing Agent will place the Placing Shares to one or more Placees and it is expected that their ultimate beneficial owners will be Independent Third Parties and independent to the FG Subscriber. It is expected that none of the Placees will become a substantial shareholder (as defined in the Listing Rules) of the Company immediately after the Completion. The Company will make further announcement in accordance with the Listing Rules if the number of Placees shall be less than six.

LETTER FROM THE BOARD

Underwriting

If the Placing Agent fails to procure Placees to take up part or all of the Placing Shares, the Placing Agent will undertake to subscribe for the remaining Placing Shares not placed to the Placees.

Number of Placing Shares

A total of 40,080,000 Placing Shares will be allotted and issued by the Company under the Placing representing (i) approximately 6.23% of the existing issued share capital of the Company of 643,597,188 Shares as at the Latest Practicable Date; and (ii) approximately 3.66% of the issued share capital of the Company of 1,094,107,188 Shares as enlarged by the allotment and issue of all the Subscription Shares and all the Placing Shares (and assuming there will be no change in the issued share capital of the Company from the Latest Practicable Date and up to the Completion (save for the issue of the Subscription Shares and the Placing Shares)). The maximum aggregate nominal value of the Placing Shares under the Placing will be HK\$400,800.00.

Placing Price

The Placing Price of HK\$0.54 per Placing Share represents (i) the closing price of HK\$0.54 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; (ii) a discount of approximately 1.1% to the average closing price of HK\$0.546 per Share as quoted on the Stock Exchange for the last five trading days up to and including 11 March 2016, being the last trading day immediately prior to the date of the Placing Agreement; and (iii) a discount of approximately 26.03% to the closing price of HK\$0.73 on the Latest Practicable Date.

The Placing Price is the same as the Subscription Price under the Subscription Agreements.

The net placing price under the Placing is approximately HK\$0.51 per Placing Share. The Directors consider that the Placing Price, which was agreed after arm's length negotiations between the Company and the Placing Agent with reference to current market price of the Shares, is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The aggregate Placing Price for the Placing Shares is approximately HK\$21.64 million and shall be used to satisfy part or all of the considerations of the Acquisitions with any remaining balance as general working capital.

LETTER FROM THE BOARD

Ranking of Placing Shares

The Placing Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Placing Shares.

Specific Mandate

The Placing Shares will be issued under the Specific Mandate to be sought at the EGM to allot, issue and deal with new Shares to be granted to the Directors by a resolution of the independent Shareholders.

Conditions of the Placing

The Placing is conditional upon the following conditions being fulfilled on or before the Placing Long Stop Date (i.e. 30 June 2016):

- a. approval of the Stock Exchange agreeing to grant the listing of, and permission to deal in, the Placing Shares;
- b. the Placing Agreement not having terminated in accordance with its terms;
- c. the passing of the resolution by the independent Shareholders at the EGM approving the grant of Specific Mandate in accordance with the Listing Rules; and
- d. the Agreements and the Subscription Agreements having become unconditional (other than the fulfilment of any condition in such agreements requiring the fulfilment of the conditions precedent of the Placing Agreement) and not being terminated in accordance with its terms and conditions.

If the foregoing conditions are not satisfied on or before the Placing Long Stop Date, all rights, obligations and liabilities of the Placing Agent and of the Company under the Placing Agreement in relation to the Placing shall cease and determine and neither party to the Placing Agreement shall have any claim against the others in respect of the Placing save for any antecedent breach and/or any rights or obligations which may have accrued under this Agreement prior to such termination.

Application for listing

Application has been made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

LETTER FROM THE BOARD

Termination and force majeure events

The Placing Agent shall be entitled by notice to the Company given prior to 6:00 p.m. on the day immediately preceding the date of completion of the Placing to terminate the Placing Agreement if:

- (i) any event occurring or matter arising on or after the date of the Placing Agreement and prior to the date of completion which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of the undertakings, warranties and representations given by the Company untrue or incorrect and such would have an adverse impact or effect on the Placing and comes to the notice of the Placing Agent; or
- (ii) there develops, occurs or comes into force:
 - (a) any new law or regulation or any change in existing laws or regulations or the interpretation thereof which may in the reasonable opinion of the Placing Agent and in its reasonable discretion may materially and adversely affect the business or financial condition or prospects of the Company as a whole; or
 - (b) any local, regional, national or international event or change (whether or not permanent or forming part of a series of events or changes occurring or continuing, on and/or after the date thereof) of a political, military, economic or other nature (whether or not ejusdem generis with the foregoing) which, in the reasonable opinion of the Placing Agent and in its reasonable discretion will, or may be expected to, have a material adverse effect on the Placing; or
 - (c) any significant change (whether or not permanent) in local, regional, national or international market conditions (or in conditions affecting a sector of the market) which in the reasonable opinion of the Placing Agent and in its reasonable discretion has or may have a material adverse effect on the Placing; or
- (iii) there is any adverse change in the business or in the financial or trading position of the Company taken as a whole which being unaware of by the Placing Agent and in the reasonable opinion of the Placing Agent and in its reasonable discretion is material in the context of the Placing.

LETTER FROM THE BOARD

If a termination notice is validly given by the Placing Agent, the Placing Agreement shall be terminated and be of no further effect and neither party shall be under any liability to the other party in respect of the Placing Agreement save for any rights or obligations which may have accrued under the Placing Agreement prior to such termination.

If the Placing Agreement is terminated, the Placing will not proceed.

Completion

Placing Completion shall take place after the conditions precedent pursuant to the Placing Agreement have been satisfied or waived (if applicable).

Placing Completion shall take place at the same time of the completion of the Agreements and the Subscription Agreements so that in default of performance of any such agreement or transaction or any part thereof by any party to the Agreements and the Subscription Agreements, the parties to Placing Agreement shall not be obliged to complete any of the transactions thereunder but without prejudice to any further legal remedies, and if the completion of the Agreements and/or the Subscription Agreements is delayed, completion of the Placing Agreement shall similarly be delayed to the same later date and time.

II. Subscription of new shares under specific mandate

1. Connected Transaction: The ML Subscription Agreement

Date

14 March 2016 (after trading hours)

Parties

Issuer

The Company

Subscriber

Marvel Light

Marvel Light is a company incorporated in the British Virgin Islands with limited liability. Marvel Light is principally engaged in investment holding.

LETTER FROM THE BOARD

As at the Latest Practicable Date, Marvel Light is a substantial shareholder of the Company, which is interested in 135,405,352 Shares of the Company, representing approximately 21.04% of the existing issued share capital of the Company.

The ML Subscription

Marvel Light has conditionally agreed to subscribe for 192,710,000 ML Subscription Shares at the Subscription Price of HK\$0.54 per ML Subscription Share, representing approximately 29.94% of the existing issued share capital of the Company of 643,597,188 Shares as at the Latest Practicable Date, and approximately 16.49% of the issued share capital of the Company of 1,094,107,188 Shares as enlarged by the allotment and issue of all the Subscription Shares and all the Placing Shares (and assuming there will be no change in the issued share capital of the Company from the Latest Practicable Date and up to the Completion (save for the issue of the Subscription Shares and the Placing Shares)).

Immediately after the Completion, Marvel Light will be interested in 328,115,352 Shares of the Company, representing approximately 29.99% of the enlarged share capital of the Company of 1,094,107,188 Shares.

Condition of the ML Subscription

The ML Subscription is conditional upon the following conditions being fulfilled on or before the Subscription Long Stop Date (i.e. 30 June 2016):

- a. approval of the Stock Exchange agreeing to grant the listing of, and permission to deal in, the Subscription Shares;
- b. the passing of the resolution by the independent Shareholders at the EGM approving the grant of Specific Mandate in accordance with the Listing Rules; and
- c. the Agreements, the Placing Agreement and the FG Subscription Agreement having become unconditional (other than the fulfilment of any condition in such agreements requiring the fulfilment of the conditions precedent of the ML Subscription Agreement) and not being terminated in accordance with its terms and conditions.

LETTER FROM THE BOARD

If the foregoing conditions are not satisfied on or before the Subscription Long Stop Date, all rights, obligations and liabilities of Marvel Light and of the Company under the ML Subscription Agreement in relation to the ML Subscription shall cease and determine and neither party to the ML Subscription Agreement shall have any claim against the others in respect of the ML Subscription save for any antecedent breach and/or any rights or obligations which may have accrued under this Agreement prior to such termination.

2. *The FG Subscription Agreement*

Date

14 March 2016 (after trading hours)

Parties

Issuer

The Company

Subscriber

FG Subscriber

The FG Subscriber is a company incorporated established in Hong Kong and is principally engaged in investment holding.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, as at the Latest Practicable Date, the FG Subscriber and each of its ultimate beneficial owners (i) are Independent Third Parties, (ii) are independent to the Placing Agent and (iii) will be independent to each of the Placees.

The FG Subscription

The FG Subscriber has conditionally agreed to subscribe for 217,720,000 FG Subscription Shares at the Subscription Price of HK\$0.54 per FG Subscription Share, representing approximately 33.83% of the existing issued share capital of the Company of 643,597,188 Shares as at the Latest Practicable Date, and approximately 19.90% of the issued share capital of the Company of 1,094,107,188 Shares as enlarged by the issue of all the Subscription Shares and all the Placing Shares (and assuming there will be no change in the issued share capital of the Company from the Latest Practicable Date and up to the Completion (save for the issue of the Subscription Shares and the Placing Shares)).

LETTER FROM THE BOARD

Conditions of the FG Subscription

The FG Subscription is conditional upon the following conditions being fulfilled on or before the Subscription Long Stop Date (i.e. 30 June 2016):

- a. approval of the Stock Exchange agreeing to grant the listing of, and permission to deal in, the Subscription Shares;
- b. the passing of the resolution by the independent Shareholders at the EGM approving the grant of Specific Mandate in accordance with the Listing Rules; and
- c. the Agreements, the Placing Agreement and the ML Subscription Agreement having become unconditional (other than the fulfilment of any condition in such agreements requiring the fulfilment of the conditions precedent of the FG Subscription Agreement) and not being terminated in accordance with its terms and conditions.

If the foregoing conditions are not satisfied on or before the Subscription Long Stop Date, all rights, obligations and liabilities of FG Subscriber and of the Company under the FG Subscription Agreement in relation to the FG Subscription shall cease and determine and neither party to the FG Subscription Agreement shall have any claim against the others in respect of the FG Subscription save for any antecedent breach and/or any rights or obligations which may have accrued under this Agreement prior to such termination.

3. *Common terms for the Subscription Agreements*

The Subscription Price

The Subscription Price of the Subscription Shares is the same for each of the Subscription Agreements. The Subscription Price per Subscription Share of HK\$0.54 represents:

- (i) the closing price of HK\$0.54 per Share as quoted on the Stock Exchange on the date of the Subscription Agreements;
- (ii) a discount of approximately 1.1% to the average closing price of HK\$0.546 per Share as quoted on the Stock Exchange for the last five trading days up to and including 11 March 2016, being the last trading day immediately prior to the date of the Subscription Agreements; and
- (iii) a discount of approximately 26.03% to the closing price of HK\$0.73 on the Latest Practicable Date.

LETTER FROM THE BOARD

The Subscription Price is the same as the Placing Price under the Placing Agreement.

The Subscription Price per Subscription Share of HK\$0.54 was determined on arm's length basis between the Company and the respective Subscribers based on current market conditions and the prevailing market price of the Shares. The Directors (and in relation to the ML Subscription, the Directors (except for the independent non-executive Directors) and the independent non-executive Directors after taken into account of the advice from the Independent Financial Adviser) consider that the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The aggregate Subscription Price for the Subscription Shares is approximately HK\$221.6 million. The aggregate Subscription Price shall be used to satisfy part or all of the considerations of the Acquisitions with any remaining balance as general working capital.

The Subscription Shares and ranking

A total of 410,430,000 Subscription Shares will be allotted and issued by the Company under the Subscriptions representing (i) approximately 63.77% of the existing share capital of the Company of 643,597,188 Shares as at the Latest Practicable Date; and (ii) approximately 37.51% of the issued share capital of the Company of 1,094,107,188 Shares as enlarged by the allotment and issue of all the Subscription Shares and all the Placing Shares (and assuming there will be no change in the issued share capital of the Company from the Latest Practicable Date and up to the Completion (save for the issue of the Subscription Shares and the Placing Shares)).

The aggregate nominal value of the Subscription Shares under the Subscriptions will be HK\$4,104,300.00.

The net subscription price under the Subscriptions is approximately HK\$0.536 per Subscription Share.

The Subscription Shares shall rank pari passu among themselves and with all the Shares in issue as at the date of the Subscription Completion.

Specific Mandate

The Subscription Shares will be issued under the Specific Mandate to be sought at the EGM to allot, issue and deal with new Shares to be granted to the Directors by a resolution of the independent Shareholders.

LETTER FROM THE BOARD

Completion of the Subscriptions

Each of the ML Completion and the FG Completion shall take place at the same time of the completion of the Agreements and the Placing Completion so that in default of performance of any such agreement or transaction or any part thereof by any party to the Agreements, and the other Fund Raising Agreements, the parties to a Fund Raising Agreement shall not be obliged to complete any of the transactions thereunder but without prejudice to any further legal remedies, and if the completion of the Agreements and/or the other Fund Raising Agreements is delayed, Completion of a Fund Raising Agreement shall similarly be delayed to the same later date and time.

If the Agreements are terminated, each of the Fund Raising Agreements will be terminated and the transactions contemplated under the Fund Raising Agreements will not proceed.

Application for Listing

Application has been made by the Company to the Stock Exchange for the listing of and permission to deal in the Subscription Shares.

III. Effects on shareholding structure of the company

The shareholding structures of the Company as at the Latest Practicable Date and immediately after the Completion are as follows (assuming there will not be any change in the issued share capital of the Company from the date of the Subscription Agreements and the Placing Agreement to the Completion Date save for the allotment and issue of the Subscription Shares and the Placing Shares):

Names of Shareholders	As at the		Immediately after Completion	
	Latest Practicable Date			
	<i>No of Shares</i>	<i>Approx. %</i>	<i>No of Shares</i>	<i>Approx. %</i>
Marvel Light (<i>Note 1</i>)	135,405,352	21.04	328,115,352	29.99
FG Subscriber	0	0	217,720,000	19.90
<i>Public Shareholders</i>				
Placees and/or the Placing Agent	0	0	40,080,000	3.66
Other public Shareholders	<u>508,191,836</u>	<u>78.96</u>	<u>508,191,836</u>	<u>46.45</u>
	<u>643,597,188</u>	<u>100.00</u>	<u>1,094,107,188</u>	<u>100.00</u>

LETTER FROM THE BOARD

Notes:

1. Marvel Light Holdings Limited is wholly-owned by Bomao Holdings Limited, which in turn is wholly-owned by Harvest (Overseas) Investment Limited, which in turn is wholly-owned by 安徽豐收投資有限公司 (Anhui Harvest Investment Company Limited*), which in turn is owned as to 40% by 安徽省創業投資有限公司 (Anhui Province Venture Investment Co. Ltd*) and is wholly-owned by 安徽省投資集團控股有限公司 (Anhui Province Investment Group Co. Ltd*).
2. The above percentages may not be exact figures due to rounding.

IV. Reasons for the placing and the subscriptions and use of proceeds

As reported by the Chairman in the 2015 Annual Report of the Company, the Group continued to scale down and terminate its catering business in the year ended 31 March 2015, and based on the existing logistic distribution facilities, the Group was committed to expand the cold chain food distribution business of delivering fresh food to end-user corporations.

In view of the rapid development of the current cold chain food distribution business, and the establishment of a regionalized cold chain food distribution network, the Chairman reported that the Company will, in the next three years, capitalising on the experience gained from the successful transformation of the cold chain distribution business, gradually establish a nationwide cold chain distribution and delivery network covering all major cities in the eastern and central part of the PRC.

Taking into consideration the financial resources required for the Group's business operation and expansion and the acquisition of the Target under the Agreements, the Board considers it to be prudent to raise additional funds for settlement of the consideration payable for the Acquisitions instead of utilising the existing internal financial resources.

The Board has considered various ways of raising funds and given the number of new Shares to be issued under the Subscriptions and the Placings are approximately 70% of the existing issue number of Shares as at the Latest Practicable Date, the Board is of the view that a mixture of placing and subscription may be more appropriate. In the process of identifying suitable subscribers, the Company has been introduced to various placing agents, brokers and potential investors, including equity funds and professional investors, which include FG Subscriber. After arms' length negotiations with the Company, FG Subscriber agreed to enter into the FG Subscription Agreement with the Company. Due to volatile market, the Company has taken protracted time to finalise necessary fund raising transactions. The Company then approached Marvel Light, and after arm's length negotiations, Marvel Light finally agreed to continuously support the Company and agreed to subscribe for the ML Subscription Shares.

LETTER FROM THE BOARD

The maximum gross proceeds and net proceeds from the Placing and the Subscriptions will be approximately HK\$243.28 million and HK\$240.43 million, respectively. The net proceeds from the Placing and the Subscriptions will be used to satisfy part or all of the considerations with any remaining balance as general working capital.

If the Acquisitions is not completed, the Placing and the Subscriptions will also not be completed. Thus, the Company is of the view that there would not be any cash company implications.

The Directors are of the opinion that, after taking into account the available financial resources, including the available credit facilities, the internally generated funds and the cash flow impact of the Acquisitions, the Enlarged Group has, in the absence of unforeseeable circumstances, sufficient working capital for its present requirements for at least the next 12 months from the Latest Practicable Date. Currently, the Company does not have any plan to conduct further equity fund raising activities.

The Directors (and in relation to the ML Subscription, the Directors (except for the independent non-executive Directors) and the independent non-executive Directors after taken into account of the advice from the Independent Financial Adviser) are of the view that the Placing and the Subscriptions will provide a good opportunity to raise additional funds to strengthen the financial position and broaden the capital base of the Group and to settle the consideration. Accordingly, the Board considers that the Placing and the Subscriptions are in the interests of the Company and the Shareholders as a whole.

V. Fund raising activities in the past twelve months

During the past twelve months immediately before the Latest Practicable Date, the Company conducted the following equity fund raising activities:

Date of Announcement	Event	Net proceeds	Intended use of Proceeds	Actual use of Proceeds
25 August 2015	Placing	The placing was terminated in accordance with its terms	–	–
19 November 2015	Placing	Approximately HK\$96 million	General working capital	Utilised as intended

LETTER FROM THE BOARD

VI. Listing rules implications

Since Marvel Light is a substantial Shareholder, it is a connected person (as defined under the Listing Rules) of the Company. Accordingly, the entering into of the ML Subscription Agreement constitutes a connected transaction on the part of the Company and is subject to reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Wang and his associates, including Marvel Light (holding 135,405,352 Shares, representing about 21.04% of the total issued share capital of the Company as at the Latest Practicable Date), shall abstain from voting on the proposed resolutions to approve the Placing and the Subscriptions at the EGM. Since Ms. Ji and Ms. Tang are also interested in the ML Subscription, they, and their associates, shall abstain from voting on the proposed resolutions to approve the Placing and the Subscriptions at the EGM. As at the Latest Practicable Date, to the best knowledge of the Board, Ms. Ji and Ms. Tang (other than they are indirectly interested in the 135,405,352 Shares which are held by Marvel Light) and their associates do not hold any other Shares. Save for the aforesaid and to the best knowledge of the Board as at the Latest Practicable Date, no other Shareholder is involved in or interested in the Placing and the Subscriptions which requires him to abstain from voting on the proposed resolution to approve the Placing and the Subscriptions at the EGM.

The Independent Board Committee has been established comprising all the independent non-executive Directors to advise the independent Shareholders in respect of, amongst others, the ML Subscription Agreement and the transactions contemplated thereunder. Veda Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the independent Shareholders as to, amongst others, whether the terms of ML Subscription Agreement and the ML Subscription contemplated thereunder are (i) entered into by the Company on normal commercial terms or better and which are no less favourable to the Group than those available to or from independent third parties; and (ii) fair and reasonable and in the interests of the Company and the Shareholders as a whole.

9. ADOPTION OF THE SCHEME

The Company has an old share option scheme adopted on 26 November 2004 and expired on 26 November 2014. In this connection, no further options can be granted under such share option scheme but the options which have been granted during its life shall continue to be exercisable in accordance with their terms of issue. As at the Latest Practicable Date, there is no outstanding option granted under such expired share option scheme.

The Company currently does not have a share option scheme. The Board proposes to recommend to the Shareholders to approve the Scheme, the principal terms of which is set out in Appendix VI to this circular, so that Options may be granted to the Eligible Persons pursuant to the terms thereof.

LETTER FROM THE BOARD

Conditions of the Scheme

The Scheme is conditional upon:

- (a) the passing of an ordinary resolution to approve the Scheme by the Shareholders at the EGM and to authorise the Board to administer the Scheme, to grant the Options thereunder and to allot, issue and deal with the Shares which may fall to be issued by the Company pursuant to the exercise of the Options which may be granted under the Scheme; and
- (b) the Stock Exchange granting approval for the listing of, and permission to deal in, such number of Shares to be issued by the Company pursuant to the exercise of the Options which may be granted under the Scheme.

Application has been made to the Stock Exchange for approval of the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of any Options that may be granted under the Scheme.

Reasons for adopting the Scheme

The purpose of the Scheme is to advance the interests of the Company and the Shareholders by enabling the Company to grant Options to attract, retain and reward the Eligible Persons and to provide the Eligible Persons an incentive or reward for their contribution to the Group and by enabling such persons' contribution to further advance the interests of the Group.

As at the Latest Practicable Date and save for the Scheme, the Company had not adopted any other share option schemes or have any other scheme that has not expired. There is no outstanding option granted under any of such expired share option scheme.

Further details of the Scheme

The terms of the Scheme provide that in granting Options under the Scheme, the Board may offer to grant any Options subject to such terms and conditions in relation to the minimum period of the Options to be held and/or the performance criteria to be satisfied before such Options can be exercised and/or any other terms as the Board may determine in its absolute discretion, subject to compliance with the terms of the Scheme. The Board will also determine the subscription price of the Option in respect of any option in accordance with the terms of the Scheme.

A summary of the principal terms of the Scheme is set out in Appendix VI to this circular.

LETTER FROM THE BOARD

Value of Options

The Directors consider that it is not appropriate to state the value of all options that can be granted pursuant to the Scheme. The Directors believe that any statement regarding the value of the options as at the Latest Practicable Date will not be meaningful to the Shareholders, taking into account the number of variables which are crucial for the calculation of the value of the options which have not been determined. Such variables include the subscription price of the Options, the option period, any lock-up period, any performance targets that may be set and other relevant variables.

Subject to the obtaining of Shareholders' approval with respect to the adoption of the Scheme, the total number of Shares which may be issued upon exercise of all Options to be granted under the Scheme and any other share option schemes of the Company must not, in aggregate, exceed the Scheme Mandate Limit, i.e. 10% of the issued share capital of the Company as at the date of approval of the Scheme, or subsequently as at the date of approval for its refreshment.

As at the Latest Practicable Date, there were 643,597,188 Shares in issue. Assuming no Shares will be issued or repurchased from the Latest Practicable Date to the date of the EGM on which the Scheme is expected to be adopted by the Shareholders and excluding the Placing Shares and the Subscription Shares which will not be allotted and issued at or before the EGM, and subject to the Scheme becoming effective, the Company may grant Options under the Scheme and any other share option schemes of the Company in respect of which up to 64,359,718 Shares may be issued, representing not more than 10% of the Shares in issue.

Further, no Options will be granted which would result in the maximum aggregate number of Shares which may be issued upon exercise of all outstanding Options granted but yet to be exercised under the Scheme and any other share option schemes adopted by the Company which provide for the grant of options to acquire or subscribe for Shares exceeding, in aggregate, 30% of the issued share capital of the Company from time to time.

As at the Latest Practicable Date, there are no options granted by the Company that are outstanding and no option has been granted or agreed to be granted under the Scheme.

Copy of the Scheme is available for inspection during normal business hours between 10:00 a.m. – 4:00 p.m. on Monday to Friday (except public holiday) at the head office and principal place of business of the Company in Hong Kong at Unit D, 12/F, Seabright Plaza, 9-23 Shell Street, North Point, Hong Kong from the date of this circular up to and including the date of the EGM.

LETTER FROM THE BOARD

10. PROPOSED CHANGE OF COMPANY NAME

The Board proposes to change the English name of the Company from “FU JI Food and Catering Services Holdings Limited” to “Fresh Express Delivery Holdings Group Co., Limited” and the Chinese name of the Company from “福記食品服務控股有限公司” to a “鮮馳達控股集團有限公司”.

Conditions for the Proposed Change of Company Name

The Proposed Change of Company Name is subject to the following conditions:

1. the passing of a special resolution by the Shareholders at the EGM to approve the Proposed Change of the Company Name; and
2. any necessary approval of the Registrar of Companies in the Cayman Islands in relation to the Proposed Change of the Company Name being obtained.

The relevant filing with the Registrar of Companies in the Cayman Islands will be made after the passing of the special resolution at the EGM.

Subject to satisfaction of the conditions set out above, the Proposed Change of the Company Name will take effect from the date of entry of the new name on the register maintained by the Registrar of Companies in the Cayman Islands. The Company will then carry out all necessary registration and/or filing procedures with the Registrar of Companies in the Cayman Islands and the Companies Registry in Hong Kong.

The Company will make further announcement(s) if the Proposed Change of the Company Name becomes unconditional, the effective date of the change of the Company name and the new stock short name of the Company.

Reasons for the Proposed Change of Company Name

The Group is principally engaged in the provision of catering services and processing and sale of convenience food products. During the past years, there had been fast expansion of the Group’s convenience food business, and hence resulted in the increased market share of the Group in the market. The Board considers that the Proposed Change of the Company Name will better reflect the Company future business development and focus of the Group.

The Board also considers that the Proposed Change of Company Name will refresh the image for the Company. The Board believes that the Proposed Change of Company Name is in the best interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Effects of the Proposed Change of Company Name

The change of the Company name will not affect any rights of the holders of securities of the Company or the Company's daily business operation and/or financial position.

All existing certificates of securities in issue bearing the present name of the Company shall, after the Proposed Change of the Company Name becoming effective, continue to be evidence of title to such securities and the existing share certificates will continue to be valid for trading, settlement, registration and delivery purposes. There will not be any arrangement for exchange of the existing certificates of securities for new share certificates bearing the new name of the Company. Once the Proposed Change of the Company Name becomes effective, new share certificates will be issued only in the new name of the Company.

11. EGM

The notice convening the EGM to be held at Hong Kong General Chamber of Commerce, Theatre A, 22/F., United Centre, 95 Queensway, Hong Kong is set out on pages 165 to 170 of this circular. The EGM is scheduled to be held on Monday, 30 May 2016 at 10:30 a.m..

A form of proxy for use at the EGM is enclosed with this circular. Such form of proxy is also published on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.fujicateringhk.com.

In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and thereafter deposited, together with a power of attorney or other authority (if any) under which it is signed or a certified copy of such power of attorney or authority, at the Company's Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but, in any event, not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof should you so wish. In such instance, the form of proxy shall be deemed to be revoked.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting must be taken by poll. Therefore, the Chairman of the EGM will demand that all resolutions will be voted by way of poll at the EGM pursuant to Article 66(a) of the Articles.

An announcement will be made by the Company after the EGM on the poll results of the EGM pursuant to Rule 13.39(5) of the Listing Rules.

LETTER FROM THE BOARD

12. RECOMMENDATION

Your attention is drawn to the letter of recommendation from the Independent Board Committee to the independent Shareholders set out on pages 49 to 50 of this circular which contains its recommendation to the independent Shareholders on the Acquisitions, the ML Subscription Agreement and the transactions contemplated respectively thereunder.

Your attention is also drawn to the letter from the Independent Financial Advisor on pages 51 to 82 of this circular which contains, among other matter, its advice to the Independent Board Committee and the independent Shareholders regarding the Acquisitions, the ML Subscription Agreement and the transactions contemplated respectively thereunder).

The Board considers that the terms of the Agreements and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole, and therefore recommends the independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Acquisitions and the transactions contemplated thereunder.

The Board considers that (i) the Placing; (ii) the Subscriptions; (iii) the adoption of the Scheme; and (iv) the Proposed Change of Company Name are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board also recommends the Shareholders to vote in favour of the resolutions as set out in the notice of the EGM to approve (i) the Placing; (ii) the Subscriptions; (iii) the adoption of the Scheme; and (iv) the Proposed Change of Company Name.

13. FURTHER INFORMATION

Your attention is drawn to the additional information set out in other sections of and appendices to this circular.

Yours faithfully,

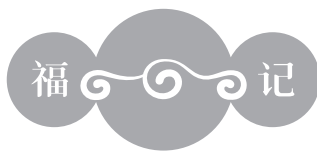
For and on behalf of the Board

FU JI Food and Catering Services Holdings Limited

Huang Shourong

Chairman and Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



福記食品服務控股有限公司
FU JI Food and Catering Services Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 1175)

6 May 2016

To the independent Shareholders

Dear Sir or Madam,

We refer to the circular issued by the Company to Shareholders dated 6 May 2016 of which this letter forms part. Terms defined in the circular shall have the same meanings in this letter unless the context otherwise requires.

The Independent Board Committee has been formed to advise you in relation to (i) the Agreements and the transactions contemplated thereunder; and (ii) the ML Subscription Agreement and the transactions contemplated thereunder, details of which are set out in the section headed “Letter from the Board” contained in the circular. Veda Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the independent Shareholders in this regard. The text of the letter of advice from the Independent Financial Adviser containing its recommendations and the principal factors it has taken account in arriving at its recommendations are set out on pages 51 to 82 of the circular.

Having considered the terms and conditions of the Agreements and after taking into account the advice from the Independent Financial Adviser, we consider that the Agreements and the Acquisitions contemplated thereunder are (i) fair and reasonable; (ii) on normal commercial terms or better and in the ordinary and usual course of business of the Company; and (iii) in the interests of the Company and the Shareholders as a whole.

Having considered the terms and conditions of the ML Subscription Agreement and after taking into account the advice from the Independent Financial Adviser, we consider the ML Subscription Agreement and the ML Subscription contemplated thereunder are (i) entered into by the Company on normal commercial terms or better and which are no less favourable to the Group than those available to or from independent third parties; and (ii) fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend that the independent Shareholders vote in favour of the resolutions to be proposed at the EGM to approve (i) the Agreements and the Acquisitions contemplated thereunder; (ii) the ML Subscription Agreement and the Subscription contemplated thereunder and (iii) the grant of the Specific Mandate.

Yours faithfully,

For and on behalf of the Board

FU JI Food and Catering Services Holdings Limited

Dr. Leung Hoi Ming, Mr. Mak Ka Wing, Patrick

and Mr. Sung Wing Sum

Independent non-executive Directors

* *For identification purposes only*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

The following is the text of the letter of advice from Veda Capital Limited to the Independent Board Committee and the independent Shareholder in respect of the Agreements and the ML Subscription Agreement and the transactions contemplated thereunder respectively which has been prepared for the purposes of incorporation in this circular.

VEDA | CAPITAL
智 略 資 本

Veda Capital Limited
Room 1106, 11/F,
Wing On Centre,
111 Connaught Road Central,
Hong Kong

6 May 2016

*To the Independent Board Committee and the independent Shareholders of
Fu Ji Food Catering Services Holdings Limited*

Dear Madam/Sir,

**(1) VERY SUBSTANTIAL ACQUISITION AND
CONNECTED TRANSACTION RELATING TO ACQUISITIONS OF
THE 100% EQUITY INTERESTS IN
WUXI MEITONG FOOD TECHNOLOGY CO., LTD.; AND
(2) CONNECTED TRANSACTION:
SUBSCRIPTION OF SHARE UNDER SPECIFIC MANDATE**

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the independent Shareholders in respect of the Agreements and the ML Subscription Agreement and the transactions contemplated thereunder respectively, details of the Acquisitions and the ML Subscription Agreement are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 6 May 2016 (the “**Circular**”) to the Shareholders, of which this letter forms part. Terms used herein have the same meanings as those defined in the Circular unless the context requires otherwise.

On 23 April 2015, the Purchaser and the Seller entered into the First Agreement to acquire 25% equity interests in the Target at a consideration of RMB98,749,000. On 23 August 2015, the Purchaser, the Seller’s Subsidiary and the Seller entered into the Second Agreement to acquire 75% equity interests in the Target at a consideration of RMB296,247,000. Together with the First Agreement, the Purchaser will acquire the entire 100% equity interests in the Target at an aggregate consideration of RMB394,996,000.

As one or more of the relevant percentage ratios for the Acquisitions exceeds 100%, the Acquisitions constitute a very substantial acquisition on the part of the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

Since Seller's Subsidiary is indirectly wholly owned by the Seller, and the Seller is ultimately and indirectly owned as to 50% by Mr. Wang, both Seller's Subsidiary and the Seller are associates of Mr. Wang. Mr. Wang is also indirectly interested in 30% equity interests of Marvel Light, a substantial shareholder of the Company and, Marvel Light is also an associate of Mr. Wang. Accordingly, the Seller and Seller's Subsidiary are connected persons of the Company at the issuer level and the Acquisitions constitute a connected transaction on the part of the Company and is subject to reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

On 14 March 2016, after trading hours, the Company entered into (1) the Placing Agreement with the Placing Agent; (2) the ML Subscription Agreement with Marvel Light; and (3) the FG Subscription Agreement with the FG Subscribers.

As at the Latest Practicable Date, Marvel Light is a substantial Shareholder holding approximately 21.04% of the issued share capital of the Company. Accordingly, Marvel Light is a connected person of the Company under Rule 14A.07 of the Listing Rules. Therefore, the ML Subscription constitutes a connected transaction of the Company and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to the ML Subscription Agreement, Marvel Light has conditionally agreed to subscribe for 192,710,000 ML Subscription Shares at the Subscription Price of HK\$0.54 per ML Subscription Share, representing approximately 29.94% of the existing issued share capital of the Company as at the Latest Practicable Date, and approximately 16.49% of the issued share capital as enlarged by the issue of all the Subscription Shares and all the Placing Shares (and assuming there will be no change in the issued share capital of the Company from the Latest Practicable Date and up to the Completion (save for the issue of the Subscription Shares and the Placing Shares)).

Mr. Wang and his associates, including Marvel Light (holding 135,405,352 Shares, representing about 21.04% of the total issued share capital of the Company as at the Latest Practicable Date), shall abstain from voting on the proposed resolution to approve the Acquisitions, the ML Subscription, the FG Subscription and the Placing at the EGM. Since Ms. Ji and Ms. Tang are also interested in the Acquisitions and the ML Subscription, they, and their associates, shall abstain from voting on the proposed resolutions to approve the Acquisitions, the ML Subscription, the FG Subscription and the Placing at the EGM. As at the Latest Practicable Date, to the best knowledge of the Board, Ms. Ji and Ms. Tang (other than they are indirectly interested in the 135,405,352 Shares which are held by Marvel Light) and their associates do not hold any other Shares. Save for the aforesaid and to the best knowledge of the Board as at the Latest Practicable Date, no other Shareholder is involved in or interested in the Acquisitions, the ML Subscription, the FG Subscription and the Placing which requires him to abstain from voting on the proposed resolution to approve the Acquisitions, the ML Subscription, the FG Subscription and the Placing at the EGM.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

The Independent Board Committee has been established comprising all the independent non-executive Directors to advise the independent Shareholders in respect of the Agreements and the ML Subscription Agreement and the transactions contemplated thereunder respectively. Veda Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the independent Shareholders as to whether the terms of the Agreements and the ML Subscription Agreement and the transactions contemplated thereunder respectively are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, we were not aware of any relationships or interest between us and the Company or any other parties that could be reasonably be regarded as hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the independent financial adviser to the Independent Board Committee and the independent Shareholders in respect of the Agreements and the ML Subscription Agreement and the transactions contemplated thereunder respectively. We are not associated with the Company, its subsidiaries, its associates or their respective substantial shareholders or associates, and accordingly, are eligible to give independent advice and recommendations on the terms of the Agreements and the ML Subscription Agreement and the transactions contemplated thereunder respectively. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser to the Independent Board Committee and the independent Shareholders, no arrangement exists whereby we will receive any fees from the Company, its subsidiaries, its associates or their respective substantial shareholders or associates.

BASIS OF OUR ADVICE

In formulating our opinion and advice, we have relied upon accuracy of the information and representations contained in the Circular and information provided to us by the Company, the Directors and the management of the Company. We have assumed that all statements, information and representations made or referred to in the Circular and all information and representations which have been provided by the Company, the Directors and the management of the Company, for which they are solely and wholly responsible, were true at the time they were made and continue to be true as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion and intention made by the Directors in the Circular were reasonably made after due and careful enquiry and were based on honestly-held opinions.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries that, to the best of their knowledge and belief, there are no other facts the omission of which would make any statements in the Circular misleading. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have not, however, conducted any independent in-depth investigation into the business affairs, financial position or future prospects of the Group, nor have we carried out any independent verification of the information provided by the Directors and the management of the Company.

PRINCIPAL FACTORS AND REASONS CONSIDERED

(A) The agreements

In giving our recommendation to the Independent Board Committee and the independent Shareholders in respect of the Agreements and the transactions contemplated thereunder, we have taken into consideration the following principal factors and reasons:

1. Financial information of the Group

For the year ended 31 March 2015, the Group continued to engage in the provision of catering services and production and sale of convenience food products and related business in the PRC.

For the year ended 31 March 2015

As set out in the annual report of the Company for the year ended 31 March 2015 (the “AR 2015”), the Group recorded a revenue of approximately RMB911.29 million for the year ended 31 March 2015, representing a significant increase of approximately 409.16% as compared with a restated turnover of approximately RMB 178.98 million for the year ended 31 March 2014. As stated in the AR 2015, the increment was mainly due to the fast expansion of the existing convenience food business and the increase in the number of customers in various cities. The sales network was enhanced, which resulted in increased market share in the market.

The profit attributable to owners of the Company for the year ended 31 March 2015 from continuing operation was approximately RMB43.99 million, as compared to a restated profit attributable to owners of the Company from continuing operation of approximately RMB803.65 million. As understood from the AR 2015, the Group recorded an one-off gain of approximately RMB816.25 million on completion of reorganization and restructuring of the Group for the year ended 31 March 2014.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

For the year ended 31 March 2014

As set out in the annual report of the Company for the year ended 31 March 2014 (the “**AR 2014**”), the Group recorded a revenue of approximately RMB233.51 million for the year ended 31 March 2014, representing an increase of approximately 38.40% as compared with a turnover of approximately RMB 168.72 million for the year ended 31 March 2013. As stated in the AR 2014, the increment was mainly due to the fast expansion of the existing convenience food business and the increase in the number of showrooms in various cities. The sales network was enhanced, which resulted in increased market share in the market.

The profit attributable to owners of the Company for the year ended 31 March 2014 was approximately RMB806.54 million, as compared to a loss attributable to owners of the Company of approximately RMB28.79 million. As understood from the AR 2015, the significant increase in profit for the Group was due to an one-off gain of approximately RMB816.25 million on completion of reorganization and restructuring of the Group on 4 July 2013.

2. Information of the Target

The Target is a sino-foreign equity enterprise established under the laws of the PRC with a registered capital of USD25,000,000. Its principal activities are food processing business and holding of the Properties.

The Properties comprise a total site area of about 77,776.5 sq.m. of land located in Wuxi City, Jiangsu Province, the PRC, with 11 buildings built on the land having a gross floor area of about 64,878.87 sq.m., and related structures and fixtures. The Properties are used as food processing, storage and logistics centre for fresh and cold food.

The Properties have been pledged to secure general banking facilities for approximately RMB285,000,000 granted by the Bank to Guangzhou Circle, a related company to the Investor Group, for financing its ordinary course of business for the period from 2 February 2015 to 1 February 2016.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

Set out below is the financial information of the Target for the two financial years ended 31 March 2014 and 2015, and for the nine months ended 31 December 2015:

	For the year ended 31 March 2014 (RMB'000)	For the year ended 31 March 2015 (RMB'000)	For the nine months ended 31 December 2015 (RMB'000)
Turnover	9,237	10,002	4,634
Net profits/(loss) (before tax)	3,499	5,295	(4,068)
Net profits/(loss) (after tax)	3,499	5,295	(4,068)

	As at 31 March 2014 (RMB'000)	As at 31 March 2015 (RMB'000)	For the nine months ended 31 December 2015 (RMB'000)
Total asset value	702,215	689,509	677,418
Net asset value	342,413	347,708	343,640

As shown in the above table, for the year ended 31 March 2015, the Target recorded turnover of approximately RMB10.0 million, represents an increase of approximately 8.3% as compared to the turnover of approximately RMB9.2 million for the year ended 31 March 2014. The increase in turnover was due to the growth for the cold food storage segment for the year ended 31 December 2014.

Besides, for the year ended 31 March 2015, the Target recorded a net profit before and after tax of approximately RMB5.3 million respectively, represents an increase of approximately 51.3% as compared to a net profit before and after tax of approximately RMB3.5 million respectively. The increase in net profit before and after tax respectively was due to the growth in revenue for the Target for the year ended 31 March 2015 as caused by the increase in turnover for the cold storage segment.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

As noted from appendix II to the Circular, ZHONGHUI ANDA CPA Limited the reporting accountants of the Company, without qualifying their opinion, have been draw attention that as at 31 March 2013, 2014, 2015 and 31 December 2015, the Target had net current liabilities of approximately RMB347,004,407, RMB322,280,826, RMB295,764,878 and RMB283,916,793 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Target's ability to continue as a going concern. Therefore, the Target may be unable to realise its assets and discharge its liabilities in the normal course of business.

As further noted from appendix II to the Circular, the financial information of the Target Company for each of the three years ended 31 March 2013, 2014, 2015 and the nine months ended 31 December 2015 has been prepared on a going concern basis, the validity of which depends upon the financial support of the controlling shareholder, at a level sufficient to finance the working capital requirements of the Target. The controlling shareholder has agreed to provide adequate funds for the Target to meet its liabilities as they fall due. The directors of the Target are therefore of the opinion that it is appropriate to prepare the Financial Information on a going concern basis. Should the Target be unable to continue as a going concern, adjustments would have to be made to the Financial Information to adjust the value of the Target's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

3. Background and reasons for the Acquisitions

As noted from the Board Letter, the Seller, Seller's subsidiary and the Target (which includes the food processing centre in Wuxi) were originally wholly owned subsidiaries of the Company, but were disposed of and formed part of the assets under the Phase I Disposal, which was one of the condition precedent for the resumption of trading of the Shares and was completed in June 2013 and the Seller, the Seller's Subsidiary and the Target became the wholly owned subsidiaries of the Investor Group. The Shares resumed trading on 8 July 2013.

The total consideration relating to the Phase I Disposal comprises cash of HK\$77,270,000 and assumption of liabilities of HK\$324,000,000 by the Investor Group. According to the Restructuring Announcement, the Provisional Liquidators had confirmed with an independent appraiser that the aggregate consideration payable by the Investor Group for the underlying assets of the Phase I Disposal were in excess of the liquidation values of such assets at that time.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

As previously disclosed in the Acquisitions Announcements, the principal activities of the Group have been changing its business focus from delivery and processing and sale of convenient packaged food to providing nationwide cold food storage and logistics platforms, providing catering industries and individuals for large scale food ingredients and convenient packaged food integrated services, and facilitate the integration of the demand and supply networks of the PRC's food industry.

Following the completion of the restructuring and reorganisation of the then existing Group leading up to the resumption of trading of the Shares on 8 July 2013, the Group has been consolidating and improving upon its business operations. Also taking into consideration the positive response from the placing of new Shares of the Company which was completed on 8 April 2015, the Board considered it is prudent not only to focus on the segment of the existing business operations (which have more potential for growth and which are expanding), but also to slowly recapture our Group's previous business assets and activities, which complement such shifting of business focus. As reflected by the growth in the revenue from the trading of convenience food business of the Company for the financial years ended 31 March 2014 and 31 March 2015 (about 175% increase in revenue as compared with those of the financial year ended 31 March 2013 and about 400% increase in revenue as compared with those of the financial year ended 31 March 2014 respectively), the Company has become financially sound and currently has the capacity to acquire certain disposed assets from the Investor Group. In May 2015, the Board initiated discussion with the Investor Group exploring the possibilities to repurchase certain of those assets and business disposed by the Group under the restructuring and reorganisation. Following arm's length discussion, the Company signed the First Agreement with the Seller on 23 May 2015 intending to become a strategic investor in the Target holding 25% of its equity interests.

As further noted from the Board Letter, as reported by the Chairman in the AR 2015, the Group continued to scale down and terminate its catering business in the year ended 31 March 2015 as the market size of provision of catering services in the PRC was downsizing due to the continuous increase in food raw material costs, rent and labor costs while on the contrary, through the fast expansion of the existing trading of convenience food business, the trading of convenience food business had achieved significant growth in turnover as mentioned above. The sales network was enhanced, which resulted in increased market share in the market. Based on the existing logistic distribution facilities, the Group was committed to expand the cold chain food distribution business of delivering fresh food to end-user corporations.

Since 2009, the Group has been engaging in production, sale and trading of convenience food, which include the cold chain food distribution business of delivering fresh food to end-user corporations as a separate business segment. The trading of convenience food business of the Company has been growing gradually through time and the growth has become very substantial and remarkable since the financial year ended 31 March 2014. Further, cold-chain distribution of fresh food has always been an integral part

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

of the Group's business operation throughout as this is one of the Company's necessary expertise and requisite for all the Group's business operation for the proper storage, transport and distribution of all food related products. In view of the rapid development of the current cold chain food distribution business, and the establishment of a regionalized cold chain food distribution network, the Chairman reported that the Company will, in the next three years, capitalising on the experience gained from the successful transformation of the cold chain distribution business, gradually establish a nationwide cold chain distribution and delivery network covering all major cities in the eastern and central part of the PRC.

Also, after having reviewed the financial and business results of our Group for the year ended 31 March 2015, in particular that the trading and distribution of food products having recorded 400% increase in revenue from about RMB179 million for the year ended 31 March 2014 to about RMB911 million for the year ended 31 March 2015, and after having formulated our Group's future strategic plans as explained above, the Board have decided to seize the opportunities and on 13 July 2015 approached and negotiated with the Investor Group for acquiring the remaining 75% equity interests in the Target and subsequently led to the signing of the Second Agreement. Taking into account the revenue growth as mentioned above, and securing a favourable repayment term of the Loans, the Board considers that the Company will be able to obtain necessary financial resources via fund raising activities together with existing internal resources to satisfy payment of the consideration. The Board believes that it will be more beneficial to the Group that the Target and the Properties will become wholly owned by the Company after completion of the Acquisitions and the Company will have full control and flexibility to utilize and reintegrate the Properties for the continued expansion of the regional distribution network in the eastern part of the PRC.

We noted from the AR2015 that trading of convenience food products is the only continuing operation of the Group with segment profit increased from approximately RMB17.0 million for the year ended 31 March 2014 to approximately RMB60.6 million for the year ended 31 March 2015. The trading of convenience food products segment is the only income stream of the Company.

The "Ministry of Commerce of the PRC's Opinions on Promoting the Development of Logistics Business ("商務部出臺關於促進商貿物流發展的實施意見")" (source: Ministry of Commerce of the People's Republic of China* (中華人民共和國商務部), <http://www.mofcom.gov.cn/>)) stated the PRC government will (i) develop a joint logistic distribution system and support the logistic industry transformation of upgrading the traditional warehousing to large modern warehouses; (ii) improve the professionalism of the logistics industry with further developing electronic commerce logistics system, strengthening cold chain logistics and accelerating the transformation and upgrading of production logistics; and (iii) encourage integration of logistics enterprises and guide them to build storage facilities and rational distribution logistics parks.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

According to the “New National Urbanization Plan for 2014-2020 (“國家新型城鎮化規劃(2014—2020年)”)” (source: National Development and Reform Commission* (中華人民共和國國家發展和改革委員會), (xwzx.ndrc.gov.cn)), the PRC government is implementing a security engineering system for food purchasing and storage. The PRC government is strengthening the development of storage and logistics system for grain and oil through low-temperature storage, grading and packaging and electronic billing agricultural products system. The PRC government has aimed to cover the whole agricultural products supply line in a cold chain logistics system including the whole process of agricultural collection, storage, processing, transportation and sales of all aspects of products. This plan is also supported in the State Council of the PRC’s policy article such as the “Opinions on Deepening the Rural Reform and Accelerating the Modernization of Agriculture Industry (《關於全面深化農村改革加快推進農業現代化的若干意見》)”, the PRC Government is accelerating the development of modern logistics facilities for main agricultural products and improving the cold chain logistics system for fresh products. The PRC government will support local small agricultural markets to build center construction and logistics service system.

As outline in the Board Letter, the Property is located in Jiangsu Province. We have especially reviewed the policy documents released by the provincial government. The “Jiangsu Province to Deepen the Rural Reform and the Implementation of Agricultural Modernization Project (“江蘇省全面深化農村改革深入實施農業現代化工程”)”(source: <http://www.jiangsu.gov.cn/>*(江蘇省人民政府)). The Jiangsu government will reinforce agricultural market regulation through strengthening the construction of agricultural e-commerce platform for direct marketing of agricultural products and enhancing agricultural commodities modern logistics facilities and for fresh agricultural products, the Jiangsu Province government aims to develop a perfect agricultural cold chain logistics system in the province. According to “Jiangsu Province Agricultural Products Cold Chain Logistics Development Plan for 2014 – 2020 (“江蘇省農產品冷鏈物流發展規劃”)” (source: www.jiangsu.gov.cn/*(江蘇省人民政府)). The Jiangsu Province government expects to have a substantial increase in the usage of cold chain logistics. The cold chain logistics will expand into different sectors of fruits and vegetables, meats and seafood that the circulation rates for them are expected to rise to 20%, 40% and 55% respectively. The Jiangsu Province government also expects to significantly improve the competitiveness of cold chain logistics enterprises and will cultivate about 20 cold chain logistics companies with revenue more than 10 billion. The Jiangsu Province government will provide supportive policy on the cold chain logistics companies, for example giving reasonable arrangements for land use of agricultural cold chain logistics companies and increase investment in the cold chain logistics industry as well as encouraging financial institutions to finance cold chain logistics companies. Meanwhile, the Jiangsu Province government will actively promote skills training for cold chain logistics management staff and speed up the training of high-end cold chain logistics personnel.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

Based on the above research, the PRC government has been strengthening the development of storage and logistics system for food in the country. Cold preservation and transportation for food is a common and effective way to save food, which is highly supported by the PRC government. Especially in Jiangsu Province, where the Company's cold chain logistics system is based on, the Jiangsu government not only aims to develop an agricultural cold chain logistics system in the province but also promotes skills training for cold chain logistics management staff and personnel. The Company is therefore in a position of enjoying the Jiangsu government supportive measures as well as the PRC government's plan "New National Urbanization Plan for 2014-2020".

Having considered (i) the Target was disposed previously for the purpose of resume trading of the Shares and the Acquisitions allow the Company to repurchase the assets; (ii) the principal business of the Target is in line with the development plan of the Company; and (iii) the geographical advantage of the Properties for distribution and trading business and the positive prospects of the cold chain distribution business, we are of the view that the Acquisitions are in the interest of the Company and the independent Shareholders as a whole.

4. *Principal terms of the Agreements*

The First Agreement

The followings are the extracted principal terms of the First Agreement. Details terms are set out in the Board Letter.

Date:

23 May 2015

Parties:

1. The Company as the purchaser
2. The Seller as the seller.

Assets to be acquired

Under the First Agreement, the Purchaser will acquire 25%equity interests in the Target.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

Consideration

The total consideration for the acquisition of the 25% equity interests in the Target is RMB98,749,000. The consideration is determined based on the 25% of the net asset value of the Target as at 31 December 2014, which is RMB98,749,000. The Directors noted that there are changes in the net asset value of the Target between 31 December 2014, 31 March 2015 and the nine months ended 31 December 2015, which partly was due to the reducing carrying amounts of the Property after taking into account of the accumulated depreciation of the Property.

The Directors (except for the independent non-executive Directors) and the independent non-executive Directors after taken into account of the advice from the Independent Financial Adviser, are of the view that it is still fair and reasonable to determine the consideration based on the net asset value of the Target as at 31 December 2014 for (i) such figure was the only figure available at the time when the Company and the Seller entered into the First Agreement, and (ii) it was the agreed basis of determination of the consideration.

Since the principal business activities of the Target is the holding of the Properties, the Purchaser and the Seller agrees that if the Properties' Values to be obtained is less than RMB690,561,447 as shown on the accounts of the Target as at 31 December 2014, the total consideration shall be adjusted downward by subtracting the 25% of the valuation shortfall on a dollar-to-dollar basis. On the contrary, if the Properties' Values to be obtained exceeds RMB690,561,447, no upward adjustment shall be made to the consideration.

As the Properties' Values as per the valuation report in Appendix V to the Circular is RMB713,040,570.12, no adjustment shall be made to the consideration.

Payment terms

The consideration (or the adjusted consideration) shall be payable in cash by two stages as follows:

First payment:	20% of the consideration (or adjusted consideration) shall be paid by the Purchaser to the Seller on the date of completion of the Acquisitions, out of which RMB1,000,000 by setting off the deposit paid under the First Agreement (as supplemented by the Second Agreement and a supplemental agreement dated 31 December 2015) on a dollar-to-dollar basis and the balance of which shall be paid in cash;
----------------	--

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

Second payment: 60% of the consideration (or the adjusted consideration) shall be paid by the Purchaser to the Seller within thirty Business Days after the date of completion of the Acquisitions; and

Third payment: the remaining balance of the consideration (or the adjusted consideration) shall be paid by the Purchaser to the Seller eighteen months after the date of completion of the Acquisitions.

The Purchaser shall be entitled to treat the deposit to satisfy part of the consideration (or adjusted consideration).

The consideration was arrived at after arm's length negotiation with the Seller with reference to the net asset value of the Target, and subject to adjustment if the Properties' Value is less than that as shown on the accounts of the Target as the assets of the Target comprises principally the Properties.

The Second Agreement

The followings are the extracted principal terms of the Second Agreement. Details terms are set out in the Board Letter.

Date:

23 August 2015

Parties:

1. The Company as the purchaser
2. The Seller's Subsidiary as the seller; and
3. The Seller, as guarantor of the obligations of its wholly owned subsidiary, the Seller's Subsidiary.

Assets to be acquired

Under the Second Agreement, the Purchaser will acquire 75% equity interests in the Target from Seller's Subsidiary. Together with the First Agreement, the Purchaser will acquire the entire 100% equity interests in the Target.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

Consideration

The total consideration for the acquisition of the 75% equity interests in the Target is RMB296,247,000. The consideration is determined based on the 75% of the net asset value of the Target as at 31 December 2014, which is RMB296,247,000 and the basis used is the same basis used in determining the consideration for the acquisition of the 25% equity interests in the Target under the First Agreement. As set out in the Board Letter, the Directors noted that there are changes in the net asset value of the Target between 31 December 2014, 31 March 2015 and the nine months ended 31 December 2015, which partly was due to the reducing carrying amounts of the Property after taking into account of the accumulated depreciation of the Property. The Directors (except for the independent non-executive Directors) and the independent non-executive Directors after taken into account of the advice from the Independent Financial Adviser are of the view that it is still fair and reasonable to determine the consideration based on the net asset value of the Target as at 31 December 2014 for (i) such figure was the only figure available at the time when the Company, the Seller and the Seller Subsidiary entered into the Second Agreement, (ii) it was the same basis used in determining the consideration under the First Agreement, (iii) it was the agreed basis of determination of the consideration and (iv) the net asset value of the Target of RMB394,996,000 as at 31 December 2014 has already included the Loans due by the Target.

As set out in the Board Letter, the Board also considered that it will be more beneficial to the Group that the Target and the Properties will become wholly owned by the Company after completion of the Acquisitions. Given the Properties could be used as cold storage and distribution centre, the Company will have full control and flexibility to utilize and reintegrate the Properties for the continued expansion of the regional distribution network in the eastern part of the PRC.

Since the principal business activities of the Target is the holding of the Properties, the Purchaser, the Seller and Seller's Subsidiary agree that if the Properties' Values to be obtained is less than RMB690,561,447 as shown on the accounts of the Target as at 31 December 2014, the total consideration for the acquisition of the 75% equity interests shall be adjusted downward by subtracting the 75% of the valuation shortfall on a dollar-to-dollar basis. On the contrary, if the Properties' Values to be obtained exceeds RMB690,561,447, no upward adjustment shall be made to the consideration.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

It is one of the conditions precedent that the valuation report to be obtained by the Purchaser showing the Properties' Values of the Target shall be substantially similar to the carrying value of RMB690,561,447. If there is a valuation shortfall which exceeds the total consideration under the Agreements, such condition precedent will not be satisfied, and both the First Agreement and the Second Agreement shall automatically be terminated and the Seller and Seller's Subsidiary shall return the deposits to the Purchaser and any consideration that the Purchaser may have paid to the Seller's Subsidiary without interest. In which event, the Company will look for other opportunities and alternative ways to increase its warehousing capacities to complement the business growth of the Company.

For illustration purpose only, assuming there were a valuation shortfall of RMB1,000,000: (a) under the Second Agreement, the total consideration for the acquisition of the 75% equity interests shall be adjusted downward by RMB750,000; (b) under the First Agreement, the total consideration for the acquisition of the 25% equity interests shall be adjusted downward by RMB250,000; and thus (c) the total consideration for the 100% equity interests shall be adjusted downward by the total amount of the shortfall of RMB1,000,000.

As the Properties' Values as per the valuation report in Appendix V to the Circular is RMB713,040,570.12, no adjustment shall be made to the consideration under both the First Agreement and the Second Agreement.

Payment terms

The consideration (or the adjusted consideration) shall be payable in cash by two stages as follows:

First payment: 40% of the consideration (or adjusted consideration) shall be paid by the Company to the Seller Subsidiary on the date of completion of the Acquisitions out of which RMB3,000,000 by setting off the deposit paid under the Second Agreement (as supplemented by a supplemental agreement dated 31 December 2015) on a dollar-to-dollar basis and the balance of which shall be paid in cash;

Second payment: 40% of the consideration (or the adjusted consideration) shall be paid by the Company to the Seller Subsidiary within thirty Business Days after the date of completion of the Acquisitions and only after the Pledge has been fully released and discharged in favour of the Target, whichever is later; and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

Third payment: the remaining balance of the consideration (or the adjusted consideration) shall be paid by the Company to the Seller Subsidiary eighteen months after the date of completion of the Acquisitions.

The Purchaser shall be entitled to treat the deposit to satisfy part of the consideration (or adjusted consideration).

The consideration was arrived at after arm's length negotiation with Seller's Subsidiary with reference to the net asset value of the Target, and subject to adjustment if the Properties' Value is less than that as shown on the accounts of the Target as the assets of the Target comprises principally the Properties and the same basis of the acquisition of the 25% equity interests under the First Agreement. The Directors considered that the consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Outstanding Loans and Pledge with members of the Investor Group

As set out in the Board Letter, as at the date of the Second Agreement, the Target owed an outstanding amount of RMB7,024,500 and RMB334,544,952 to the Seller and to Seller's Subsidiary respectively, and another member of the Investor Group owed an outstanding amount of RMB44,350,401 to the Target, which are unsecured, non-interest bearing and have no fixed repayment terms.

On 2 February 2015, the Target entered into the Pledge with the Bank to secure the general banking facilities granted by the Bank to Guangzhou Circle for financing its ordinary course of business for the period from 2 February 2015 to 1 February 2016. Guangzhou Circle is a company established in the PRC, which Mr. Wang is the general manager but he does not hold any equity interest or directorship of Guangzhou Circle.

As at the date of the Second Agreement, the amount drawn under the general banking facilities that were secured by the Pledge was RMB170,000,000. The amount drawn under the general banking facilities was fully repaid and the Pledge was discharged and released on 1 February 2016.

The Loans will remain outstanding after completion of the Acquisitions and subject to the terms of the Second Agreement. Other than the Loans, the Target has no other liability as at 31 December 2015.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

Given the existence of the Pledge, the Company had been able to negotiate with the Seller and Seller's Subsidiary for better commercial terms under the Second Agreement. The parties were of the view that since the Pledge was only valid up to 1 February 2016, it was not costs and time efficient to discharge the Pledge. Thus, the parties agreed that the Loans (which currently are a loan with no fixed term) will become a term loan of two years after discharge and release of the Pledge in the Second Agreement. With this arrangement, the Company in facts obtains long-term financing and substantially lowered the initial cash outlays for satisfying the total consideration.

Under the terms of the Second Agreement, the Seller and Seller's Subsidiary have irrevocably agreed, and shall procure the other member of the Investor Group to agree that:

- a) the terms of the Loans shall remain unsecured and non-interest bearing for the duration of the Loans;
- b) the Seller, Seller's Subsidiary and each member of the Investor Group will not be entitled to demand, and the Target will not be required to repay all or part of the Loans or any other amount due by the Target to the Seller, Seller's Subsidiary or any member of the Investor Group for so long as the Pledge remain subsisting;
- c) if and when the Target is required to pay any amount to the Bank or any third parties pursuant to the terms of the Pledge, the Target shall be entitled to set-off on a dollar-to-dollar basis such amount so paid from the outstanding Loans; and
- d) the Seller, Seller's Subsidiary and each member of the Investor Group will only be entitled to demand, and the Target will only be required to repay all or part of the Loans (which are unsecured and non-interest bearing) (or the balance of the Loans, if any, following payment pursuant to the terms of the Pledge) two years after the Pledge has fully been discharged and the Target will not be under any further obligation or subject to any potential liability under the Pledge to pay any amount to the Bank or any third parties.

Since the Pledge was discharged and released on 1 February 2016, the Loans (which are unsecured and non-interest bearing) become a term loan which will be due and payable to the Seller and the Seller's Subsidiary on 1 February 2018.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

Further, under the terms of the Second Agreement, the Seller and Seller's Subsidiary had irrevocably agreed to procure Guangzhou Circle, the related company to the Investor Group to discharge and release the Target from the Pledge as soon as was practicable and in any event would not renew or revise the terms of the Pledge. The Pledge was discharged and release on 1 February 2016.

Our view

In order to assess the fairness and reasonableness of the total consideration for the acquisition of the 100% equity interests in the Target, we have obtained and reviewed the valuation report regarding the valuation of the Properties under the Acquisitions conducted by Shanghai Tian Rui Asset Appraisal Co. Ltd. (the "**Independent Valuer**"). We noted that the Independent Valuer, in arriving the market value of the valuation of the Properties, which is defined as "the estimated fair value of an asset, after appropriate marketing, transacted under informed, prudent, voluntary and fair trading conditions by a willing buyer and a willing seller who act rationally and are not subject to any coercion", has adopted the asset-based approach and market comparison approach accordingly.

We had discussed with the Independent Valuer regarding, amongst others, the basis and assumptions made and the methodology adopted in conducting the valuation of the Properties, which consist of the buildings, land, equipment installation, cold storage and decoration and other assets, of RMB713,040,570.12 (the "**Valuation**"). We are advised that the Valuation comprises of both fixed asset and intangible asset.

We understand that the Independent Valuer has adopted asset-based approach for appraising the fixed assets which include the housing buildings, structures and other auxiliary facilities and under such approach, the replacement cost method is being used. We have then gone through the underlying replacement cost methodology and recognized that the assessed value of the fixed assets is derived by the full repurchase price times the comprehensive newness rate. For evaluating the intangible asset, being the land use right of the Properties, market comparison approach is being implemented by the Independent Valuer and it is advised that market comparison approach is considered as the most appropriate methodology in valuing the land use right of the Properties. The Independent Valuer has made references to three comparable sales transactions as available in the relevant market for estimation and we have studied the details of the abovementioned transactions accordingly.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

For our due diligence purpose, we consider that we have received sufficient information to enable us to reach an informed view and to justify reliance on the accuracy of the information contained in the circular to provide a reasonable basis for our opinions and recommendations. We consider that we have performed all the necessary steps as required under Rule 13.80 of the Listing Rules to enable us to reach an informed view and to justify our reliance on the information provided and representations made to us so as to form a reasonable basis for our opinions including, among other things we have reviewed and enquired into (i) the terms of engagement of the Independent Valuer with the Company; (ii) the Independent Valuer's qualification and experience in relation to the preparation of the valuation report; (iii) the works done by the Independent Valuer for conducting the valuation; and (iv) the Independent Valuer's independence confirmation. We have reviewed the respective qualifications documents provided by the signers of the valuation report and each of Mr. Gong Ping, Mr. Jiang Bo and Mr. Liu Yuan, possess appropriate professional qualifications and the Independent Valuer has more than 2 years experience for valuing properties in Jiangsu Province, and therefore satisfy the requirement on the professional qualifications of the Independent Valuer under Practice Note 12 of the Listing Rules. Given the abovementioned, we are satisfied with the terms of engagement of the Independent Valuer as well as the qualification and experience of the Independent Valuer for preparation of the valuation report. We also noted that the scope of work is appropriate to the opinion required to be given and we are not aware of any limitation on the scope of work which might have an adverse impact on the degree of assurance given by the valuation report.

In addition, the Independent Valuer has confirmed their independence in relation to (i) the Group; and (ii) the connected persons of the parties under the Agreements.

During our discussion with the Independent Valuer regarding the basis and assumptions of the Valuation and upon reviewing the information provided by the Independent Valuer, we have not found any material facts which may lead us to doubt the principal basis and assumptions adopted for or the information used in the Valuation.

Based on the abovementioned studies on the valuation report and the information provided by the Independent Valuer and the discussion with the Independent Valuer, we are of the view that the basis, assumptions and methodology adopted in connected with the Valuation are appropriate. We therefore consider that the Valuation acts as a fair indication to the market value of the Properties.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

As stated above, the Directors (except for the independent non-executive Directors) and the independent non-executive Directors after taken into account of the advice from the Independent Financial Adviser are of the view that it is still fair and reasonable to determine the consideration based on the net asset value of the Target as at 31 December 2014 for (i) such figure was the only figure available at the time when the Company, the Seller and the Seller Subsidiary entered into the Second Agreement, (ii) it was the same basis used in determining the consideration under the First Agreement, (iii) it was the agreed basis of determination of the consideration and (iv) the net asset value of the Target of RMB394,996,000 as at 31 December 2014 has already included the Loans due by the Target.

As at 31 December 2014, the book value of the Properties amounted to RMB690,561,447.42. The Properties' Values as at 31 December 2015 is RMB713,040,570.12. As discussed with the Independent Valuer, the net asset value of the Target after taking into account the amounts of the Loans and the Pledge as at 31 December 2014 was RMB394,996,251.49. Hence, the net asset value of the Target adjusted by the Properties' Values are RMB417,475,374.19 (the "Adjusted NAV"). The aggregate consideration of RMB394,996,000 represents a discount of approximately 5.4% to the Adjusted NAV.

In assessing the fairness and reasonableness of the aggregate consideration, we have considered some of the most used benchmarks for valuing a company. Since the majority assets on the Target comprise of the Properties which is not indicative to the value of the Target, we considered that the price-to-sales multiples would not yield a meaningful result. Regarding the dividend-yield approach, since the Target Company did not declare any dividend, the dividend yield approach is not applicable. Concerning the price-to-earnings ratio, although the Target recorded an unaudited net profit of RMB7,534,642 for the nine months ended 31 December 2014 and an audited net profit of RMB5,294,587 for the year ended 31 March 2015, the net profit is relatively insignificant to the Adjusted NAV of the Target. Furthermore, as analyzed in the above research, the food processing and cold food storage and logistics business of the Target are under-going rapid expansion, we regard the price-to-earning ratios does not reflect the Target's business potential growth and the majority assets on the Target comprise of the Properties which is not indicative to the value of the Target hence the price-to-earning ratios is not appropriate.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

Having considered the above and the business nature of the Target, we considered that using the price-to-book ratio (the “**P/B Ratio**”) would be the most appropriate and relevant approach. Based on the aggregate consideration of RMB394,996,000, the Adjusted NAV of the Target of RMB417,475,374.19 and the price-to-book ratio implied by the Aggregate Consideration is approximately 0.95 times (the “**Implied P/B Ratio**”).

We have attempted to identify the comparable companies from official public channels with no bias. Since the Target is food processing business and holding of the Properties. Based on the limitation of the available data for comparison, we identified companies which are (i) listed on the Stock Exchange; (ii) principally engage in the same or similar business as the Target i.e. food processing business and holding of the Properties; and (iii) adjusted for their market capitalization in a range of approximately HK\$0.23 billion to HK\$2.46 billion and these listed companies are the only representative and relevant comparables to the Target. Under such selection criteria, 4 comparable companies (the “**Business Comparables**”) are identified, which are exhaustive under our selection criteria. Details of our analysis are listed below:

Stock Code	Company Name	Company Business	Market Capitalisation (HK\$)	Net Assets attributable to equity holders of the Company (HK\$)	P/B ratio
60	Hong Kong Food Investment Holdings Ltd.	Trading of frozen meats, seafood & vegetables; retailing of consumer goods; investment holding; manufacturing & trading of snack foods, confectionery, beverages, frozen food products, noodles, ham & ham-related products; operate restaurants.	264,777,720	436,398,000	0.61
1068	China Yurun Food Group Ltd.	Slaughtering, production and sales of chilled and frozen meat and processed meat products.	2,442,492,571	12,280,541,000	0.20
1443	Fulum Group Holdings Ltd.	Restaurant operations in Hong Kong and Mainland China, provision of festival food products, production, sale and distribution of food products related to restaurant operations.	1,391,000,000	880,978,000	1.58
1483	U Banquet Group Holding Ltd.	Operation of a chain of Chinese restaurants, provision of wedding services and distribution of goods consisting of fresh vegetables, fruits, seafood and frozen meat in Hong Kong.	362,700,000	86,585,000	4.19
				Maximum	4.19
				Minimum	0.20
				Average	1.64
				Implied P/B	0.95

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

Notes:

1. The market capitalisation of the Business Comparables are calculated on the basis of their respective closing prices of the shares and the total number of issued shares as at Latest Practicable Date.
2. The respective net asset values attributable to shareholders as disclosed in the latest published annual/interim reports on or before the Latest Practicable Date.
3. The P/B Ratios of the Business Comparables are calculated on the basis of their respective market capitalisation and net asset values attributable to shareholders as disclosed in the latest published annual/interim reports on or before the Latest Practicable Date.
4. The exchange rate of RMB1.00 = HK\$1.19 has been used for purpose of illustration only.

As illustrated in the table above, the P/B Ratio of the Business Comparables ranged from 0.20 to 4.19 with the average of 1.64. The Implied P/B Ratio is 0.95 which lies within the range of the P/B Ratios of the Business Comparables and is below the average of the P/B Ratios of the Business Comparables which implies that the Company is able to acquire the Target at a favourable price.

Having considered (i) the aggregate consideration for the Acquisitions represents a discount of approximately 5.4% to the Adjusted NAV; (ii) the Properties' Values of the Target is greater than the carrying value of the Properties as at 31 December 2014 and no upward adjustments would be made to the aggregate consideration; and (iii) the Implied P/B ratio is lied in the range of the Business Comparables and below the average of the P/B Ratios of the Business Comparables, we consider that the aggregate consideration for the Acquisitions is fair and reasonable and in the interests of the Company and the independent Shareholders as a whole.

As set out above, on 2 February 2015, the Target entered into the Pledge with the Bank to secure the general banking facilities granted by the Bank to Guangzhou Circle for financing its ordinary course of business for the period from 2 February 2015 to 1 February 2016.

Also, as at the date of the Second Agreement, the Target owed a total outstanding amount of RMB341,569,452 to the Seller and to Seller's Subsidiary and another member of the Investor Group owed an outstanding amount of RMB44,350,401 to the Target, which are unsecured, non-interest bearing and have no fixed repayment terms.

We have reviewed the relevant documents of the Pledge and noted that the pledged value is RMB285,019,600 and the pledged period commenced from 2 February 2015 and will be expired on 1 February 2016. As advised by the Company, the Pledge was discharged and released on 1 February 2016.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

As noted from the Board Letter and the Appendix II to this Circular for the financial position of the Target, the Loans will remain outstanding after completion of the Acquisitions and subject to the terms of the Second Agreement. Other than the Loans, the Target has no other liability as at 31 December 2015.

Given that (i) the Loans will only be required to repay two years after the Pledge has fully discharged thus can release the current financial burden of the Target; (ii) the amount of the outstanding Loans is greater than the pledged amount; (iii) the Loans are remained unsecured, non-interest bearing and have no fixed repayment terms, which are favourable to the Target; and (iv) the Pledge was discharged and released on 1 February 2016, we are of the view that the Pledge in associate with the arrangement of the Loans are fair and reasonable.

5. *Financial effect of the Acquisitions*

Upon completion of the Acquisitions, the Target will become a wholly-owned subsidiary of the Company and the profit and loss and assets and liabilities of the Target will be consolidated to the financial statements of the Group. The unaudited pro forma financial information of the Enlarged Group is set out in Appendix IV to the Circular.

Based on the unaudited pro forma financial information of the Enlarged Group as set out in Appendix IV to the Circular, the unaudited pro forma consolidated total assets of the Group would increase from approximately RMB766.03 million as at 30 September 2015 to approximately RMB1,500.94 million and the unaudited pro forma consolidated total liabilities of the Group would increase from approximately RMB524.42 million as at 30 September 2015 to approximately RMB937.19 million, as a result of the Acquisitions.

(B) The ML subscription

In giving our recommendation to the Independent Board Committee and the independent Shareholders in respect of the ML Subscription Agreement and the transactions contemplated thereunder, we have taken into consideration the following principal factors and reasons:

1. *Reasons and use of proceeds*

As mentioned in the Board Letter, the Group was committed to expand the cold chain food distribution business of delivering fresh food to end-user corporations.

In view of the rapid development of the current cold chain food distribution business, and the establishment of a regionalized cold chain food distribution network, the Directors advised that the Company will, in the next three years, capitalising on the experience gained from the successful transformation of the cold chain distribution business, gradually establish a nationwide cold chain distribution and delivery network covering all major cities in the eastern and central part of the PRC.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

As noted from the Board Letter, taking into consideration the financial resources required for the Group's business operation and expansion and the acquisition of the Target under the Agreements, the Board considers it to be prudent to raise additional funds for settlement of the consideration payable for the Acquisitions instead of utilising the existing internal financial resources.

As further noted from the Board Letter, the Placing, the ML Subscription and the FG Subscription are inter-conditional. The Board has considered various ways of raising funds and given the number of new Shares to be issued under the Subscriptions and the Placings are approximately 70% of the existing issue number of Shares as at the date of the Subscription Agreements, the Board is of the view that a mixture of placing and subscription may be more appropriate. In the process of identifying suitable subscribers, the Company has been introduced to various placing agents, brokers and potential investors, including equity funds and professional investors, which include FG Subscriber. After arms' length negotiations with the Company, FG Subscriber agreed to enter into the FG Subscription Agreement with the Company. Due to volatile market, the Company has taken protracted time to finalise necessary fund raising transactions and Marvel Light agreed to subscribe for the ML Subscription Shares.

The maximum gross proceeds and net proceeds from the Placing and the Subscriptions will be approximately HK\$243.28 million and HK\$240.43 million, respectively. The net proceeds from the Placing and the Subscriptions will be used to satisfy part or all of the considerations with any remaining balance as general working capital.

The Directors are of the opinion that, after taking into account the available financial resources, including the available credit facilities, the internally generated funds and the cash flow impact of the Acquisitions, the Enlarged Group has, in the absence of unforeseeable circumstances, sufficient working capital for its present requirements for at least the next 12 months from the date of this circular. Currently, the Company does not have any plan to conduct further equity fund raising activities.

The Directors (except for the independent non-executive Directors) and the independent non-executive Directors after taken into account of the advice from the Independent Financial Adviser are of the view that the Subscription will provide a good opportunity to raise additional funds to strengthen the financial position and broaden the capital base of the Group and to settle the consideration. Accordingly, the Board considers that the Subscription is in the interests of the Company and the Shareholders as a whole.

We note from the Board Letter that, as at 31 March 2015, the bank and cash balances of the Company were approximately RMB130 million. As at 30 September 2015, the bank and cash balances of the Company were approximately RMB62.8 million.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

Having considered that (i) the existing cash level of the Company is insufficient to satisfy the consideration of the Acquisitions; (ii) the Placing, the ML Subscription and the FG Subscription are a package of fundraising activities in order to satisfy part or all consideration of the Acquisitions; and (iii) the terms of the Acquisitions are fair and reasonable do far as the independent Shareholders are concerned and the Acquisitions are in the interest of the Company and the independent Shareholders as a whole as analysed in this letter, we are of the view that the Subscription is in the interest of the Company and the independent Shareholders as a whole.

2. *Alternative fund raising methods*

Upon enquiry with the management of the Company, we were given to understand that the Board has considered various fund raising methods including bank borrowing, the Placing, rights issue, open offer and the ML Subscription. In respect of bank borrowings, commercial banks would request for assets pledge and guarantee and also incur interest expense. Thus, the finance cost of the Group would increase significantly taking into account the considerable size of the loan principal. As to equity fund raising exercise (such as rights issue and/or open offer), the Group has approached the Placing Agent to place the Placing Shares with commission of 2%. It is uncertain that the Company can find another underwriter to underwrite the rights issue or open offer and the rights issue or open offer and will also incur the commission expense. In addition, the subscription price of right issue or open offer normally represents a deep discount so as to increase the attractiveness of the right issue or open offer. Besides, the rights issue and open offer would take a few months to complete.

Having considered that the ML Subscription enables the Group to save the finance cost or commission which the Group would need to incur if alternative fund raising methods are adopted, together with the aforesaid reasons for and benefits of the ML Subscription, we are of the view that the ML Subscription is an appropriate means to raise funds for the Group.

3. *The ML Subscription Agreement*

Major terms of the ML Subscription Agreement are set out below:

Date:	14 March 2016 (after trading hours)
Issuer:	the Company
Subscriber:	Marvel Light

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

Subscription Price

The Subscription Price of HK\$0.54 per ML Subscription Share represents (i) the closing price of HK\$0.54 per Share as quoted on the Stock Exchange on the date of the Fund Raising Announcement; and (ii) a discount of approximately 26.03% to the closing price of 0.73 per Share as quoted on the Stock Exchange as at the Latest Practicable Date.

The Directors consider that the Subscription Price, which was agreed after arm's length negotiations between the Company and Marvel Light with reference to current market price of the Shares, is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Historical price performance

The following graph shows the daily closing prices of the Shares on the Stock Exchange for the period from 16 March 2015 (being the first trading day of the 12-month period prior to the ML Subscription Agreement) up to and including the date of the ML Subscription Agreement (the “**Review Period**”). We are of the view that the Review Period represents a reasonable period of time to provide a general overview of the recent price performance of the Shares.

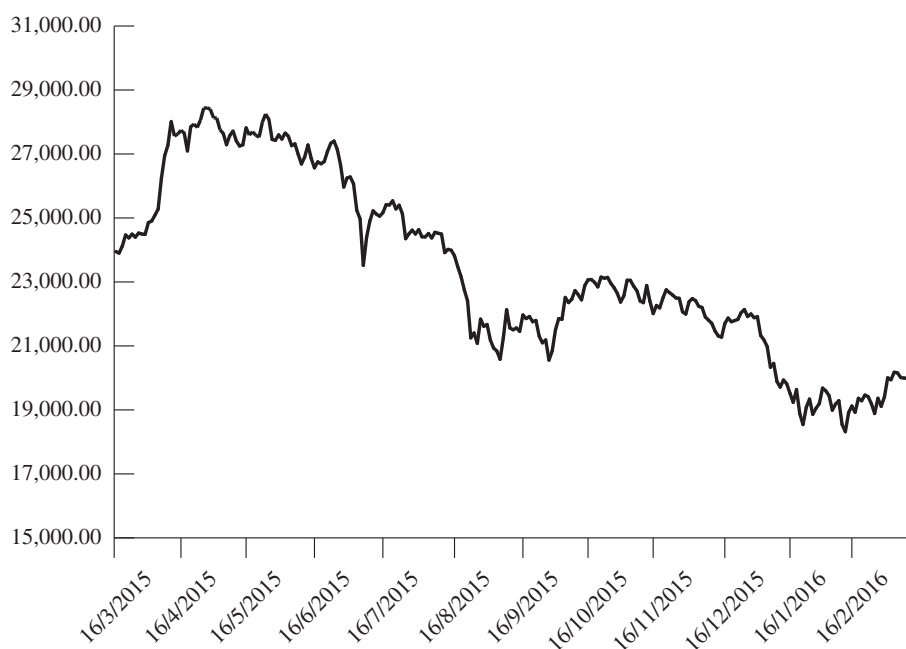


Source: Bloomberg

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

As shown from the graph above, the lowest and highest closing price of the Shares during the Review Period were HK\$0.385 per Share recorded on 26 January 2016 and HK\$2.44 per Share recorded on 9 April 2015, respectively, as quoted on the Stock Exchange. The average daily closing price of the Shares during the Review Period is HK\$1.16 per Share. Subsequent to the Shares had reached the highest closing price of HK\$2.44 on 9 April 2015, the closing price has started to show a decreasing trend and rebounded on 21 May 2015. As noted from the announcement of the Company dated 21 May 2015 in relation to the unusual price and trading volume movements of the Company, the Board confirmed that the Company is in the course of preliminary dialogues with a connected person of the Company for a potential acquisition of certain of its business and related assets. At the date of such announcement, no relevant written agreement or memorandum of understanding has been entered into. Save for the aforesaid, the Board was not aware of any reasons for such price and volume movements. Since then, the closing price of the Shares demonstrated a decreasing trend and hovered in a range between HK\$0.385 and HK\$0.415 from 26 January 2016 to 17 February 2016 (the “**Lowest Period**”) until the date of the ML Subscription Agreement.

Hang Seng Index



LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

Also, we have reviewed and compared the Share price movement with the Hang Seng Index (the “**HSI**”) movement for the Review Period as well.

After the HSI reached the peak of approximately 28,442 on 28 April 2015, the HSI continued to drop to approximately 18,320 on 12 February 2016 due to the weak market sentiment and the Share price also followed the same declining trend of the HSI and the Share price started from HK\$2.44 on 9 April 2015 to HK\$0.385 on 26 January 2016. From September 2015 to December 2015, the HSI hovered in a range of approximately 20,500 to 22,500 and the Share price had a similar movement that it hovered at a range between HK\$0.7 and HK\$0.8 in the same period of time, we believe that the movement of the closing price of the Shares during the above period was mainly aligned with the market conditions. In spite of the weak market sentiment during the Review Period, the Subscription Price of HK\$0.54 per ML Subscription Share represents (i) a premium of approximately 40.26% over the lowest closing price; (ii) a discount of approximately 77.87% to the highest closing price; and (iii) a discount of approximately 53.45% to the average daily closing price during the Review Period. Although the Subscription Price represents a discount of approximately 77.87% to the highest closing price of the Company, the Share price performance of the Company in the recent period should reflect a better view of the recent market situation which is more valuable for references for the time being.

Comparables analysis

In order to further assess the fairness and reasonableness of the Subscription Price, we have reviewed the relevant subscription of new shares exercises under specific mandates announced by companies listed on the Main Board of the Stock Exchange in six calendar months prior to and up to the date of the ML Subscription Agreement, i.e. from 14 September 2015 to 14 March 2016 and identified an exhaustive list of 15 subscription of new shares exercises under specific mandates (the “**Comparable Transactions**”) announced during the aforesaid period of which were issued to connected persons. Taking into account (a) all companies of the Comparable Transactions are listed on the Main Board of the Stock Exchange; and (b) the nature of each of the Comparable Transactions is as same as the Subscription, we consider that the Comparable Transactions are fair and representative samples for accessing the fairness and reasonableness of the Subscription Price. We consider that a review period of six calendar months prior to and up to the date of the ML Subscription Agreement is appropriate to capture the recent market practice because the Comparable Transactions are considered for the purpose of taking a general indication for the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

recent market practice in relation to the subscription price under other subscription of new shares exercises under specific mandates as compared to the relevant prevailing market share prices under the recent market conditions and sentiments. Details of our findings are summarized as follow:

Date of announcement	Company name	Stock Code	Last trading day prior to/on the date of the last trading date/date of the relevant agreement %	Last 5 consecutive trading days prior to/on the last trading date/date of the relevant agreement %
1-Feb-16	Co-Prosperity Holdings Limited (Note 1)	707	6.38	6.50
29-Jan-16	China Precious Metal Resources Holdings Co., Ltd	1194	(9.80)	(2.13)
5-Jan-16	Kong Sun Holdings Limited	295	6.45	3.45
13-Dec-15	Co-Prosperity Holdings Limited	707	(25.00)	(29.58)
11-Dec-15	Air China Limited (Note 2)	753	(2.71)	(5.30)
4-Dec-15	Yuhua Energy Holdings Limited	2728	0.00	(2.15)
24-Nov-15	Petro-king Oilfield Services Limited	2178	14.50	11.00
17-Nov-15	Richly Field China Development Limited	313	0.00	0.81
6-Nov-15	Bloomage BioTechnology Corporation Limited	963	(20.63)	(14.29)
5-Nov-15	Harmonic Strait Financial Holdings Limited	33	(28.57)	(28.06)
2-Nov-15	Redco Properties Group Limited	1622	(16.10)	(16.10)
26-Oct-15	Tesson Holdings Limited	1201	(27.27)	(16.32)
26-Oct-15	Chinasoft International Limited	354	(14.11)	(15.41)
25-Sep-15	China Everbright Bank Company Limited (Note 3)	6818	42.75	44.01
24-Sep-15	Petro-king Oilfield Services Limited	2178	14.50	11.00
	Minimum		(28.57)	(29.58)
	Maximum		14.50	11.00
	Average		(7.67)	(7.02)
	The Subscription Price		0.00	1.10

Source: website of the Stock Exchange (<http://www.hkex.com.hk>)

Notes:

1. Co-Prosperity Holdings Limited entered into a second supplemental Agreement to the share subscription agreement on 1 February 2016.
2. This Comparable Transaction is treated as outlier due to the issue of new A Shares under the relevant transaction. This Comparable Transaction is treated as outlier due to the extraordinary premium over the share prices under the relevant transaction.
3. H Shares to be subscribed for by China Everbright Group Limited under the share subscription agreement dated 25 September 2015 entered into between China Everbright Bank Company Limited and China Everbright Group Limited.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

As illustrated in the table above, the issue prices of the Comparable Transactions ranged from a discount of approximately 28.57% to a premium of approximately 14.50% to/over the closing price of last trading day/date of the relevant agreement (the “**LTD Range**”) with an average discount of approximately 7.67%. The discount represents by the Subscription Price to the closing price of the Shares on the date of the ML Subscription Agreement of approximately 0% lies within the LTD Range and above the average.

The issue prices of the Comparable Transactions ranged from a discount of approximately 29.58% to a premium of approximately 11.00% to/over the average closing price of the last 5 trading days immediately preceding the last trading day/date of the relevant agreement (the “**5-days Range**”) with an average discount of approximately 7.02%. The discount represents by the Subscription Price to the average closing price of the last 5 trading days of the Shares immediately preceding the date of the ML Subscription Agreement of approximately 1.1% lies within the 5-days Range and above the average.

Given that (i) the closing price of the Shares showed a general decreasing trend during the Review Period which was mainly aligned with the market conditions and weak market sentiment as shown in the HSI; (ii) the Subscription Price of HK\$0.5 per ML Subscription Share represents a premium of approximately 40.26% over the lowest closing price in the Lowest Period where this is relatively recent to the current market situation; (iii) the discount represents by the Subscription Price to the closing price of the Shares on the date of the ML Subscription Agreement of approximately 0% lies within the LTD Range and above the average; and (iv) the discount represents by the Subscription Price to the average closing price of the last 5 trading days of the Shares immediately preceding the date of the ML Subscription Agreement of approximately 1.1% lies within the 5-days Range and above the average, we are of the view that the Subscription Price is fair and reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

4. *Dilution effect on the shareholding interests of the existing public Shareholders*

Given that the Placing, the ML Subscription and the FG Subscription are inter-conditional, we will consider the dilution effect of these fund raising activities as a whole.

The shareholding structures of the Company as at the Latest Practicable Date and immediately after the completion of the Placing and the Subscriptions are as follows (assume there will not be any change in the issued share capital of the Company from the date of the Subscription Agreements and the Placing Agreement to the Completion Date save for the allotment and issue of the Subscription Shares and the Placing Shares);

Shareholder	As at the Latest Practicable Date		Immediately after the completion of the Placing and the Subscriptions	
	<i>No. of Shares</i>	<i>Approx. %</i>	<i>No. of Shares</i>	<i>Approx. %</i>
Marvel Light (<i>Note 1</i>)	135,405,352	21.04	328,115,352	29.99
FG Subscriber	0	0	217,720,000	19.90
Placees and/or the Placing Agent	0	0	40,080,000	3.66
Public Shareholders	<u>508,191,836</u>	<u>78.96</u>	<u>508,191,836</u>	<u>46.45</u>
 Total	 <u>643,597,188</u>	 <u>100.00</u>	 <u>1,094,107,188</u>	 <u>100.00</u>

Notes:

1. Marvel Light is wholly-owned by Bomao Holdings Limited, which in turn is wholly owned by Harvest (Overseas) Investment Limited, which in turn is wholly-owned by 安徽豐收投資有限公司 (Anhui Harvest Investment Company Limited*), which in turn is owned as to 40% by 安徽省創業投資有限公司 (Anhui Province Venture Investment Co. Ltd*) and is wholly-owned by 安徽省投資集團控股有限公司 (Anhui Province Investment Group Co. Ltd*).
2. The above percentages may not be exact figures due to rounding.

As indicated in the table, the shareholding of public Shareholders will decrease from approximately 78.96% as at the Latest Practicable Date to approximately 46.45% immediately upon the Completion. Taking into account that (i) it is in the interests of the Company and the Shareholders to enter into the Placing Agreement and Subscription Agreements; and (ii) the Subscription Price is fair and reasonable to the Company and Shareholders as a whole, we consider the potential dilution effect on the shareholding interests of the public Shareholders to be justifiable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that the Agreements and the Acquisitions contemplated thereunder are (i) fair and reasonable; (ii) are on normal commercial terms or better and in the ordinary and usual course of business of the Company; and (iii) are in the interests of the Company and the independent Shareholders as a whole. Notwithstanding that the ML Subscription Agreement and the ML Subscription contemplated thereunder are not in the ordinary and usual course of business of the Company, having considered the above principal factors and reasons, we consider the ML Subscription Agreement and the ML Subscription contemplated thereunder (i) have been entered into by the Company on normal commercial terms or better and which are no less favourable to the Group than those available to or from Independent Third Parties; and (ii) are fair and reasonable and in the interests of the Company and the independent Shareholders as a whole. Accordingly, we recommend the independent Shareholders and advise the Independent Board Committee to recommend the independent Shareholders, to vote in favour of the resolution to be proposed at the EGM to approve the Agreements, the Acquisitions contemplated thereunder and the ML Subscription Agreement and the transactions contemplated thereunder respectively.

Yours faithfully,
For and on behalf of
Veda Capital Limited
Julisa Fong
Managing Director

Note:

Ms. Julisa Fong is a responsible officer under the SFO to engage in Type 6 (advising on corporate finance) regulated activity and has over 19 years of experience in investment banking and corporate finance.

1. FINANCIAL INFORMATION OF THE GROUP

The published audited consolidated financial statements of the Group for the years ended 31 March 2013, 2014 and 2015 were disclosed in the annual reports of the Company for the years ended 31 March 2013 published on 30 July 2013 (pages 22 to 70) (<http://www.hkexnews.hk/listedco/listconews/SEHK/2013/0730/LTN20130730255.pdf>), 31 March 2014 published on 30 July 2014 (pages 30 to 78) (<http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0730/LTN20140730427.pdf>) and 31 March 2015 published on 9 July 2015 (pages 28 to 74) (<http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0709/LTN20150709606.pdf>). The unaudited financial information of the Group for the six months ended 30 September 2015 were disclosed in the 2015 interim report of the Company published on 29 December 2015 (pages 12 to 26) (<http://www.hkexnews.hk/listedco/listconews/SEHK/2015/1229/LTN20151229395.pdf>). The annual reports and interim report of the Company can be accessed on the website of the Company (<http://www.fujicateringhk.com>) and the website of the Stock Exchange (www.hkexnews.hk).

2. MATERIAL ADVERSE CHANGE

The Directors confirm that there has been no material adverse change in the financial or trading position of the Group since 31 March 2015, being the date to which the latest audited financial statements of the Group were made up.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the available financial resources, including the available credit facilities, the internally generated funds and the cash flow impact of the Acquisitions, the Enlarged Group has, in the absence of unforeseeable circumstances, sufficient working capital for its present requirements for at least the next 12 months from the date of this circular.

4. INDEBTEDNESS STATEMENT AND CONTINGENT LIABILITIES

As at the close of business on 31 March 2016, being the latest practicable date for the purpose of ascertaining the indebtedness of the Enlarged Group prior to the printing of this circular, the Group had total outstanding borrowings and payables of approximately RMB355,885,000, and details of which are set out below:

	<i>RMB'000</i>
<i>Secured:</i>	
Bank borrowings	18,000
<i>Unsecured:</i>	
Other payables	4,316
Due to fellow subsidiaries	<u>333,569</u>
	<u><u>355,885</u></u>

As at 31 March 2016, bank borrowings of RMB18,000,000 were secured by the property and personal guarantee from related parties.

Save as disclosed above in the paragraph headed “Indebtedness” in this appendix and apart from intra-group liabilities and normal trade payables in the ordinary course of the Enlarged Group’s business, as at the close of business on 31 March 2016, the Directors are not aware of the Enlarged Group having other outstanding pledges, charges, debentures or other loan capital, bank overdrafts or loans, other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits, guarantees or other material contingent liabilities.

Save as aforesaid, the Enlarged Group did not have outstanding at the close of business on 31 March 2016 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, pledges, charges, hire purchases commitments, guarantees or other material contingent liabilities.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The following financial and trading prospects of the Group are extracted from page 3 of the 2015 Annual Report of the Company.

The Group continued to scale down and terminate its catering business in the year ended 31 March 2015. Meanwhile, based on the existing logistic distribution facilities, the Group was committed to expand the cold chain food distribution business of delivering fresh food to end-user corporations.

During the year ended 31 March 2015, with the rapid development of the current cold chain food distribution business, the Group was able to establish a regionalized cold chain food distribution network preliminarily, with sales targets including a variety of distributors within the region and different kinds of catering corporations, high schools, hospitals and other clients engaged in the provision of food services.

During the last financial year, the sales volume and the financial position of the Group were greatly improved. As at 31 March 2015, the sales revenue was approximately RMB912,953,000 and the annual profit was approximately RMB43,571,000, whereas the total asset was approximately RMB594,934,000 and the total equity was approximately RMB115,760,000.

In the next three years, capitalizing on the experience gained from the successful transformation of the cold chain food distribution business, with a cold chain food logistic distribution plant as a base, the Group will gradually establish a nationwide cold chain distribution and delivery network covering all major cities in the eastern and central parts of China.

In the coming financial year, the Group will conclude investment, including but not limited to equity contribution and acquisition, in establishing a specialized e-business third-party cold chain food distribution platform and a direct sale call center with over 1,000 staff. Leveraging on this specialized platform, the Group will be able to quickly establish a sizable, and ever growing, customer group big data infrastructure covering the food service industry in its entirety.

Also, since cold chain food is inevitably characterized by its production in origin, the Group will identify manufacturers of quality food across the country for subcontracting and will focus more on equity contribution and acquisition, so as to build up a nationwide cold chain food purchasing network for various kinds of food.

With the implementation of the “Internet + cold chain food” strategy of the Group, it is expected that the Group’s cold chain food distribution business will be booming. The Group’s goal for the next 3 years is to become the most competitive cold chain food distribution and delivery services provider in China.

The following is the text of a report, prepared for the purpose of inclusion in this circular, received from the independent reporting accountants, ZHONGHUI ANDA CPA Limited, Certified Public Accountants (Practising), Hong Kong. As described in the section headed "Documents available for inspection" in Appendix VII, a copy of the following accountants' report is available for inspection.

6 May 2016

The Board of Directors
FU JI Food and Catering Services Holdings Limited
(incorporated in the Cayman Islands with limited liability)

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") of 無錫美通食品科技有限公司 ("Wuxi Meitong Food Technology Co. Ltd" or the "Target Company") for each of the three years ended 31 March 2013, 2014, 2015 and the nine months ended 31 December 2015 (the "Relevant Periods") for inclusion in the circular dated 6 May 2016 issued by FU JI Food and Catering Services Holdings Limited (the "Company") in connection with the proposed acquisition of 100% registered equity interest in the Target Company (the "Circular").

The Target Company was registered on 28 December 2006 in the People's Republic of China (the "PRC") with limited liability and the principal activities are food processing business and holding of the properties.

No audited financial statements of the Target Company have been prepared for the Relevant Periods as there is no statutory audit requirement in the country of its incorporation.

For the purpose of this report, the directors of the Target Company have prepared the financial statements of the Target Company for the Relevant Periods in accordance with Hong Kong Financial Reporting Standards (the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") (collectively the "HKFRS Financial Statements").

We have performed an independent audit on the HKFRS Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and have examined the HKFRS Financial Statements for the Relevant Periods in accordance with Auditing Guideline 3.340 "Prospectus and the Reporting Accountant" issued by the HKICPA.

The Financial Information of the Target Company for the Relevant Periods set out in this report has been prepared from the HKFRS Financial Statements in accordance with HKFRSs. No adjustments were considered necessary to the HKFRS Financial Statements in preparing our report for inclusion in the Circular.

The preparation of the HKFRS Financial Statements are the responsibility of the directors of the Target Company. The directors of the Company are responsible for the contents of the Circular in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the HKFRS Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

OPINION

In our opinion, for the purpose of this report, the Financial Information gives a true and fair view of the financial position of the Target Company as at 31 March 2013, 2014, 2015 and 31 December 2015; and of its financial performance and cash flows of the Target Company for the Relevant Periods.

COMPARATIVE FINANCIAL INFORMATION

For the purpose of this report, the directors of the Target Company have prepared the comparative financial information of the Target Company for the nine months ended 31 December 2014 in accordance with the HKFRSs (the "Comparative Financial Information"). We have reviewed the Comparative Financial Information in accordance with Hong Kong Standard on Review Engagements 2400 "Engagements to Review Financial Statements" issued by the HKICPA. A review consists principally of making enquiries of the Target Company management and applying analytical procedures to the Comparative Financial Information and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the Comparative Financial Information.

REVIEW CONCLUSION

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the Comparative Financial Information.

Emphasis of Matters Relating to Going Concern Basis

Without qualifying our opinion, we draw attention to note 2 to the Financial Information which mentions that as at 31 March 2013, 2014, 2015 and 31 December 2015, the Target Company had net current liabilities of approximately RMB347,004,407, RMB322,280,826, RMB295,764,878 and RMB283,916,793 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. Details of the Company obtaining sufficient resources to satisfy its working capital needs are set out in note 2 to the Financial Information.

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 MARCH 2013, 2014, 2015 AND NINE MONTHS ENDED
31 DECEMBER 2015**

	Notes	Year ended 31 March			Nine months ended 31 December	
		2013	2014	2015	2014	2015
		RMB (Audited)	RMB (Audited)	RMB (Audited)	RMB (Unaudited)	RMB (Audited)
Revenue	7	2,522,100	9,237,196	10,001,940	7,571,312	4,633,920
Other income	8	290	3	24	19	10
Gain on waiver of due to holding company	9	22,118,603	17,300,000	18,000,000	18,000,000	8,000,000
Administrative and other operating expenses		(22,604,120)	(23,038,130)	(22,707,377)	(18,036,689)	(16,701,865)
Operating profit/(loss)		2,036,873	3,499,069	5,294,587	7,534,642	(4,067,935)
Finance costs		-	-	-	-	-
Profit/(loss) before tax		2,036,873	3,499,069	5,294,587	7,534,642	(4,067,935)
Income tax expenses	11	-	-	-	-	-
Profit/(loss) and total comprehensive income/(loss) for the year/period	12	2,036,873	3,499,069	5,294,587	7,534,642	(4,067,935)

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2013, 2014, 2015 AND 31 DECEMBER 2015

		At 31 March			As at 31 December
	Notes	2013 RMB (Audited)	2014 RMB (Audited)	2015 RMB (Audited)	2015 RMB (Audited)
NON-CURRENT ASSETS					
Property, plant and equipment	15	486,085,876	470,646,118	455,209,510	443,632,054
Investment properties	16	183,238,046	177,875,583	172,513,121	168,491,274
Prepaid land lease payments	17	<u>16,594,747</u>	<u>16,172,456</u>	<u>15,750,165</u>	<u>15,433,448</u>
		<u>685,918,669</u>	<u>664,694,157</u>	<u>643,472,796</u>	<u>627,556,776</u>
CURRENT ASSETS					
Trade and other receivables	18	27,144,486	27,184,962	1,208,732	486,368
Prepaid land lease payments	17	422,291	422,291	422,291	422,291
Due from fellow subsidiaries	19	82,165,993	9,869,029	44,350,401	48,938,632
Bank and cash balances		<u>48,009</u>	<u>44,833</u>	<u>55,274</u>	<u>13,492</u>
		<u>109,780,779</u>	<u>37,521,115</u>	<u>46,036,698</u>	<u>49,860,783</u>
CURRENT LIABILITIES					
Accruals		217,325	231,874	232,124	208,124
Due to holding company	19	387,474,222	343,709,067	334,544,952	326,544,952
Due to intermediate holding Company	19	7,024,500	7,024,500	7,024,500	7,024,500
Due to fellow subsidiaries	19	<u>62,069,139</u>	<u>8,836,500</u>	<u>–</u>	<u>–</u>
		<u>456,785,186</u>	<u>359,801,941</u>	<u>341,801,576</u>	<u>333,777,576</u>
NET CURRENT LIABILITIES		<u>(347,004,407)</u>	<u>(322,280,826)</u>	<u>(295,764,878)</u>	<u>(283,916,793)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>338,914,262</u>	<u>342,413,331</u>	<u>347,707,918</u>	<u>343,639,983</u>
NET ASSETS		<u>338,914,262</u>	<u>342,413,331</u>	<u>347,707,918</u>	<u>343,639,983</u>
CAPITAL AND RESERVE					
Share Capital	20	194,306,320	194,306,320	194,306,320	194,306,320
Reserves		<u>144,607,942</u>	<u>148,107,011</u>	<u>153,401,598</u>	<u>149,333,663</u>
TOTAL EQUITY		<u>338,914,262</u>	<u>342,413,331</u>	<u>347,707,918</u>	<u>343,639,983</u>

STATEMENTS OF CHANGES IN EQUITY

	Share Capital RMB (Audited)	Retained earnings RMB (Audited)	Total RMB (Audited)
At 1 April 2012	194,306,320	142,571,069	336,877,389
Profit and total comprehensive income for the year	<u>–</u>	<u>2,036,873</u>	<u>2,036,873</u>
At 31 March 2013 and 1 April 2013	194,306,320	144,607,942	338,914,262
Profit and total comprehensive income for the year	<u>–</u>	<u>3,499,069</u>	<u>3,499,069</u>
At 31 March 2014 and 1 April 2014	194,306,320	148,107,011	342,413,331
Profit and total comprehensive income for the year	<u>–</u>	<u>5,294,587</u>	<u>5,294,587</u>
At 31 March 2015 and 1 April 2015	194,306,320	153,401,598	347,707,918
Loss and total comprehensive loss for the period	<u>–</u>	<u>(4,067,935)</u>	<u>(4,067,935)</u>
At 31 December 2015	<u>194,306,320</u>	<u>149,333,663</u>	<u>343,639,983</u>
	Share capital RMB (Unaudited)	Retained earnings RMB (Unaudited)	Total RMB (Unaudited)
Nine months ended 31 December 2014			
At 1 April 2014	194,306,320	148,107,011	342,413,331
Profit and total comprehensive income for the period	<u>–</u>	<u>7,534,642</u>	<u>7,534,642</u>
At 31 December 2014	<u>194,306,320</u>	<u>155,641,653</u>	<u>349,947,973</u>

STATEMENTS OF CASH FLOWS

	Year ended 31 March			Nine months ended 31 December	
	2013	2014	2015	2014	2015
	RMB (Audited)	RMB (Audited)	RMB (Audited)	RMB (Unaudited)	RMB (Audited)
Cash flows from operating activities					
Profit/(Loss) before tax	2,036,873	3,499,069	5,294,587	7,534,642	(4,067,935)
Adjustments for:					
Gain on waiver of due to holding company	(22,118,603)	(17,300,000)	(18,000,000)	(18,000,000)	(8,000,000)
Interest income	(290)	(3)	(24)	(19)	(10)
Amortisation of prepaid land lease	422,291	422,291	422,291	316,717	316,717
Depreciation- property, plant and equipment	15,451,073	15,439,758	15,436,608	11,577,456	11,577,456
Depreciation- investment properties	5,362,463	5,362,463	5,362,463	4,021,846	4,021,846
Operating profit before working capital changes	1,153,807	7,423,578	8,515,925	5,450,642	3,848,074
Change in trade and other receivables	–	(40,476)	10,932	1,476	722,364
Change in accruals	–	14,549	250	(3,000)	(24,000)
Cash generated from operations	1,153,807	7,397,651	8,527,107	5,449,118	4,546,438
Income tax paid	–	–	–	–	–
NET CASH GENERATED FROM OPERATING ACTIVITIES	<u>1,153,807</u>	<u>7,397,651</u>	<u>8,527,107</u>	<u>5,449,118</u>	<u>4,546,438</u>
Cash flows from investing activities					
Interest received	290	3	24	19	10
NET CASH GENERATED FROM INVESTING ACTIVITIES	<u>290</u>	<u>3</u>	<u>24</u>	<u>19</u>	<u>10</u>
Cash flows from financing activities					
Change in balances with fellow subsidiaries	(1,147,668)	(7,400,830)	(8,516,690)	(5,430,501)	(4,588,230)
NET CASH USED IN FINANCING ACTIVITIES	<u>(1,147,668)</u>	<u>(7,400,830)</u>	<u>(8,516,690)</u>	<u>(5,430,501)</u>	<u>(4,588,230)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	6,429	(3,176)	10,441	18,636	(41,782)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD	<u>41,580</u>	<u>48,009</u>	<u>44,833</u>	<u>44,833</u>	<u>55,274</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD					
Bank and cash balances	<u>48,009</u>	<u>44,833</u>	<u>55,274</u>	<u>63,469</u>	<u>13,492</u>
ANALYSIS OF CASH AND CASH EQUIVALENTS					
Bank and cash balances	<u>48,009</u>	<u>44,833</u>	<u>55,274</u>	<u>63,469</u>	<u>13,492</u>

NOTES TO FINANCIAL INFORMATION**1. General Information**

The Target Company was registered in the People's Republic of China (the "PRC") with limited liability on 28 December 2006. The address of its registered office and principal place of business are No. 100 lot, Lijiang Road, Wuxi New District, Jiangsu Province, China.

The principal activity of the Target Company are food processing business and holding of the properties.

The Financial Information is presented in Renminbi ("RMB"), which is the same as the functional currency of the Target Company.

2. Going Concern Basis

As at 31 March 2013, 2014, 2015 and 31 December 2015, the Target Company had net current liabilities of approximately RMB347,004,407, RMB322,280,826 RMB295,764,878 and RMB283,916,793 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Target Company's ability to continue as a going concern. Therefore, the Target Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Financial Information has been prepared on a going concern basis, the validity of which depends upon the financial support of the controlling shareholder, at a level sufficient to finance the working capital requirements of the Target Company. The controlling shareholder has agreed to provide adequate funds for the Target Company to meet its liabilities as they fall due. The directors of the Target Company are therefore of the opinion that it is appropriate to prepare the Financial Information on a going concern basis. Should the Target Company be unable to continue as a going concern, adjustments would have to be made to the Financial Information to adjust the value of the Target Company's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

3. Adoption of Hong Kong Financial Reporting Standards

The Target Company had adopted all the Hong Kong Financial Reporting Standard ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for its accounting year beginning on 1 April 2015. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards ("HKAS"); and Interpretations.

The Target Company has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Target Company has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material effect on the results of operations and financial position of the Target Company.

4. Significant Accounting Policies

The Financial Information has been prepared in accordance with HKFRSs issued by HKICPA and applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The Financial Information has been prepared under the historical cost convention. The significant accounting policies applied in the preparation of the Financial Information are set out below.

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Target Company operates (the “functional currency”). The financial statements are presented in RMB, which is the Target Company’s functional and presentation currency.

Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their costs amounts less their residual values over the estimated useful lives on a straight-line basis. The principal useful lives are as follows:

Land and buildings	40 years
Furniture and equipment	3 to 5 years

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

Investment properties

Investment properties are buildings held to earn rentals and/or for capital appreciation. An investment property is measured initially at its cost including all direct costs attributable to the property.

After initial recognition, the investment property is stated at cost less accumulated depreciation and impairment losses. The depreciation is calculated using the straight line method to allocate the cost to the residual value over its estimated useful life of 35 years.

Operating leases

The Group as lessor

Leases that do not substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Target Company becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Target Company transfers substantially all the risks and rewards of ownership of the assets; or the Target Company neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Target Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowances is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in profit or loss.

Impairment losses are reversed in subsequent periods and recognised in profit or loss when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Target Company's cash management are also included as a component of cash and cash equivalents.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Target Company after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Target Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Target Company and the amount of revenue can be measured reliably.

Rental income is recognised on a straight-line basis over the lease term; and

Interest income is recognised on a time-proportion basis using the effective interest method.

Employee benefits***(a) Employee leave entitlements***

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged in profit or loss represents contributions payable by the Group to the funds.

(c) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Target Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Target Company intends to settle its current tax assets and liabilities on a net basis.

Related parties

A related party is a person or entity that is related to the Target Company.

- (A) A person or a close member of that person's family is related to the Target Company if that person:
 - (i) has control or joint control over the Target Company;
 - (ii) has significant influence over the Target Company; or
 - (iii) is a member of the key management personnel of the Target Company or of a parent of the Target Company.
- (B) An entity is related to the Target Company if any of the following conditions applies:
 - (i) The entity and the Target Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.

- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Target Company or an entity related to the Target Company. If the Target Company is itself such a plan, the sponsoring employers are also related to the Target Company.
- (vi) The entity is controlled or jointly controlled by a person identified in (A).
- (vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to a parent of the Company.

Impairment of assets

At the end of each reporting period, the Target Company reviews the carrying amounts of its assets except receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Target Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Target Company has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

Events after the reporting period

Events after the reporting period that provide additional information about the Target Company's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial information. Events after the reporting period that are not adjusting events are disclosed in the notes to the Financial Information when material.

5. Critical Judgements and Key Estimates

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors of the Target Company have made the following judgements that have the most significant effect on the amounts recognised in the Financial Information.

Going concern basis

The financial information has been prepared on a going concern basis, the validity of which depends upon the financial support of the controlling shareholder at a level sufficient to finance the working capital requirements of the Target Company. Details are explained in note 2 to the Financial Information.

Gain on waiver of due to holding company

The directors of the Target Company considered that according to paragraph 88 of HKAS 1 (Revised), an entity shall recognize all items of income and expense in a period in profit or loss unless an HKFRS requires or permits otherwise. Accordingly, gains on waiver of due to holding company amounting to RMB22,118,603, RMB17,300,000, RMB18,000,000 and RMB8,000,000 have been recognized in the profit or loss during the years ended 31 March 2013, 2014, 2015 and nine months ended 31 December 2015 respectively.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Property, plant and equipment, investment properties and depreciation

The Group determines the estimated useful lives, residual values and related depreciation charges for its property, plant and equipment and investment properties. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment and investment properties of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned.

(b) Impairment loss for bad and doubtful debts

The Company makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed.

6. Financial Risk Management

The Target Company's activities expose it to a variety of financial risks: credit risk and liquidity risk. The Target Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Target Company's financial performance.

(a) Credit risk

The carrying amount of the bank and cash balances, trade and other receivables included in the statement of financial position represents the Target Company's maximum exposure to credit risk in relation to the Target Company's financial assets.

The credit risk on cash and bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Target Company's credit risk is primarily attributable to its trade receivable which mainly represented rental income receivable. In order to minimise credit risk, the directors of the Target Company have closely monitored credit limits and approvals of the trade debt to ensure that adequate impairment losses are recognised for irrecoverable debts. In this regard, the directors of the Target Company consider that the Target Company's credit risk is significantly reduced.

(b) Liquidity risk

The Target Company's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term. All of the Target Company's financial liabilities are due within one year.

The maturity analysis of the Target Company's financial liabilities is as follows:

	Carrying amount RMB	Contractual cash flows RMB	Less than 1 year RMB
At 31 March 2013			
Accruals	217,325	217,325	217,325
Due to holding company	387,474,222	387,474,222	387,474,222
Due to intermediate holding Company	7,024,500	7,024,500	7,024,500
Due to fellow subsidiaries	<u>62,069,139</u>	<u>62,069,139</u>	<u>62,069,139</u>
	<u>456,785,186</u>	<u>456,785,186</u>	<u>456,785,186</u>
At 31 March 2014			
Accruals	231,874	231,874	231,874
Due to holding company	343,709,067	343,709,067	343,709,067
Due to intermediate holding Company	7,024,500	7,024,500	7,024,500
Due to fellow subsidiaries	<u>8,836,500</u>	<u>8,836,500</u>	<u>8,836,500</u>
	<u>359,801,941</u>	<u>359,801,941</u>	<u>359,801,941</u>
At 31 March 2015			
Accruals	232,124	232,124	232,124
Due to holding company	334,544,952	334,544,952	334,544,952
Due to intermediate holding Company	<u>7,024,500</u>	<u>7,024,500</u>	<u>7,024,500</u>
	<u>341,801,576</u>	<u>341,801,576</u>	<u>341,801,576</u>
At 31 December 2015			
Accruals	208,124	208,124	208,124
Due to holding company	326,544,952	326,544,952	326,544,952
Due to intermediate holding Company	<u>7,024,500</u>	<u>7,024,500</u>	<u>7,024,500</u>
	<u>333,777,576</u>	<u>333,777,576</u>	<u>333,777,576</u>

(c) Categories of financial instruments

	Year ended 31 March			Nine months ended
	2013	2014	2015	31 December
	RMB	RMB	RMB	RMB
Financial assets:				
Loans and receivables (including cash and cash equivalents)	<u>109,358,488</u>	<u>37,098,824</u>	<u>45,614,407</u>	<u>49,438,492</u>
Financial liabilities:				
Financial liabilities at amortised cost	<u>456,785,186</u>	<u>359,801,941</u>	<u>341,801,576</u>	<u>333,777,576</u>

(d) Fair values

The carrying amounts of the Target Company's financial assets and financial liabilities as reflected in the statements of financial position approximate their respective fair values.

(e) Interest rate risk

As the Group has no significant interest-bearing assets and liabilities, the Group's operating cash flows are substantially independent of changes in market interest rates.

7. Revenue

The Target Company's revenue which represents rental income received for the Relevant Periods are as follows:

	Year ended 31 March			Nine months ended	
	2013	2014	2015	2014	2015
	RMB	RMB	RMB	RMB	RMB
	(Audited)	(Audited)	(Audited)	(Unaudited)	(Audited)
Rental income	<u>2,522,100</u>	<u>9,237,196</u>	<u>10,001,940</u>	<u>7,571,312</u>	<u>4,633,920</u>

8. Other Income

	Year ended 31 March			Nine months ended 31 December	
	2013	2014	2015	2014	2015
	RMB (Audited)	RMB (Audited)	RMB (Audited)	RMB (Unaudited)	RMB (Audited)
Bank interest income	290	3	24	19	10

9. Gain on Waiver of Due to Holding Company

	Year ended 31 March			Nine months ended 31 December	
	2013	2014	2015	2014	2015
	RMB (Audited)	RMB (Audited)	RMB (Audited)	RMB (Unaudited)	RMB (Audited)
Gain on waiver of due to holding company	22,118,603	17,300,000	18,000,000	18,000,000	8,000,000

Pursuant to the agreement signed between the Target Company and its holding Company, certain agreed amounts of current accounts are waived for the years ended 31 March 2013, 2014, 2015 and for the period ended 31 December 2015.

10. Segment Information

The Target Company's operating segment is holding of the properties. Since this is the only operating segment of the Target Company, no further analysis thereof is presented.

The Target Company's operations and operating assets are substantially located in PRC. Accordingly, no geographical segment information is presented.

Revenue from major customers, each of whom accounted for 10% or more of the total revenue is set out as below:

	Year ended 31 March			Nine months ended 31 December	
	2013	2014	2015	2014	2015
	RMB (Audited)	RMB (Audited)	RMB (Audited)	RMB (Unaudited)	RMB (Audited)
Customer A	915,728	1,846,592	-	-	-
Customer B	540,000	2,218,800	2,306,800	1,730,100	966,960
Customer C	370,440	1,502,700	1,503,800	1,127,850	630,360
Customer D	358,991	1,437,508	1,453,904	1,090,428	1,076,973
Customer E	-	*	2,787,600	2,090,700	1,126,080
Customer F	-	*	1,223,444	917,583	*
	2,185,159	7,005,600	9,275,548	6,956,661	3,800,373

* Revenue from these customers did not exceed 10% of total revenue during the year/period.

11. Income Tax Expenses

	Year ended 31 March			Nine months ended 31 December	
	2013	2014	2015	2014	2015
	RMB (Audited)	RMB (Audited)	RMB (Audited)	RMB (Unaudited)	RMB (Audited)
Current tax – the PRC enterprise income tax	–	–	–	–	–

The reconciliation between income tax and the profit/(loss) before tax is as follows:

	Year ended 31 March			Nine months ended 31 December	
	2013	2014	2015	2014	2015
	RMB (Audited)	RMB (Audited)	RMB (Audited)	RMB (Unaudited)	RMB (Audited)
Profit/(loss) before tax	2,036,873	3,499,069	5,294,587	7,534,642	(4,067,935)
National tax on profit before tax calculated at the PRC statutory rate	509,218	874,767	1,323,647	1,883,661	(1,016,984)
Tax effect of tax losses not recognised	5,020,433	3,450,233	3,176,353	2,616,339	3,016,984
Tax effect of non-taxable income	(5,529,651)	(4,325,000)	(4,500,000)	(4,500,000)	(2,000,000)
Tax charge at the Target Company's effective rate	–	–	–	–	–

12. Profit/(loss) for the Year

The Target Company's profit/(loss) for the Relevant Periods is stated after charging the following:

	Year ended 31 March			Nine months ended 31 December	
	2013	2014	2015	2014	2015
	RMB (Audited)	RMB (Audited)	RMB (Audited)	RMB (Unaudited)	RMB (Audited)
Auditor's remuneration	–	–	–	–	–
Amortisation of prepaid land lease	422,291	422,291	422,291	316,717	316,717
Depreciation- property, plant and equipment	15,451,073	15,439,758	15,436,608	11,577,456	11,577,456
Depreciation- investment properties	5,362,463	5,362,463	5,362,462	4,021,846	4,021,846
Directors' emoluments	–	–	–	–	–
Staff costs	253,550	440,150	533,280	261,120	253,900

13. Earnings per Share

Earnings per share have not been presented as its inclusion is not considered meaningful for the purpose of the Financial Information.

14. Dividends

The directors of the Target Company do not recommend the payment of any dividend in respect of the Relevant periods.

15. Property, Plant and Equipment

	Buildings <i>RMB</i>	Furniture and equipment <i>RMB</i>	Total <i>RMB</i>
Cost			
At 1 April 2012	586,678,316	145,549	586,823,865
Addition for the year	—	—	—
At 31 March 2013 and 1 April 2013	586,678,316	145,549	586,823,865
Addition for the year	—	—	—
At 31 March 2014 and 1 April 2014	586,678,316	145,549	586,823,865
Addition for the year	—	—	—
At 31 March 2015 and 1 April 2015	586,678,316	145,549	586,823,865
Addition for the period	—	—	—
At 31 December 2015	<u>586,678,316</u>	<u>145,549</u>	<u>586,823,865</u>

	Buildings <i>RMB</i>	Furniture and equipment <i>RMB</i>	Total <i>RMB</i>
Accumulated depreciation			
At 1 April 2012	85,158,982	127,934	85,286,916
Charge for the year	<u>15,436,608</u>	<u>14,465</u>	<u>15,451,073</u>
At 31 March 2013 and 1 April 2013	100,595,590	142,399	100,737,989
Charge for the year	<u>15,436,608</u>	<u>3,150</u>	<u>15,439,758</u>
At 31 March 2014 and 1 April 2014	116,032,198	145,549	116,177,747
Charge for the year	<u>15,436,608</u>	<u>–</u>	<u>15,436,608</u>
At 31 March 2015 and 1 April 2015	131,468,806	145,549	131,614,355
Charge for the period	<u>11,557,456</u>	<u>–</u>	<u>11,577,456</u>
At 31 December 2015	<u>143,046,262</u>	<u>145,549</u>	<u>143,191,811</u>
Carrying amounts			
At 31 December 2015	<u>443,632,054</u>	<u>–</u>	<u>443,632,054</u>
At 31 March 2015	<u>455,209,510</u>	<u>–</u>	<u>455,209,510</u>
At 31 March 2014	<u>470,646,118</u>	<u>–</u>	<u>470,646,118</u>
At 31 March 2013	<u>486,082,726</u>	<u>3,150</u>	<u>486,085,876</u>

At 31 March 2013, 2014, 2015 and 31 December 2015, all buildings of the Target Company were pledged to secure banking facilities granted to a related company.

16. Investment Properties

	Total RMB
Cost	
At 1 April 2012	191,555,833
Addition for the year	<u>—</u>
At 31 March 2013 and 1 April 2013	191,555,833
Addition for the year	<u>—</u>
At 31 March 2014 and 1 April 2014	191,555,833
Addition for the year	<u>—</u>
At 31 March 2015 and 1 April 2015	191,555,833
Addition for the period	<u>—</u>
At 31 December 2015	<u>191,555,833</u>
Accumulated depreciation	
At 1 April 2012	2,955,324
Charge for the year	<u>5,362,463</u>
At 31 March 2013 and 1 April 2013	8,317,787
Charge for the year	<u>5,362,463</u>
At 31 March 2014 and 1 April 2014	13,680,250
Charge for the year	<u>5,362,463</u>
At 31 March 2015 and 1 April 2015	19,042,713
Charge for the period	<u>4,021,846</u>
At 31 December 2015	<u>23,064,559</u>
Carrying amounts	
At 31 December 2015	<u>168,491,274</u>
At 31 March 2015	<u>172,513,120</u>
At 31 March 2014	<u>177,875,583</u>
At 31 March 2013	<u>183,238,046</u>

At 31 March 2013, 2014, 2015 and 31 December 2015, the fair values of investment properties were approximately RMB165,599,000, RMB192,383,464, RMB199,865,537 and RMB197,184,306 respectively. The fair value of the investment properties was valued by 上海天瑞資產評估有限公司, an independent qualified professional valuers.

At 31 March 2013, 2014, 2015 and 31 December 2015, the carrying amounts of investment properties of approximately RMB183,238,046, RMB177,875,584, RMB172,513,121, and RMB168,491,274 respectively were secured for bank facilities granted to a related company.

17. Prepaid Land Lease Payments

	As at 31 March			As at
	2013	2014	2015	31 December
	RMB	RMB	RMB	RMB
Analysed for the reporting purposes as:				
Non-current assets	16,594,747	16,172,456	15,750,165	15,433,448
Current assets	<u>422,291</u>	<u>422,291</u>	<u>422,291</u>	<u>422,291</u>
	<u>17,017,038</u>	<u>16,594,747</u>	<u>16,172,456</u>	<u>15,855,739</u>

The Target Company has pledged prepaid land lease payments having a carrying amount to secure for general banking facilities granted to the related company as at 31 March 2013, 2014, 2015 and 31 December 2015.

18. Trade and Other Receivables

	As at 31 March			As at
	2013	2014	2015	31 December
	RMB	RMB	RMB	RMB
Trade receivables	692,820	733,296	722,364	–
Other receivables	<u>26,451,666</u>	<u>26,451,666</u>	<u>486,368</u>	<u>486,368</u>
	<u>27,144,486</u>	<u>27,184,962</u>	<u>1,208,732</u>	<u>486,368</u>

As at 31 March 2013 and 2014, an amount of RMB25,965,298 included in other receivables represents the amount receivable from disposals of plant and machinery. The amount was received by a fellow subsidiary on behalf of the Company for the year ended 31 March 2015.

The Target Company's trading terms with its customers are mainly on credit 30 days.

An ageing analysis of trade receivables, based on the invoice date, are as follows:

	As at 31 March			As at
	2013	2014	2015	31 December
	RMB	RMB	RMB	2015
Less than 30 days	<u>692,820</u>	<u>733,296</u>	<u>722,364</u>	<u>–</u>
	<u>692,820</u>	<u>733,296</u>	<u>722,364</u>	<u>–</u>

19. Due from/(to) Fellow Subsidiaries/intermediate holding Company/holding Company

	As at 31 March			As at
	2013	2014	2015	31 December
	RMB	RMB	RMB	2015
Due from fellow subsidiaries				
廣西美通食品工業有限公司	50,186,059	615	–	–
上海東偉餐飲服務有限公司	30,001,379	–	–	–
上海多鮮樂食品工業有限公司	222,155	–	–	–
慎華實業(上海)有限公司	<u>1,756,400</u>	<u>9,868,413</u>	<u>44,350,401</u>	<u>48,938,632</u>
	<u>82,165,993</u>	<u>9,869,028</u>	<u>44,350,401</u>	<u>48,938,632</u>
Due to holding company				
廣西美通食品有限公司	<u>387,474,222</u>	<u>343,709,067</u>	<u>334,544,952</u>	<u>326,544,952</u>
Due to intermediate holding Company				
創輝投資有限公司	<u>7,024,500</u>	<u>7,024,500</u>	<u>7,024,500</u>	<u>7,024,500</u>
Due to fellow subsidiaries				
盛貿(上海)食品有限公司	8,836,500	8,836,500	–	–
多鮮樂(青島)餐飲管理有限公司	<u>53,232,639</u>	<u>–</u>	<u>–</u>	<u>–</u>
	<u>62,069,139</u>	<u>8,836,500</u>	<u>–</u>	<u>–</u>

Maximum amount outstanding during the year/period

	As at 31 March			As at
	2013	2014	2015	31 December
	RMB	RMB	RMB	2015
Due from fellow subsidiaries				
廣西美通食品工業有限公司	50,186,059	50,186,059	615	–
上海東偉餐飲服務有限公司	30,001,379	30,001,379	–	–
上海多鮮樂食品工業有限公司	222,155	222,155	–	–
慎華實業(上海)有限公司	<u>1,756,400</u>	<u>9,868,413</u>	<u>44,350,401</u>	<u>48,938,632</u>

The above balances are unsecured, non-interest bearing and have no fixed repayment terms.

20. Share Capital

	As at 31 March			As at
	2013	2014	2015	31 December
	RMB	RMB	RMB	2015
Registered, issued and fully paid:	<u>194,306,320</u>	<u>194,306,320</u>	<u>194,306,320</u>	<u>194,306,320</u>

Capital Management

The Target Company's objectives when managing capital are to safeguard the Target Company's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance. The Target Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions.

The Target Company monitors its capital structure on the basis of liability-to-asset ratio, which is calculated by dividing total liabilities by total assets. The liability-to-asset ratios of the Target Company as of 31 March 2013, 2014, 2015 and 31 December 2015 are 57%, 51%, 50%, and 49% respectively. The major capital source of the Target Company was mainly came from advances from holding company as disclosed in note 19.

21. Operating Lease Commitments**(a) As lessor**

At the end of each reporting period, the total future minimum lease income under non-cancellable operating leases of the Target Company are receivable as follows:

	As at 31 March			As at
	2013	2014	2015	31 December
	RMB	RMB	RMB	RMB
Within one year	7,334,956	7,782,817	7,841,008	1,435,964
In the second to fifth years inclusive	<u>1,076,973</u>	<u>706,836</u>	<u>1,076,973</u>	<u>–</u>
	<u>8,411,929</u>	<u>8,489,653</u>	<u>8,917,981</u>	<u>1,435,964</u>

22. Contingent Liabilities

As at 31 March 2013, 2014, 2015 and 31 December 2015, the Target Company did not have any significant contingent liabilities.

23. Related Party Transactions

Other than the balances with related parties as disclosed elsewhere in the Financial Information, the Target Company did not enter into any other significant related party transactions during the Relevant Periods.

Compensation to key management personnel

The directors of the Target Company consider that they are the only key management personnel of the Target Company. No emolument was paid or payable to the directors of the Target Company during the Relevant Periods.

24. Subsequent Financial Statements

No audited financial statements have been prepared by the Target Company in respect of any period subsequent to 31 December 2015.

Yours faithfully,

ZHONGHUI ANDA CPA Limited

Certified Public Accountants

Sze Lin Tang

Practising Certificate Number P03614

Hong Kong

A. SET OUT BELOW IS THE MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP EXTRACTED FROM PAGES 4 TO 5 OF THE 2015 ANNUAL REPORT OF THE COMPANY

1. Business review

For the year ended 31 March 2015, the Group continued to engage in the provision of catering services and production and sale of convenience food products and related business in the PRC.

During the year, through the fast expansion of the existing convenience food business, the convenience food business had achieved significant growth in turnover. The sales network was enhanced, which resulted in increased market share in the market.

During the year, as the market size of provision of catering services in China was downsizing due to the continuous increase in food raw material costs, rent and labor costs, the Group ceased its catering services business and focus on the trading of convenience food products.

2. Results and appropriations

Revenue

The turnover of the Group's continuing operation was approximately RMB911.29 million (2014: approximately RMB178.98 million), representing a significant increase of approximately 409.15% from the last financial year. The increment was mainly due to the fast expansion of the existing convenience food business and the increase in the number of customers in various cities. The sales network was enhanced, which resulted in increased market share in the market.

The turnover of the catering services sharp decreased from RMB54.53 million to RMB1.67 million for the year due to termination of catering sites under the keen competition of the catering services business. The catering services are classified as discontinued business and the related financial information are disclosed in note 11.

The results of the Group for the year ended 31 March 2015 are set out in the Group's consolidated statement of profit or loss and other comprehensive income.

Gross Profit

Gross profit of the Group increased from approximately RMB51.09 million, which consists of RMB26.96 million from continuing operation and RMB24.13 million from discontinued operation, to approximately RMB67.73 million, which consists of RMB66.52 million from continuing operation and RMB1.21 million from discontinued

operation, in 2015 due to the increment in turnover of trading of convenience food products. Whereas, the gross profit margin for the current year decreased from 21.88% to 7.42%.

Other operating expenses

Other operating expenses of the Group were approximately RMB2.74 million, which consists of RMB2.74 million from continuing operation and RMB8,000 from discontinued operations (2014: approximately RMB28.74 million, which consists of RMB26.61 million from continuing operation and RMB2.13 million from discontinued operation), representing a decrease of approximately 90.47%. The decrement was mainly due to professional fees of approximately RMB22.89 million incurred by Reorganisation and Restructuring of the Group in last financial year.

Profit for the year attributable to owners of the Company

The profit for the period attributable to owners of the Company amounted to approximately RMB43.57 million for the year ended 31 March 2015 (2014: approximately RMB806.54 million). Basic earnings per share were approximately RMB11 cents as compared with approximately RMB299 cents for the preceding year.

3. Liquidity, financial resources and funding

The Group's financial position had been significantly improved. Bank and cash balances as at 31 March 2015 was approximately RMB130.33 million (2014: approximately RMB80.70 million). The Group's debt-to-equity ratio measured on the basis of the Group's total liabilities of approximately RMB480.13 million (2014: approximately RMB55.68 million) to the total equity of approximately RMB115.76 million (2014: approximately RMB75.23 million) is 4.15 (2014: 0.74).

4. Employment

As at 31 March 2015, the Group had 70 (2014: 550) full-time employees, most of whom were working in the Company's subsidiaries in the PRC. During the year under review, the total employees' costs including Directors' remuneration were approximately RMB4,946,000, which consists of RMB4,517,000 from continuing operation and RMB429,000 from discontinued operation (2014: RMB17,876,000, which consists of RMB7,267,000 from continuing operation and RMB10,609,000 from discontinued operation). It is the Group's policy that remuneration of the employees is in line with the market and commensurate with the level of pay for similar responsibilities within the industry. Discretionary year end bonuses are payable to the employees based on individual performance. Other benefits to the employees included medical insurance, retirement schemes, training programs and education subsidies.

5. Charges on group's assets

As at 31 March 2015, there were no charges on the Group's assets.

6. CAPITAL AND OTHER COMMITMENTS

The Group had no any capital commitment as at 31 March 2015 (2014: Nil).

7. Contingent liabilities

The Group had no any contingent liabilities as at 31 March 2015 (2014: Nil).

B. SET OUT BELOW IS THE MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET.

This discussion of the financial condition and results of operations of the Target is based upon and should be read in conjunction with the Accountant's Report of the Target set out in Appendix II to this circular.

Set out below is the management discussion and analysis of the Target for the years ended 31 March 2013, 2014 and 2015 and nine months ended 31 December 2015 which is based on detailed financial information of the Target as set out in the accountants' report in Appendix II to this circular.

Business review

The Target is a company incorporated in the People's Republic of China (the "PRC") with limited liability on 28 December 2006. The principal activities of the Target are food processing business and holding of the properties. The address of its registered office and principal place of business are 無錫國家高新技術產業開發區100號地塊 (No. 100 lot, Lijiang Road, Wuxi New District, Jiangsu Province, China*).

Financial Review

This discussion of the financial condition and results of operations of the Target is based upon and should be read in conjunction with the Accountant's Report set out in Appendix II to this circular.

* for identification purpose only

Nine months ended 31 December 2014 compared with nine months ended 31 December 2015*Administrative and operating expenses*

Administrative and operating expenses slightly decreased by approximately RMB1.34 million, or approximately 7.43%, from approximately RMB18.04 million for the nine months ended 31 December 2014 to approximately RMB16.70 million for the nine months ended 31 December 2015.

Profit/ (loss) for the period

For the nine months ended 31 December 2015, loss for the period decreased to approximately RMB4.07 million from a profit of approximately RMB7.53 million for the nine months ended 31 December 2014, representing a significant decrease of 154.0%. The decrease in profit was primarily due to the waiver given by the holding company of RMB8 million.

Financial Year ended 31 March 2015 compared with Financial Year ended 31 March 2014*Revenue*

Revenue increased to RMB10 million by approximately RMB0.76 million, or approximately 8.23%. The increase was primarily due to the slightly increased in price of the rental income.

Administrative and operating expenses

Administrative and operating expenses decreased by approximately RMB0.33 million, or approximately 1.43%, from approximately RMB23.04 million for the year ended 31 March 2014 to approximately RMB22.71 million for the year ended 31 March 2015. No significant changes for the year.

Profit for the year

Profit for the year increased by approximately RMB1.79 million, or approximately 51.14% from approximately RMB3.50 million for the year ended 31 March 2014 to approximately RMB5.29 million for the year ended 31 March 2015. The increase in profit was primarily due to (i) increase of revenue by approximately RMB0.76 million; and (ii) increase in waiver given by the holding company by approximately RMB0.7 million from approximately RMB17.3 million for the year ended 31 March 2014 to approximately RMB18 million for the year ended 31 March 2015.

Financial Year ended 31 March 2014 compared with Financial Year ended 31 March 2013*Revenue*

The Target generated approximately RMB9.24 million revenue for the year ended 31 March 2014, representing an increase of approximately 266.67% compare to the year ended 31 March 2013 of approximately RMB2.52 million. This increase was primarily due to the increase of the rental income.

Administrative and operating expenses

Administrative and operating expenses increased by approximately RMB0.44 million, or approximately 1.95%, from approximately RMB22.6 million for the year ended 31 March 2013 to approximately RMB23.04 million for the year ended 31 March 2014. No significant changes for the year.

Profit for the year

Increase in the profit by approximately RMB1.46 million, or approximately 71.57%, from a profit of approximately RMB2.04 million for the year ended 31 March 2013 to approximately RMB3.5 million for the year ended 31 March 2014. The increase in profit was primarily due to increase in the rental income generated for the year ended 31 March 2014.

Liquidity and Financial Resources and capital structure

As at 31 March 2014, the Target's current liabilities amounted to approximately RMB359.80 million, which mainly comprised amount due to holding company; which represented decrease of approximately RMB96.99 million or 21.23% as compared to approximately RMB456.79 million as at 31 March 2013. As at 31 March 2015, the Target's current liabilities amounted to approximately RMB341.80 million, which mainly comprised amount due to holding company; which represented decrease of approximately RMB18.0 million or 5.00% as compared to approximately RMB359.8 million as at 31 March 2014. As at 31 December 2015, the Target's current liabilities amounted to approximately RMB333.78 million, which represented decrease of approximately RMB8.02 million or 2.35%. This decrease was primarily due to the waiver given by the holding company. As at 31 March 2013, 2014, 2015 and 31 December 2015, the cash and bank balance amounted to approximately RMB48,000, RMB45,000, RMB55,000 and RMB13,000. The amounts of all cash and cash equivalents held by Target are denominated in RMB.

The Target primarily finances its operation from its shareholder. The Target adopts a prudent funding and treasury policy towards its overall business operation with an aim to minimize financial risks.

As at 31 March 2013, 2014 and 2015 and 31 December 2015, the issued and fully paid share capital of the Target was USD25,000,000, equivalent to RMB194,306,320. There was no material change in the capital structure of the Target. As at 31 March 2013, 2014 and 2015 and 31 December 2015, the total assets of the Target amounted to approximately RMB795.7 million, RMB702.22 million, RMB689.51 million and RMB677.42 million respectively, the total liabilities of the Target amounted to approximately RMB456.79 million, RMB359.80 million, RMB341.80 million and RMB333.78 million respectively, and the total equity attributable to owners of the Target amounted to approximately RMB338.91 million, RMB342.41 million, RMB347.71 million and RMB343.64 million respectively.

Segment Information

The operation of the Target represents a single operating and reportable segment, which is the properties holding. As such, there is no segment information available for the three years ended 31 March 2013, 2014 and 2015 and nine months ended 31 December 2015.

Foreign exchange exposure

As majority of transactions, recognised assets and liabilities of the Target are denominated in RMB, there is no significant exposure to foreign currency exchange risks. The Target had not entered into any foreign currency exchange forward contracts for hedging purposes for the three years ended 31 March 2013, 2014 and 2015 and nine months ended 31 December 2015.

Amount with related party transaction

As at 31 March 2013, 2014, 2015 and 31 December 2015, amount due from fellow subsidiaries by the Target amounted to approximately RMB82.17 million, RMB9.87 million, RMB44.35 million and RMB48.94 million. As at 31 March 2013, 2014, 2015 and 31 December 2015, amount due to holding company by the Target amounted to approximately RMB387.47 million, RMB343.71 million, RMB334.54 million and RMB326.54 million. As at 31 March 2013 and 2014, amount due to fellow subsidiaries by the Target amounted to approximately RMB62.07 million and RMB8.84 million. As at 31 March 2013, 2014, 2015 and 31 December 2015, amount due to intermediate holding company by the Target amounted to approximately RMB7.02 million. The balances were unsecured, interest-free and have no fixed terms of repayment. Saved as disclosed aforesaid, no related party transaction was entered into by the Target from the year ended 31 March 2013, 2014, 2015 and 31 December 2015.

Pledge of assets

As at 31 March 2013, 2014, 2015 and 31 December 2015, the carrying amounts of land and buildings, investment properties and prepaid land lease payments were secured for bank facilities granted to a related company of the Target.

Contingent Liabilities

As at 31 March 2013, 2014 and 2015 and 31 December 2015, the Target did not have any significant contingent liabilities.

Capital commitments

As at 31 March 2013, 2014 and 2015 and 31 December 2015, the Target did not have any significant capital commitment.

Human Resources

The Target remunerated its employees by reference to their qualification, experience, responsibilities, profitability of the Target and current market conditions. During the year ended 31 March 2013 and 2014, 2015 and for the nine months ended 31 December 2015, the total staff costs, including director's emoluments and director's quarter was approximately RMB0.25 million, RMB0.44 million, RMB0.53 million and RMB0.25 million respectively. Target had 11 employees for the year ended 2013 and 14 employees for the year ended 2014, 2015 and for the nine months ended 31 December 2015. Remuneration packages comprised salaries and defined contribution pension fund. Apart from pension, discretionary bonus will also be granted to certain employees as awards in accordance with individual performance. Target has no share option scheme and training scheme.

Significant investment, material acquisition and disposal

As at 31 March 2013, 2014, 2015 and 31 December 2015, the Target did not have any significant investment, material acquisition and disposal.

Gearing ratio

The Gearing ratio of Target, which is equal to total liabilities over total equity as at 31 March 2013, 2014, 2015 and 31 December 2015, was approximately 134.78%, 105.08%, 98.30% and 97.13% respectively.

Disclosure required under the listing rules

As required under Rule 5.07 of the Listing Rules, the statement below sets forth the reconciliation of the aggregate value of certain properties and land use rights as reflected in the consolidated financial statements as at 31 December 2015 as set out in Appendix II to this circular with the valuation of these property interests as at 29 February 2016 as set out in Appendix V this circular.

	<i>RMB</i>
Net book value of properties as at 31 December 2015	
– Buildings (included in property, plant and equipment)	443,632,054
– Investment properties	168,491,274
– Prepaid land lease payments	<u>15,855,739</u>
	627,979,067
Movements for the period from 31 December 2015 to 29 February 2016	<u>(3,536,894)</u>
Net book value as at 29 February 2016	624,442,173
Net valuation surplus	<u>88,598,397</u>
Market value of properties as at 29 February 2016 as set out in the property valuation report in Appendix V to this circular	<u><u>713,040,570</u></u>

The information set out in this Appendix does not form part of the Accountants' Reports on the Target issued by ZHONGHUI ANDA CPA Limited, the Company's reporting accountants, as set out in "Appendix II – Accountant's Report of the Target" and is included herein for information only. The unaudited pro forma financial information should be read in conjunction with "Financial Information of the Group" set out in Appendix I and the Accountants' Report of the Target set out in "Appendix II – Accountant's Report of the Target".

**(A) UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED
GROUP**

Introduction to the Unaudited Pro Forma Financial Information of the Enlarged Group

Capitalised terms used herein shall have the same meanings as those defined in this Circular, unless the context requires otherwise.

The accompanying unaudited pro forma financial information of the Enlarged Group has been prepared to illustrate the effect of the proposed acquisition of the 100% equity interest in Wuxi Meitong Food Technology Company Limited (the "Acquisitions") might have affected the financial information of the Group.

The unaudited pro forma consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows of the Enlarged Group for the year ended 31 March 2015 are prepared based on the audited consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows of the Group for the year ended 31 March 2015 as extracted from the annual report of the Company for the year ended 31 March 2015 and the audited statement of profit or loss and other comprehensive income and statement of cash flows of the Target Company for the year ended 31 March 2015 as extracted from the accountants' report set out in Appendix II to this circular as if the Acquisitions had been completed on 1 April 2014.

The unaudited pro forma consolidated statement of financial position of the Enlarged Group as at 30 September 2015 is prepared based on the unaudited condensed consolidated statement of financial position of the Group as at 30 September 2015 as extracted from the Company's interim Report for the six months ended 30 September 2015 and the audited statement of financial position of the Target Company as at 31 December 2015 as extracted from the accountants' report set out in Appendix II to this circular as if the Acquisitions had been completed on 30 September 2015.

The unaudited pro forma financial information of the Enlarged Group is prepared based on a number of assumptions, estimates, uncertainties and currently available information, and is provided for illustrative purposes only. Accordingly, as a result of the nature of the unaudited pro forma financial information of the Enlarged Group, it may not give a true picture of the actual financial position, results of operation or cash flows of the Enlarged Group that would have been attained had the Acquisitions actually occurred on the dates indicated herein. Furthermore, the unaudited pro forma financial information of the Enlarged Group does not purport to predict the Enlarged Group's future financial position, results of operation or cash flows.

The unaudited pro forma financial information of the Enlarged Group should be read in conjunction with the financial information of the Group as set out in Appendix I, the financial information of the Target Company as set out in Appendix II and other financial information included elsewhere in this circular.

A. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL
POSITION OF THE ENLARGED GROUP

	Unaudited condensed consolidated statement of financial position of the Group as at 30 September 2015 RMB'000 Note 1	Audited statement of financial position of the Target Company as at 31 December 2015 RMB'000 Note 2	Sub-total RMB'000	Pro forma adjustments	Pro forma adjustments	Pro forma adjustments	Pro forma adjustments	Pro forma adjustments	Unaudited pro forma consolidated statement of financial position of the Enlarged Group as at 30 September 2015 RMB'000
				Issuance of new Shares by the Company RMB'000 Note 3	Acquisition of Target Company RMB'000 Note 4i	Acquisition of Target Company RMB'000 Note 4ii	Acquisition of Target Company RMB'000 Note 4iii	Transaction cost related to The Acquisitions RMB'000 Note 5	
NON-CURRENT ASSETS									
Property, plant and equipment	711	443,632	444,343		156,813	88,116		2,000	691,272
Prepaid land lease payments	-	15,433	15,433		11,679	3,979			31,091
Investment properties	-	168,492	168,492		(168,492)				-
Total non-current assets	711	627,557	628,268		-	92,095	-	2,000	722,363
CURRENT ASSETS									
Inventories	112,178	-	112,178						112,178
Trade receivables	160,733	-	160,733						160,733
Prepayments, deposits and other receivables	149,569	486	150,055						150,055
Prepaid land lease payments		422	422						422
Pledged bank deposits	280,000	-	280,000						280,000
Due from related parties		48,939	48,939			7,182	(7,182)		48,939
Bank and cash balances	62,835	13	62,848	281,398		(315,997)		(2,000)	26,249
Total current assets	765,315	49,860	815,175	281,398	-	308,815	(7,182)	(2,000)	778,576
CURRENT LIABILITIES									
Trade payables	180,773	-	180,773						180,773
Accruals and other payables	113,420	208	113,628	-					113,628
Consideration payable	-	-	-			78,999			78,999
Due to intermediate holding company		7,024	7,024		(7,024)				-
Due to holding company		326,545	326,545		(326,545)				-
Tax payable	12,225	-	12,225						12,225
Bank borrowings	218,000	-	218,000						218,000
Total current liabilities	524,418	333,777	858,195	-	(333,569)	78,999	-	-	603,625
NET CURRENT ASSETS/ (LIABILITIES)	240,897	(283,917)	(43,020)	281,398	333,569	(387,814)	(7,182)	(2,000)	174,951
TOTAL ASSETS LESS CURRENT LIABILITIES	241,608	343,640	585,248	281,398	333,569	(295,719)	(7,182)	-	897,314
NON-CURRENT LIABILITIES									
Due to related parties	-	-	-	-	333,569	47,921	(47,921)	-	333,569
Net assets/(liabilities)	241,608	343,640	585,248	281,398	-	(343,640)	40,739	-	563,745
EQUITY									
Issued capital	4,392	194,306	198,698	4,605		(194,306)			8,997
Reserves	237,053	149,334	386,387	276,793		(149,334)	40,739	-	554,585
Non-controlling interest	163	-	163						163
Total equity	241,608	343,640	585,248	281,398	-	(343,640)	40,739	-	563,745

B. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF THE ENLARGED GROUP

	Audited consolidated statement of profit or loss and other comprehensive income of the Company for the year ended 31 March 2015 RMB'000 Note 1	Audited statement of profit or loss and other comprehensive income of the Target Company for the year ended 31 March 2015 RMB'000 Note 2	Sub-total RMB'000	Transaction cost related to the Acquisitions RMB'000 Note 4iii	The Enlarged Group for the year ended 31 March 2015 RMB'000
Revenue	911,286	10,002	921,288	-	921,288
Cost of sales	(844,763)	-	(844,763)	-	(844,763)
Gross profit	66,523	10,002	76,525	-	76,525
Other income and gains	64	-	64	-	64
Administrative expenses	(9,853)	(22,707)	(32,560)	-	(32,560)
Fair value gain on the acquisition	-	-	-	40,739	40,739
Gain on waiver of due to holding company	-	18,000	18,000	-	18,000
Finance costs	(2,006)	-	(2,006)	-	(2,006)
PROFIT BEFORE TAX	54,728	5,295	60,023	40,739	100,762
Income tax expense	(10,745)	-	(10,745)	-	(10,745)
PROFIT FOR THE YEAR	43,983	5,295	49,278	40,739	90,017
Loss for the year from discontinued operation	(422)	-	(422)	-	(422)
	43,561	5,295	48,856	40,739	89,595
Other comprehensive income					
Exchange difference arising on translation of foreign operations	(2,401)	-	(2,401)	-	(2,401)
Total comprehensive income for the year attributable to equity holders of the Company	41,160	5,295	46,455	40,739	87,194

C. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS
OF THE ENLARGED GROUP

	Audited consolidated statement of cash flows of the Group for the year ended 31 March 2015 RMB'000 Note 1	Audited statement of cash flows of Target Company for the year ended 31 March 2015 RMB'000 Note 2	Sub-total RMB'000	Pro forma adjustments RMB'000 Note 4&5	Unaudited pro forma consolidated statement of cash flows of the Enlarged Group for the year ended 31 March 2015 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax					
From continuing operation	54,728	5,295	60,023	40,739	100,762
From discontinued operation	1,039	–	1,039		1,039
Adjustments for:					
Bank interest income	(64)	–	(64)		(64)
Gain on waiver of due to holding company		(18,000)	(18,000)		(18,000)
Depreciation and amortisation	3,857	21,221	25,078		25,078
Fair value gain on the acquisition				(40,739)	(40,739)
Gain on disposal of property, plant and equipment	(3,490)	–	(3,490)		(3,490)
Loss on disposal of subsidiaries	123	–	123		123
	56,193	8,516	64,709		64,709
Change in inventories	(6,558)	–	(6,558)		(6,558)
Change in trade receivable	(146,837)	–	(146,837)		(146,837)
Change in prepayments, deposits and other receivables	(60,645)	11	(60,634)		(60,634)
Change in trade payables	325,992	–	325,992		325,992
Change in accruals and other payables	64,063	–	64,063		64,063
Cash received from operations	232,208	8,527	240,735		240,735
Interest received	–	–	–		–
Income tax paid	(5,095)	–	(5,095)		(5,095)
Net cash flows generated from operating activities	227,113	8,527	235,640		235,640

APPENDIX IV
**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE ENLARGED GROUP**

	Audited consolidated statement of cash flows of the Group for the year ended 31 March 2015 RMB'000 Note 1	Audited statement of cash flows of Target Company for the year ended 31 March 2015 RMB'000 Note 2	Sub-total RMB'000	Pro forma adjustments RMB'000 Note 4&5	Unaudited pro forma consolidated statement of cash flows of the Enlarged Group for the year ended 31 March 2015 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Change in pledged bank deposits	(210,000)	-	(210,000)		(210,000)
Purchase of property, plant and equipment	(76)	-	(76)	(2,000)	(2,076)
Proceeds from disposals of property, plant and equipment	7,200	-	7,200		7,200
Investment in the Target Company	-	-	-	(315,952)	(315,952)
Interest received	64	-	64		64
	<u>64</u>	<u>-</u>	<u>64</u>	<u>-</u>	<u>64</u>
Net cash flows used in investing activities	<u>(202,812)</u>	<u>-</u>	<u>(202,812)</u>	<u>(317,952)</u>	<u>(520,764)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Bank loans raised	102,690	-	102,690		102,690
Repayment of bank loans	(74,960)	-	(74,960)		(74,960)
Change in balances with fellow subsidiaries	-	(8,517)	(8,517)		(8,517)
Issue of shares	-	-	-	281,398	281,398
	<u>-</u>	<u>-</u>	<u>-</u>	<u>281,398</u>	<u>281,398</u>
Net cash flows generated from/(used in) financing activities	<u>27,730</u>	<u>(8,517)</u>	<u>19,213</u>	<u>281,398</u>	<u>300,611</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS					
Cash and cash equivalents at beginning of period/year	52,031	10	52,041		15,487
Effect of foreign exchange rate changes, net	80,700	45	80,745	(45)	80,700
	<u>(2,402)</u>	<u>-</u>	<u>(2,402)</u>	<u>-</u>	<u>(2,402)</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD/YEAR	<u>130,329</u>	<u>55</u>	<u>130,384</u>	<u>(45)</u>	<u>93,785</u>

**D. NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF
THE ENLARGED GROUP**

- 1) For the preparation of unaudited pro forma consolidated statement of financial position, the amounts are extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 September 2015 in the Company's interim report for the six months ended 30 September 2015, whereas for the preparation of unaudited pro forma consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows, the amounts are extracted from the audited consolidated financial statements of the Group for the year ended 31 March 2015, which are set out in Appendix I to this Circular.
- 2) The amounts are extracted from the Accountants' Report on the Target Group as set out in Appendix II to this Circular.
- 3) The adjustments represent the two placement of shares with total issued of Placing Shares 557,700,000 Placing Shares, pursuant to which the Company's share capital will be increased by approximately HK\$5,578,000 (equivalent to approximately RMB4,605,000) and its share premium account will be increased by approximately HK\$335,304,000 (equivalent to approximately RMB276,793,000). The details of the placements are shown as follows:
 - (i) On 30 November 2015, Placing Shares of 107,260,000 at the Placing Price of HK\$0.91 each were issued for cash by the Company, pursuant to which the Company's share capital was increased by approximately HK\$1,073,000 (equivalent to approximately RMB886,000) and its share premium account was increased by approximately HK\$96,534,000 (equivalent to approximately RMB79,689,000).
 - (ii) On 14 March 2016, the Company entered into another Placing Shares and Subscription Shares of 450,510,000 at the Placing Price and Subscription Price of HK\$0.54 each will be issued for cash by the Company, pursuant to which the Company's share capital will be increased by approximately HK\$4,505,000 (equivalent to approximately RMB3,719,000) and its share premium account will be increased by approximately HK\$238,770,000 (equivalent to approximately RMB197,104,000).

- 4) (i) The adjustment represents the transfer of investment property to property, plant and equipment and prepaid land lease payment upon completion of the Acquisitions due to the changes on the purpose of the usage.

The amounts due to intermediate holding company and holding company will only be entitled on demand and the Target will only be required to repay all or part of the amounts two years after the Pledge has fully discharged.

- (ii) The adjustment represents the elimination of the Target Company's issued share capital and pre acquisition reserve upon completion of the Acquisitions. Pursuant to the sale and purchase agreements dated 23 May 2015 and 23 August 2015 (the "SPA"), the transaction consideration payable for the Acquisitions is RMB394,996,000. The Company as the Purchaser and the Vendor agreed that the transaction consideration shall be settled in cash. According to the supplemental agreement on 25 January 2016, the Company and the Vendor agreed to change the payment terms for Agreements from two payments to three payments. The first payment shall be paid on the date of completion of the Acquisitions. The second payment shall be paid within thirty Business Days after date of completion of the Acquisitions. The third payment shall be paid eighteen months after the date of completion of the Acquisitions. The three payments details are as followed:

	First Agreement	Second Agreement	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
First payment	19,750	118,499	138,249
Second payment	59,249	118,499	177,748
Third payment (shown as consideration payable)	<u>19,750</u>	<u>59,249</u>	<u>78,999</u>
	<u><u>98,749</u></u>	<u><u>296,247</u></u>	<u><u>394,996</u></u>

Details of the supplemental agreement announcement can be referred to announcement dated 25 January 2016. Under Hong Kong Financial Reporting Standards, the Acquisitions was accounted for as an acquisition of assets and liabilities as the Target Company proposed to be acquired by the Company does not constitute a business.

	<i>RMB'000</i>
Transaction consideration	394,996
Less: Net assets being acquired	<u>(343,640)</u>
Allocation to the individual identifiable assets and liabilities	<u>51,356</u>

“On consolidation of the Target Company by the Company, the excess of investment cost in the Target Company over the net assets of the Target Company is RMB51,356,000.

According to paragraph 2(b) of HKFRS 3 (revised), HKFRS 3 (revised) applies to a transaction or other event that meets the definition of a business combination. This HKFRS does not apply to the acquisition of an asset or a group of assets that does not constitute a business. In such cases the acquirer shall identify and recognise the individual identifiable assets acquired and liabilities assumed. The cost of the acquisition shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction or event does not give rise to goodwill.

For the purpose of preparation of this unaudited pro forma consolidated statement of financial position, RMB51,356,000 was allocated in proportion to the fair value of significant assets and liabilities which were property, plant and equipment, prepaid land lease payments, due from related parties and due to holding company as at 31 December 2015, the date assuming that the acquisition had been taken place. There was no other significant assets and liabilities of the Target Company except property, plant and equipment, prepaid land lease payments, due from related parties and due to holding company. Accordingly, property, plant and equipment, prepaid land lease payments, due from related parties and due to holding company were increased by approximately RMB88,116,000, RMB3,979,000, RMB7,182,000 and RMB47,921,000 respectively. The allocation of the significant assets and liabilities is as follows:”

	Significant assets and liabilities of the Target Company RMB'000	Pro forma adjustments Note 4i RMB'000	Significant assets and liabilities after adjustment of the Target Company RMB'000	Allocation amount RMB'000
Assets				
Property, plant and equipment	443,632	156,813	600,445	88,116
Prepaid land lease payments	15,433	11,679	27,112	3,979
Due from related parties	48,939	–	48,939	7,182
Liabilities				
Due to holding company	<u>(326,545)</u>	–	<u>(326,545)</u>	<u>(47,921)</u>
Total	<u>181,459</u>		<u>349,951</u>	<u>51,356</u>

- (iii) According to the Group's accounting policy, the due from related parties and due to holding company are recognized initially at fair value. For the purpose of preparation of this unaudited pro forma consolidated statement of financial position, the fair values of due from related parties and due to holding company were approximately RMB48,939,000 and RMB326,545,000 respectively. As a result, a fair value loss of approximately RMB7,182,000 and a fair value gain of approximately RMB47,921,000 were recognised for due from related parties and due to holding company respectively and assuming the same fair value loss and gain in aggregate of approximately RMB40,739,000 be recorded in this unaudited pro forma consolidated statement of profit or loss and other comprehensive income.
- 5) The adjustment represents expenditures incurred directly to the Acquisitions in relation to the professional fee of approximately RMB2,000,000. The adjustment reflected in the consolidated statement of financial position as a capital expenditures and consolidated statement of cash flows of the Group in the year these expenses actually incurred.
- 6) The translation between HK\$ and RMB had been made at the rate of HK\$1 to RMB0.8255. No representation is made that HK\$ have been, could have been or could be converted to RMB, or vice versa, at that rate or at any other rates or at all.
- 7) Save as set out above, the Unaudited Pro Forma Financial Information does not take into account any trading results or other transactions of the Group and the Target Company subsequent to the date of the financial information as included in the Unaudited Pro Forma Financial Information.

**(B) INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE
COMPILATION OF PRO FORMA FINANCIAL INFORMATION**

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, received from the reporting accountants, ZHONGHUI ANDA CPA Limited, Certified Public Accountants, Hong Kong.



6 May 2016

The Board of Directors
FU JI Food and Catering Services Holdings Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of FU JI Food and Catering Services Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) by the directors of the Company (“the Directors”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 30 September 2015, the pro forma consolidated statement of profit or loss and other comprehensive income and the pro forma consolidated statement of cash flows for the year ended 31 March 2015 (the “Unaudited Pro Forma Financial Information”) and related notes as set out in Appendix IV of the circular issued by the Company (the “Circular”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are set out in Appendix IV of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed acquisition of 100% equity interests in Wuxi Meitong Food Technology Company Limited on the Group’s financial position as at 30 September 2015 as if the proposed acquisition had been taken place on 30 September 2015, and on the Group’s financial performance and cash flows for the year ended 31 March 2015 as if the proposed acquisition had been taken place on 1 April 2014. As part of this process, information about the Group’s financial position has been extracted by the Directors from the Group’s unaudited condensed consolidated interim financial statements as included in the interim report for the six months ended 30 September 2015, on which no review report has been published, the Group’s financial performance and cash flows has been extracted by the directors from the Group’s consolidated financial statements as included in the annual report for the year ended 31 March 2015, on which an audit report has been published.

Directors' Responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 29 of Chapter 4 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" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Hong Kong Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 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.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2015 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled 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 paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,

ZHONGHUI ANDA CPA Limited

Certified Public Accountants

Sze Lin Tang

Practising Certificate Number P03614

Hong Kong

The following full text of a letter, summary of values and valuation certificates prepared for the purpose of incorporation in this circular by an independent valuer, Shanghai Tian Rui Asset Appraisal Co. Ltd. (上海天瑞資產評估有限公司), in connection with its valuation as at 29 February 2016 of the property interests to be acquired by the Company.

Shanghai Tian Rui Asset Appraisal Co. Ltd. (上海天瑞資產評估有限公司)
Room 302, No.6, Alley 289, Xinyu East Road
Changning District, Shanghai City, China

6 May 2016

Board of Directors
Fu Ji Food and Catering Services Holdings Limited
Unit D, 12/F
Seabright Plaza
9-23 Shell Street
North Point, Hong Kong

Dear Sirs,

SUMMARY OF BACKGROUND

According to the acquisition agreement between Perfect Future Investment Ltd. and Fu Ji Food and Catering Services Holdings Limited (“**the Company**”) dated 23 May 2015 and the acquisition agreement between Perfect Future Investment Ltd, Guangxi Meitong Foods Co. Ltd, and the Company, the Company agreed to purchase the 100% equity interests in Wuxi Meitong Food Technology Co., Ltd. (“**the Target Company**”) held by Perfect Future Investment Ltd. and Guangxi Meitong Foods Co. Ltd with payment in cash.

Shanghai Tian Rui Asset Appraisal Co. Ltd. (“**Tian Rui**” or we) received the Company’s instructions and provided valuation services on the property interest of Target Company which is to be acquired, for disclosure purpose. We confirmed that we had made inspections, made relevant inquiries, searched the books, and obtained other information which we considered necessary in order to give the Company an opinion on the market value of the property rights on 29 February 2016 (“**the Valuation Date**”) for the purpose of incorporation in the circular of the Company dated 6 May 2016.

VALUE TYPES AND DEFINITIONS

Our valuation of the property interests represents the market value, which according to our definition means the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s – length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

VALUATION METHOD

The replacement costs approach and market comparison approach are used in this valuation of the property interests of the Target Company.

We have carried out the necessary inspection and technical appraisal to the property interests entrusted to value, consulted the relevant documents and technical information, and implemented the other procedures that we deem necessary, the valuation report of specified assets is as follows:

1. Buildings and other auxiliary structures

The property interests in the buildings and other ancillary structures are valued on the basis of their replacement cost.

Replacement cost method formula:

assessed value = full repurchase price × comprehensive newness rate

Based on our site survey for the buildings and ancillary structures on the land in question and the title documents of the buildings, we verified those information relating to buildings and ancillary structures and other information within our instructions. We had also compared with our site survey measurement records with assets counting & assessing list and had measured and recorded architectural features which would have an impact on the building cost of buildings, made on-site technical evaluation of main factors which affect newness rate, such as foundation, load-bearing components, refurbishments and interior conditions, and took corresponding photos.

A. Determination of Replacement Cost

The assessment of the replacement price should be based on the “Jiangsu Province Construction and Decoration Engineering Budget Quota” which is promulgated and executed by the Construction Department of Jiangsu Province in 2004. Engineering classification and the corresponding rate shall be in accordance with the construction engineering, installation standards. The following fees (comprehensive rates, construction measures fees, other fees, taxes and other expenses) shall be calculated.

B. Determination of Comprehensive Newness Rate

- a. According to the legal service life and actual years used, its newness rate is measured and calculated.

Newness rate of years approach = (the theoretical useful life – actual years used)/theoretical useful life × 100%

- b. Rating of buildings newness rate shall take “housing good and damage rating standards” as reference issued by the former Urban and Rural Construction and Environmental Protection Department promulgated on 8 November, 1984. According to the above standards, five grades are classified based on the sound condition of structure, decoration, equipment and other components of the building. Standard of each grade of the five is also assessed based on the three sectors respectively – housing structure, decoration and equipment, and the assessed sectors are specified in details. There is modified coefficient table for newness rate of different structural types of houses. For mixed structure industrial house, the structure coefficient G is 0.7, the decoration coefficient S is 0.2, and the equipment coefficient B is 0.1.

Newness rate of technical scoring approach = (total score of structure × G + total score of decoration × S + total score of equipment × B)/100 × 100%

- c. Years approach takes up 0.3 of the weights, technical scoring approach takes up 0.7 of the weights, so as to determine the comprehensive newness rate.

2. Land elements of the property

Market comparison approach is used in to value the land elements of the property.

The market comparison approach is to investigate the land market in the same land supply circle with the land entrusted to be valued. Reference has been made to the hammer price of same type and alternative land, the transaction condition, date, regional factor and individual factor, so as to draw the comparative price of the land to be valued.

EVALUATION PRINCIPLE

During the course of assessing the property interests of Wuxi Meitong Food Technology Co., Ltd., we have acted in accordance with Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited, China Appraisal Standards published by the China Appraisal Society and the International Valuation Standards issued by the International Valuation Standards Council as there is no substantial difference between the Chinese Appraisal Standards and International Valuation Standards in relation to this valuation report.

When determining the evaluation process, the criteria for assessing assets, and the status of the assets, the working principle of independence, objectivity, impartiality and the assessing principle of going concern, substitution, open market etc. have been followed.

VALUATION ASSUMPTIONS

When we make the valuation, it is assumed that the seller sells the property interest in the market without the benefit of a deferred term contract, leaseback after sale, joint venture, management agreement or any similar arrangement which would affect the value of the property interests.

Our report does not take into account any pledge, mortgage or debt encumbering any of the property interests valued, also does not considered any expenses and taxes resulting from the sale. Unless otherwise stated, we assume that there is no heavy encumbrance, restrictions or costs which have been designed to the property rights and will affect the value of the property.

PROPERTY CATEGORISATION

In the course of our valuations, the portfolio of the properties are categorised as property held for owner occupation, and at the time of site inspection on 10 June 2015, we noted that the properties were used by the Target Company.

TITLE INVESTIGATION

We rely much on the information provided by the Company and the Target Company.

We have received several copies of the title documents, including use warrants of state-owned land related to the property interests and real estate ownership certificates of the buildings, and have made the relevant inquiries. We have checked the original copies under possible condition to verify the ownership of the property interests and whether there is material encumbrance or any lease agreement signed. We have relied considerably on the advice given by the Company's PRC legal advisers, Shanghai Jiahua Law Firm, on the validity of the property interests in the PRC.

We have no reason to doubt whether the information provided by the Company and the Target Company is true and accurate or not, and no material facts have been omitted form the information provided. We believe that the information has been sufficiently provided to reach the informed point of view and no material information is concealed.

ASSESSMENT PROCEDURE IMPLEMENTATION AND PROCESS

We have not specifically measured to verify the accuracy of the property area, but it is assumed that the area shown in the title documents and official site drawings is correct. All documents and contracts are only for reference, all dimensions, measurement and area are approximate. We have no field measurement.

We have inspected the appearance of the property and inspect its internal under possible condition. However, we have not investigated to determine whether the ground conditions and facilities are suitable for development. We assumed that the situation in the area is good when assessing. In respect of whether this property is decayed, damaged by worms or with any other structural defects indeed, no facilities have been tested.

On-site inspections were carried out by Mr. Gong Ping and Mr. Liu Yuan on 10 June, 2015. Mr. Gong Ping is a Certified Public Valuer, and Mr. Liu Yuan is a Certified Real Estate Appraiser. They have 17 years' and 18 years' experience of Chinese property valuation respectively.

VALUATION CONCLUSIONS

Our valuation is summarized as follows, and valuation certificate is accompanied with the letter.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Yours Sincerely,

Shanghai Tian Rui Asset Appraisal Co. Ltd.

Certified Real Estate Appraiser

Liu Yuan

Certified Public Valuer

Gong Ping

Certified Public Valuer

Jiang Bo

6 May 2016

Note: Mr Jiang Bo is a Certified Public Valuer and has approximate 19 years of experience in valuation of properties in the PRC.

SUMMARY OF VALUES**Property interest by the Target Company in the PRC**

No. Property	Market value based on the current conditions on 29 February 2016 RMB
1. A parcel of land, together with 11 buildings and ancillary structures located at No. 100 lot, Lijiang Road Wuxi New District Jiangsu Province The PRC	713,040,570.12
Total:	<hr/> <u>713,040,570.12</u>

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value based on the current conditions on 29 February 2016 RMB
1. A parcel of land, together with 11 buildings and ancillary structures located at No. 100 lot, Lijiang Road Wuxi New District Jiangsu Province The PRC	The property comprises a parcel of land of an area of about 77,776.5 square meters, there are 11 buildings constructed thereon and a number of ancillary structures, which have been completed by stages on or before 31 December 2012.	This property is currently used by the Target Company as logistics allocation and distribution center and to operate rear packaging of cold chain food to provide logistics allocation and cold chain food packaging business for the relevant enterprises.	713,040,570.12
	The total floor area of the building is 64,878.87 square meters.		
	The buildings include office buildings, dormitories, professional food industry workshops, professional cold storage and ancillary facilities etc.		
	The property contains the supporting reconstruction, sewage treatment projects, power transmission and distribution projects and the second renovation projects related to the plants and office buildings.		
	The property has obtained use warrants of state-owned land, which is for industrial use and shall be expired on 30 June, 2053.		
	The eleven buildings of the property have obtained real estate ownership certificates.		
	The property is locate at Wuxi New District and is well-served by various facilities and public transportation along the main roads.		

Notes:

1. According to use warrants of state-owned land – Xi New Country (2007) No. 23, the land use rights in relation to the property with a site areas of approximately 77,776.5 square meters has been granted to Wuxi Meitong Food Technology Co., Ltd. for industrial use. The land tenure shall be expired on June 30, 2053.
2. According to real estate ownership certificates No. XQ1000492467-1, XQ1000492467-2, XQ1000492467-3, XQ1000492467-4, XQ1000492467-5, Wuxi Meitong Food Technology Co., Ltd. has been granted the total floor area of approximately 64,878.87 square meters of the industrial buildings.
3. According to the information obtained from by Wuxi Meitong Food Technology Co., Ltd.:
 - (a) this property is currently used for the purpose of storage, there is no production and no environmental impact assessment and there is no environmental issue.
 - (b) there is no investigation, notification, pending proceedings, violation of the law or the title of the property.
 - (c) this property has neither buildings in process, nor new planning application of the project to start construction.
4. According to the information obtained from Wuxi Meitong Food Technology Co., Ltd., there are property permits of all the completed buildings of this property.
5. We have obtained legal opinions on the property interests from the Company's PRC legal advisers, which contain (including but not limited to) the following:
 - a. Wuxi Meitong Food Technology Co., Ltd. has lawfully obtained use warrants of state-owned land of the property, and is entitled to legitimately use, transfer, lease and pledge the land use rights within the term of the use warrants of state-owned land;
 - b. the property is not subject to any mortgage or encumbrance.

This Appendix summarises the principal terms of the Scheme but does not form part of, nor was it intended to be, part of the Scheme nor should it be taken as effecting the interpretation of the rules of the Scheme.

1. PURPOSE OF THE SCHEME

The purpose of the Scheme is to advance the interests of the Company and the Shareholders by enabling the Company to grant options to attract, retain and reward the Eligible Persons and to provide the Eligible Persons an incentive or reward for their contribution to the Group and by enabling such persons' contribution to further advance the interests of the Group.

2. PARTICIPANTS OF THE SCHEME AND ELIGIBILITY CRITERIA

The eligible persons of the Scheme to whom options may be granted by the Board shall include (collectively "**Eligible Persons**"):

- (i) any directors (whether executive or non-executive and whether independent or not) and any employee (whether full time or part time) of the Group (collectively "**Employee**");
- (ii) any consultants or advisors (in the areas of legal, technical, financial or corporate managerial) of the Group or any Invested Entity (whether on an employment or contractual or honorary basis or otherwise and whether paid or unpaid); any provider of goods and/or services to the Group or any Invested Entity; any customer of the Group or any Invested Entity; or any holder of securities issued by any member of the Group or any Invested Entity; (collectively "**Business Associate**"); and
- (iii) any other person, who at the sole discretion of the Board, has contributed to the Group (the assessment criteria of which are (a) such person's contribution to the development and performance of the Group; (b) the quality of work performed by such person for the Group; (c) the initiative and commitment of such person in performing his or her duties; (d) the length of service or contribution of such person to the Group); and

The Board may in its absolute discretion specify such conditions as it thinks fit when granting an option to an Eligible Person (including, without limitation, as to any minimum period an option must have been held or the minimum period of service or relationship with any member of the Group to be achieved before an option can be exercised (or any part thereof), to the extent of the option which can be exercised at any material time, or any performance criteria which must be satisfied by the Eligible Person, the Company, and its subsidiaries, before an option may be exercised), provided that such conditions shall not be inconsistent with any other terms and conditions of the Scheme and the Listing Rules.

3. LIFE OF THE SCHEME

The Company, by resolution in general meeting, or the Board may at any time terminate the operation of the Scheme and in such event no further option will be offered or granted but in all other respects the provisions of the Scheme shall remain in full force and effect and options granted prior to such termination shall continue to be valid and exercisable in accordance with the Scheme.

Subject to the aforesaid, the Scheme shall be valid and effective for a period of ten years commencing from the date of adoption, after which period no further options will be offered or granted but the provisions of the Scheme shall remain in full force and effect in all other respects with respect to options granted during the life of the Scheme.

4. SUBSCRIPTION PRICE

The Subscription Price in respect of any option shall, subject to any adjustments made pursuant to the terms of the Scheme, be a price determined by the Board and notified to each Grantee and shall be at least the highest of:

- (a) the closing price per Share on the Main Board as stated in the Stock Exchange's daily quotation sheet on the Offer Date;
- (b) the average of the closing prices per Share on the Main Board as stated in the Stock Exchange's daily quotation sheets for the five Business Days immediately preceding the Offer Date; or
- (c) the nominal value of the Share.

5. ACCEPTANCE OF OFFERS

An Offer shall remain open for acceptance by the Eligible Person concerned for such period as determined by the Board, being a date not later than ten Business Days after the Offer Date by which the Eligible Person must accept the Offer or be deemed to have declined it, provided that no such Offer shall be open for acceptance after the tenth anniversary of the date of adoption of the Scheme or after the Scheme has been terminated in accordance with the provisions of the Scheme.

The amount payable by the Grantee to the Company on acceptance of the Offer shall be a nominal amount to be determined by the Board.

6. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

- (a) The total number of Shares which may be issued upon exercise of all options to be granted under the Scheme and any other Schemes shall not in aggregate exceed 10% of the total number of Shares in issue as at the date of approval of the Scheme unless the Company obtains a fresh approval from the Shareholders pursuant to paragraph 6(b) below.
- (b) The Company may seek approval of Shareholders in general meeting to renew the 10% limit set out in paragraph 6(a) above such that the total number of Shares in respect of which options may be granted by the Board under the Scheme and any other share option schemes of the Company in issue shall not exceed 10% of the total number of Shares in issue as at the date of approval of the renewed limit.
- (c) The Company may grant options to specified participant(s) beyond the 10% limit set out in paragraph 6(a) above provided that the options granted in excess of such limit are specifically approved by the Shareholders in general meeting and the participants are specifically identified by the Company before such approval is sought. In seeking such approval, a circular must be sent to the Shareholders containing the required details in accordance with Chapter 17 of the Listing Rules.
- (d) Notwithstanding the foregoing and subject to the paragraph 7 below, the maximum number of Shares in respect of which options may be granted under the Scheme together with any options outstanding and yet to be exercised under the Scheme and any other share option schemes of the Company in issue shall not exceed 30% (or such higher percentage as may be allowed under the Listing Rules) of the total number of Shares in issue from time to time.

7. MAXIMUM ENTITLEMENT OF EACH ELIGIBLE PERSON

The total number of Shares issued and to be issued upon exercise of the options granted to each Eligible Person (including both exercised and outstanding options under the Scheme) in any twelve-month period must not exceed one per cent of the issued share capital of the Company. Where any further grant of options to an Eligible Person would result in excess of such limit shall be subject to the approval of the Shareholders at general meeting with such Eligible Person and his associates abstaining from voting.

In seeking such approval, a circular must be sent to the Shareholders containing the required details in accordance with Chapter 17 of the Listing Rules.

8. GRANTS OF OPTIONS TO CERTAIN CONNECTED PERSONS

- (a) Any grant of options to a connected person (as defined under the Listing Rules) or any of its associates must be approved by all of the independent non-executive Directors (excluding any independent non-executive Director who is also the Grantee).
- (b) Where options are proposed to be granted to a substantial shareholder of the Company or an independent non-executive Director or any of their respective associates, and the proposed grant of options will result in the total number of Shares issued and to be granted (including options exercised, cancelled and outstanding) to such person in the twelve-month period up to and including the date of such grant representing in aggregate over 0.1 per cent of the issued share capital of the Company and having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million, such grant of options must be subject to the approval of the Shareholders at general meeting. The connected person involved in such proposed grant of options his associates and all core connected persons of the Company must abstain from voting in favour at such general meeting.

In seeking such approval, a circular must be sent to the Shareholders containing the required details in accordance with Chapter 17 of the Listing Rules.

Any change in the terms of the options granted to a substantial shareholder or an independent non-executive Director of the Company, or any of their respective associates must also be approved by the Shareholders in general meeting.

9. TIME OF EXERCISE OF OPTION

An option may be exercised in accordance with the terms of the Scheme at any time during a period to be notified by the Board to the Grantee which the Board may in its absolute discretion determined, save that such period shall not be more than ten years from the date of grant of the Offer (subject to the provisions for early termination in accordance with the Scheme) (the “**Option Period**”).

10. RIGHTS ARE PERSONAL TO GRANTEE

An option shall be personal to the Grantee and shall not be assignable nor transferable, and no Grantee shall in any way sell, transfer, assign, charge, pledge, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any option or attempt to do so. Any breach of the foregoing shall entitle the Company to cancel any outstanding option or part thereof granted to such Grantee.

11. RIGHTS ON CEASING EMPLOYMENT

In the case of the Grantee being an employee or a director of the Group leaves the services of the Group by reason other than death or on one or more of the grounds specified in paragraph 16(e), or because his employing company ceases to be a member of the Group, the Grantee may exercise the option up to his entitlement at the date of cessation (to the extent he is entitled to exercise at the date of cessation but not already exercised) within a period being the earlier of (i) three months (or such other period as the Board may determine) following the date of such cessation, which date shall be the last actual working day with the Group whether salary is paid in lieu of notice or not or the last date of appointment as director of the Group, as the case may be, or (ii) the expiration of the relevant Option Period. Any options not so exercised shall lapse and terminate at the end of the said period provided that in any such case, the Directors in their absolute discretion may otherwise determine subject to such conditions or limitations as the Directors may decide.

12. RIGHTS ON DEATH

In the case of the Grantee ceases to be an Eligible Person by reason of death, he or (as the case may be) his personal representatives may exercise all or part of his options within a period being the earlier of (i) six months after he so ceases to be an Eligible Person or (ii) the expiration of the relevant option Period. Any options not so exercised shall lapse and terminate at the end of the said period provided that in any such case, the Directors in their absolute discretion may otherwise determine subject to such conditions or limitations as the Directors may decide.

13. RIGHTS ON A GENERAL OFFER

- (a) If, in consequences of any general offer made to the holders of Shares (being an offer made in the first instance on a condition such that, if it is satisfied, the offeror will have control of the Company) or otherwise, any person shall have obtained control (as defined in the Takeovers Code) of the Company, then the Directors shall as soon as practicable thereafter notify every Grantee accordingly and each Grantee shall be entitled to exercise all or any of his options at any time before the earlier of (i) the expiry of the option Period, or (ii) the fourteenth day following the date on which the general offer becomes or is declared unconditional to exercise any option in whole or in part, and to the extent that it has not been so exercised, any options shall upon the expiry of such period cease and terminate provided that if, during such period, such person becomes entitled to exercise rights of compulsory acquisition of Shares and gives notice in writing to any holders of Shares that he intends to exercise such rights, options shall be and remain exercisable until the earlier of (i) the expiry of the Option Period or (ii) the fourteenth day from the date of such notice and, to the extent that any options which have not been exercised upon the expiry of such period, shall thereupon cease and terminate.

- (b) If a general offer by way of a scheme of arrangement is made to all the Shareholders and the Scheme has been approved by the necessary number of Shareholders at the requisite meetings, the Company shall forthwith notify all the Grantees and any Grantee (or his personal representatives) may thereafter (but before such time as shall be notified by the Company) by notice in writing to the Company exercise the option to its full extent or to the extent specified in such notice.

14. RIGHTS ON WINDING UP

In the event that a notice is given by the Company to the Shareholders to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company other than for the purposes of a reconstruction, amalgamation or scheme of arrangement, the Company shall on the same date as or soon after it despatches such notice to each member of the Company give notice thereof to all Grantees (together with a notice of the existence of the provisions of this paragraph) and thereupon, each Grantee (or his personal representatives) shall be entitled to exercise all or any of his options at any time not later than two Business Days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot and issue such number of Shares to the Grantee credited as fully paid which falls to be issued on such exercise and register the Grantee as holder thereof in the branch register of members of the Company maintained in Hong Kong.

15. RIGHT ON A COMPROMISE OR SCHEME OF ARRANGEMENT

If a compromise or arrangement between the Company and the Shareholders or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to the Grantee (together with a notice of the existence of the provisions of this paragraph) on the same date or soon after it despatches the notice to each member or creditor of the Company summoning the meeting to consider such a compromise or arrangement, and thereupon the Grantee (or his personal representatives) may by notice in writing to the Company accompanied by the remittance for the aggregate Subscription Price in respect of the number of option exercised under such notice (such notice to be received by the Company not later than two Business Days prior to the proposed meeting) either to its full extent or to the extent specified in such notice, and the Company shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed meeting referred to above, allot and issue such number of Shares credited as fully paid, to the Grantee which falls to be issued on such exercise and register the Grantee as holder thereof in the branch register of members of the Company maintained in Hong Kong.

16. LAPSE OF OPTION

The right to exercise an option shall lapse automatically (to the extent not already exercised) immediately upon the earliest of:

- (a) subject to paragraphs 11-15, the expiry of the Option Period;
- (b) the expiry of any of the periods referred to in paragraphs 11-13;
- (c) subject to paragraph 14, the date of the commencement of the winding-up of the Company;
- (d) subject to the scheme of arrangement becoming effective, the expiry of the period referred to in paragraph 15;
- (e) in the event that the Grantee is an employee or a director of the Group, the date on which the Grantee ceases to be an Eligible Person by reason of summary dismissal for misconduct or other breach of the terms of his employment or directorship or other contract constituting him an Eligible Person, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his debts or has become insolvent or has made any arrangements or composition with his creditors generally or on which he has been convicted of any criminal offence involving his integrity or honesty or (if so determined by the Board) on any other ground on which an employer or a company would be entitled to terminate his or her employment or directorship at common law or pursuant to any applicable laws or under the Grantee's service contract with the Company or the relevant subsidiary of the Company. A resolution of the Board or the board of directors of the relevant subsidiary of the Company to the effect that the employment or other relevant contract of a Grantee has or has not been terminated on one or more of the grounds specified in this paragraph 16(e) shall be conclusive and binding on the Grantee;
- (f) the date on which the Grantee ceases to be an Eligible Person by reason of termination of his relationship (whether by appointment or otherwise) with the Group or on any one or more of the following grounds (other than by reason of death or on one or more of the grounds specified in sub-paragraph 16(e)) that he has become unable to pay his debts (within the meaning of the Bankruptcy Ordinance) or has become otherwise insolvent or has made any arrangement or composition with his creditors generally, or arrangement or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or (if so determined by the Board) has committed any act which is prejudicial to or not in the interests of the Company or any company in the Group. A resolution of the Board or the board of directors of the relevant subsidiary of the Company to the effect that the relationship with a Grantee (other than an employee or a director of the Group) has or has not been terminated and as to the date of such termination shall be conclusive and binding on the Grantee;

- (g) the date on which the Grantee commits a breach of paragraph 10; or
- (h) the date on which the option is cancelled by the Board as provided in paragraph 20.

The Company shall owe no liability to any Grantee for the lapse of any option under this paragraph 16.

17. RANKING OF SHARES

The Shares to be allotted and issued upon the exercise of an option shall be subject to the memorandum and articles of association of the Company and the laws of Cayman Islands for the time being in force and shall rank *pari passu* in all respects with the fully-paid Shares in issue of the Company as at the date of allotment and will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefore shall be on or before the date of allotment and issue, provided always that when the date of exercise of the option falls on a date upon which the register of members of the Company is closed then the exercise of the options shall become effective on the first Business Day on which the register of members of the Company is re-opened.

18. REORGANISATION OF CAPITAL STRUCTURE

In the event of any alteration to the capital structure of the Company whilst any option remains exercisable, arising from capitalization of profits or reserves, rights issue, consolidation, re-classification or subdivision of Share or reduction of the share capital of the Company in accordance with the legal requirements or requirements of the Stock Exchange, other than any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in a transaction to which the Company is a party, adjustment (if any) shall be made to:

- (a) the Subscription Price for the Shares subject to the option so far as unexercised; and/or
- (b) the Shares to which the option relates; and/or
- (c) any combination thereof as the auditors or the independent financial Advisor to the Company (acting as expert not arbitrator) shall at the request of the Company certify in writing to the Board either generally or as regards any particular Grantee that the adjustments are in compliance with Rule 17.03(13) of the Listing Rules and the notes thereto.

Any such adjustments must give a Grantee the same proportion of the equity capital of the Company as to which that Grantee was previously entitled, and any adjustments so made shall be in compliance with the Listing Rules and such applicable guidance and/or interpretation of the

Listing Rules from time to time issued by the Stock Exchange (including, without limitation, the “Supplemental Guidance on Main Board Listing Rule 17.03(13) and the Notice immediately after the Rule” attached to the letter of the Stock Exchange dated 5 September 2005 to all issuers relating to Scheme) but no such alterations shall be made the effect of which would be to enable a Share to be issued at less than its nominal value. The capacity of the auditors or the independent financial Advisor to the Company in this paragraph is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on the Company and the Grantees. The costs of the auditors or the independent financial Advisor to the Company shall be paid by the Company. Notice of such adjustment shall be given to the Grantees by the Company.

19. ALTERATION TO THE SCHEME AND THE TERMS OF OPTIONS GRANTED UNDER THE SCHEME

The Board may from time to time in its absolute discretion waive or amend any terms of the Scheme at such time and in such manner as it deems desirable to the extent permissible under the provisions of the Listing Rules in relation to the Scheme and all applicable laws in respect thereof.

For the avoidance of doubt, except with the prior approval of the Shareholders in general meeting (with the Eligible Persons and their associates abstaining from voting), the Board may not amend:

- (a) any of the provisions of the Scheme relating to matters contained in Rule 17.03 of the Listing Rules to the advantage of the Eligible Persons or Grantees;
- (b) any terms and conditions of the Scheme which are of a material nature or any terms of options granted except where such alteration take effect automatically under the existing terms of the Scheme; and
- (c) any provisions on the authority of the Board in relation to any alteration to the terms of the Scheme.

No such amendments shall be altered to the advantage of Grantees except with the prior approval of the Shareholders in general meeting (with Eligible Persons and their respective associates abstained from voting). No such alterations shall operate to affect adversely the terms of issue of any option granted or agreed to be granted prior to such alterations except with the consent or sanction in writing of such majority of the Grantees as would be required of the Shareholders under the articles of association for the time being of the Company for a variation of the rights attached to the Shares, provided that this restriction should not apply to any amendment made by the Board at the request of the Stock Exchange or other regulatory body for the purpose of ensuring that the Scheme complies with, among other applicable laws, the requirements of such exchange or other regulatory body on which the Shares are in the course of being listed or from time to time listed or which may have or exercise regulatory powers or jurisdiction in relation to

the Company. Any amended terms of the Scheme or options shall still comply with the relevant requirements of Chapter 17 of the Listing Rules (subject to such waiver as may be granted by the Stock Exchange from time to time) and shall automatically take effect on all outstanding options.

20. CANCELLATION OF OPTIONS GRANTED

The Board may cancel an option granted but not exercised with the approval of the Grantee of such option.

No compensation shall be payable to the Grantee for cancellation of the options granted but not exercised.

21. TERMINATION

The Company, by resolution in general meeting, or the Board may at any time terminate the operation of the Scheme and in such event no further option will be offered but in all other respects the provisions of the Scheme shall remain in full force and effect and options granted prior to such termination shall continue to be valid and exercisable in accordance with the Scheme.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and upon completion of the Placing and the Subscriptions were and are expected to be as follows:

<i>Authorised share capital:</i>		<i>HK\$</i>
19,800,000,000	Shares	198,000,000.00
<u>200,000,000</u>	Preference shares	<u>2,000,000.00</u>
<u>20,000,000,000</u>		<u>200,000,000.00</u>
 <i>Issued and fully paid:</i>		
<u>643,597,188</u>	Shares as at the Latest Practicable Date	<u>6,435,971.88</u>
 <i>Proposed to be issued under the Placing and the Subscriptions:</i>		
<u>40,080,000</u>	Placing Shares	<u>400,800.00</u>
<u>410,430,000</u>	Subscription Shares	<u>4,104,300.00</u>
 <i>Upon completion of the Placing and the Subscriptions:</i>		
<u>1,094,107,188</u>	Shares	<u>10,941,071.88</u>

Each of the Shares in issue ranks *pari passu* with all other Shares in all respects including as to rights to dividends, voting and return of capital. The Placing Shares and the Subscription Shares will rank, upon issue and allotment, *pari passu* in all respects with the Shares in issue on the date of the allotment and issue of the Placing Shares and the Subscription Shares, and will be entitled to all dividends, bonuses and other distributions declared immediately after the date of the issue and allotment of the Placing Shares and the Subscription Shares.

3. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (a) are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO); or (b) are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

4. DISCLOSURE OF INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons (other than a director or chief executive of the Company) who had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in ten per cent. or more of the issued voting shares of any other member of the Group.

(a) Interests in the Shares

Name of Shareholders	Capacity/Nature of interest	Number of Shares held		Percentage of total holding (Note 5)
		Long position	Short position	
Marvel Light Holdings Limited (Note 1)	Beneficiary owner	328,115,352	–	50.98
Bomao Holdings Limited	Interest in controlled corporation (Note 1)	328,115,352	–	50.98
Harvest (Overseas) Investment Limited	Interest in controlled corporation (Note 1)	328,115,352	–	50.98
安徽豐收投資有限公司 (Anhui Harvest Investment Company Limited*)	Interest in controlled corporation (Note 1)	328,115,352	–	50.98

Name of Shareholders	Capacity/Nature of interest	Number of Shares held		Percentage of total holding (Note 5)
		Long position	Short position	
安徽省創業投資有限公司 (Anhui Province Venture Investment Company Ltd.*)	Interest in controlled corporation (Note 1)	328,115,352	–	50.98
安徽省投資集團控股有限公司 (Anhui Province Investment Group Co., Ltd.*)	Interest in controlled corporation (Note 1)	328,115,352	–	50.98
Fortunate Gravity Hongkong Limited	Beneficiary owner	217,720,000	–	33.83
Cherry International Hongkong Limited	Interest in controlled corporation (Note 2)	217,720,000	–	33.83
上海新泉投資有限公司 (Shanghai Xinquan Investment Company Limited*)	Interest in controlled corporation (Note 2)	217,720,000	–	33.83
龐道滿 (Pang Dao Mun)	Interest in controlled corporation (Note 2)	217,720,000	–	33.83
華青發展(控股)集團有限公司 (China Qingdao Development (Holdings) Group Company Limited)	Security Interest (Note 3)	100,000,000	–	15.54
青島城市建設投資(集團)有限責任公司 (Qingdao City Construction Investment (Group) Company Limited*)	Interest in controlled corporation (Note 3)	100,000,000	–	15.54
Guotai Junan Securities (Hong Kong) Limited	Beneficial owner (Note 4)	40,080,000	–	6.23
Guotai Junan (Hong Kong) Limited	Interest in controlled corporation (Note 4)	40,080,000	–	6.23
Guotai Junan International Holdings Limited	Interest in controlled corporation (Note 4)	40,080,000	–	6.23
Guotai Junan Holdings Limited	Interest in controlled corporation (Note 4)	40,080,000	–	6.23
Guotai Junan Financial Holdings Limited	Interest in controlled corporation (Note 4)	40,080,000	–	6.23
Guotai Junan Securities Co., Ltd	Interest in controlled corporation (Note 4)	40,080,000	–	6.23

* For identification purpose only

Name of Shareholders	Capacity/Nature of interest	Number of Shares held		Percentage of total holding (Note 5)
		Long position	Short position	
Shanghai International Group Co Ltd	Interest in controlled corporation (Note 4)	40,080,000	-	6.23

Note:

- Marvel Light Holdings Limited is wholly-owned by Bomao Holdings Limited, which in turn is wholly-owned by Harvest (Overseas) Investment Limited, which in turn is wholly-owned by 安徽豐收投資有限公司 (Anhui Harvest Investment Company Limited*), which in turn is owned as to 40% by 安徽省創業投資有限公司 (Anhui Province Venture Investment Ltd*) and is wholly-owned by 安徽省投資集團控股有限公司 (Anhui Province Investment Group Co., Ltd *). Out of the 328,115,352 Shares, 135,405,352 Shares are beneficially owned by Marvel Light Holdings Limited, and the remaining 192,710,000 Shares are to be subscribed by Marvel Light Holdings Limited under the ML Subscription Agreement.
- Fortunate Gravity Hongkong Limited is owned as to as to 90% by Cherry International Hongkong Limited. Cherry International Hongkong Limited is wholly owned by 上海新泉投資有限公司 (Shanghai Xinquan Investment Company Limited*, which is in turn owned as to 80% by Mr 龐道滿 (Pang Dao Mun).
- 華青發展(控股)集團有限公司 China Qingdao Development (Holdings) Group Company Limited is wholly owned by 青島城市建設投資(集團)有限責任公司 (Qingdao City Construction Investment (Group) Company Limited*).
- Guotai Junan Securities (Hong Kong) Limited is wholly owned by Guotai Junan (Hong Kong) Limited, which is in turned wholly owned by Guotai Junan International Holdings Limited. Guotai Junan International Holdings Limited is owned as to 65.22% by Guotai Junan Holdings Limited, which is in turn wholly owned by Guotai Junan Financial Holdings Limited. Guotai Junan Financial Holdings Limited is wholly owned by Guotai Junan Securities Co., Ltd., which is owned as to 46.14% by Shanghai International Group Co., Ltd.
- The percentage is calculated based on the number of issued Shares as at the Latest Practicable Date, which are 643,597,188 Shares.

* *English transliteration/translation of the Chinese name for identification purpose only.*

Save as disclosed above, the Directors and chief executive of the Company are not aware of any other persons (other than a director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who was, directly or indirectly, interested in ten per cent. or more of the issued voting shares of any other member of the Group.

DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, no Directors had any existing or proposed service contracts with the Company or any member of the Group which is not expiring or determinable by the Director within one year without payment of compensation other than statutory compensation.

DIRECTORS' INTERESTS IN ASSETS/CONTRACTS OF THE GROUP

None of the Directors had any interest, either direct or indirect, in any assets which had been since 31 March 2015 (being the date to which the latest published audited accounts of the Company were made up) and up to the Latest Practicable Date, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date which was significant in relation to the business of the Group.

COMPETING INTERESTS

As at the Latest Practicable Date, the Directors were not aware that any of them had interests in any business which competes or was likely to compete, either directly or indirectly, with the business of the Group which would fall to be disclosed under the Listing Rules.

MATERIAL CONTRACTS

The following contracts have been entered into by the Group (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this circular and is or may be material:

- (a) the First Agreement;
- (b) the Second Agreement;
- (c) the Pledge;
- (d) the placing agreement entered into between the Company and Qilu International Capital Limited dated 9 March 2015 in respect of the placing of 66,860,000 placing shares which were allotted and issued to not less than six placees at the placing price of HK\$1.71 per placing share;
- (e) the placing agreement entered into between the Company and Halcyon Securities Limited dated 25 August 2015 in respect of the proposed placing of 107,260,000 placing shares but were terminated in accordance with its terms;
- (f) the placing agreement entered into between the Company and Halcyon Securities Limited dated 19 November 2015 in respect of the placing of 107,260,000 placing shares which were allotted and issued to not less than six placees at the placing price of HK\$0.91 per placing share;
- (g) the Placing Agreement; and
- (h) the Subscription Agreements.

LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation, arbitration or claims of material importance and no litigation, arbitration or claims of material importance is known to the Directors to be pending or threatened against any member of the Group.

EXPERT AND CONSENT

The following is the qualification of the expert who had given opinion contained in this circular:

Name	Qualification
ZHONGHUI ANDA CPA Limited	Certified Public Accountants
Shanghai Tian Rui Asset Appraisal Co. Ltd	Independent property valuer
Jiahua Law Firm	legal Advisors of the Company as to PRC laws
Veda Capital Limited	a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, the above experts did not have:

- (a) any shareholding in any member of the Enlarged Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Enlarged Group; and
- (b) any interest, either direct or indirect, in any assets which had been since 31 March 2015 (being the date to which the latest published audited accounts of the Company were made up) and up to the Latest Practicable Date, acquired or disposed of by or leased to any member of the Enlarged Group, or were proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion of their respective reports, opinions, letters, valuation certificates and references to its name and logo in the form and context in which it is included.

GENERAL

- (a) The company secretary of the Company is Mr. Wan Oi Ming, Kevin. Mr. Wan is a member of Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.
- (b) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

- (c) The Company's head office and principal place of business in Hong Kong situates at Unit D, 12/F, Seabright Plaza, 9-23 Shell Street, North Point, Hong Kong.
- (d) The Company's branch share registrar and transfer office in Hong Kong is Computershare Hong Kong Investor Services Limited at 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (e) In the event of inconsistency, the English version of this circular shall prevail over the Chinese version.

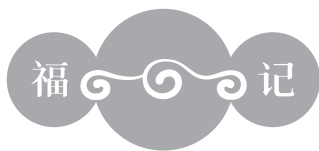
DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours between 10:00 a.m. – 4:00 p.m. on Monday to Friday (except public holiday) at the head office and principal place of business of the Company in Hong Kong at Unit D, 12/F, Seabright Plaza, 9-23 Shell Street, North Point, Hong Kong from the date of this circular up to and including the date of the EGM:

- (a) the memorandum and articles of association of the Company;
- (b) annual reports of the Group for the three years ended 31 March 2013, 2014 and 2015;
- (c) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 49 to 50 of this circular;
- (d) the letter from the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 51 to 82 of this circular;
- (e) the accountants' report on the Target from ZHONGHUI ANDA CPA Limited, the text of which is set out in Appendix II to this circular;
- (f) the letter report from ZHONGHUI ANDA CPA Limited in respect of the unaudited pro-forma statement of assets and liabilities of the Enlarged Group, the text of which is set out in Appendix IV to this circular;
- (g) the valuation report from Shanghai Tian Rui Asset Appraisal Co. Ltd in respect of the valuation of the Property interest of the Target, the text of which is set out in Appendix V to this circular;
- (h) the legal opinion prepared by the PRC legal advisor in respect of the Target and the Property;

- (i) the written consents referred to in the paragraph headed “Experts and Consents” in this appendix;
- (j) the material contracts referred to under the paragraph headed “Material Contracts” in this appendix;
- (k) the Scheme; and
- (l) this circular.

NOTICE OF EXTRAORDINARY GENERAL MEETING



福記食品服務控股有限公司 FU JI Food and Catering Services Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 1175)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**Meeting**”) of FU JI Food and Catering Services Holdings Limited (the “**Company**”) will be held at Hong Kong General Chamber of Commerce, Theatre A, 22/F, United Centre, 95 Queensway, Hong Kong on Monday, 30 May 2016 at 10:30 a.m. for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolutions of the Company:

AS ORDINARY RESOLUTIONS

1. The Acquisitions

1. “**THAT:**

- (a) the sale and purchase agreement dated 23 May 2015 (as amended and supplemented by the Second Agreement (as defined below) and the supplemental agreements dated 31 December 2015, 25 January 2016 and 27 April 2016) (collectively the “**First Agreement**”) entered into between the Company as purchaser and Perfect Future Investment Limited (the “**Seller**”) as seller (a copy of the First Agreement is produced to the Meeting and marked “A” and initialled by the Chairman of the Meeting for identification purpose) in relation to the purchase by the Company from the Seller the 25% equity interests in 無錫美通食品科技有限公司 (Wuxi Meitong Food Technology Co., Ltd.*) (the “**Target**”) at the consideration of RMB98,749,000 (the “**First Acquisition**”) and the transactions contemplated thereunder be and is hereby approved, confirmed and ratified;
- (b) the sale and purchase agreement dated 23 August 2015 (as amended and supplemented by supplemental agreements dated 31 December 2015, 25 January 2016 and 27 April 2016) (collectively the “**Second Agreement**”) entered into between the Company as purchaser, 廣西美通食品有限公司 (Guangxi Meitong Foods Co., Ltd.*) (the “**Seller’s Subsidiary**”) as seller and the Seller (a copy of the Second Agreement is produced to the Meeting and marked “B” and initialled by the Chairman of the Meeting for identification purpose) in relation to the purchase by the Company from the Seller’s Subsidiary the 75% equity interests in the Target at the consideration of RMB296,247,000 (the “**Second Acquisition**”) and the transactions contemplated thereunder be and is hereby approved, confirmed and ratified; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (c) the directors of the Company (the “**Directors**”) be and are hereby authorised to do all such acts, deeds and things and to sign, execute and deliver all such documents as they may, in their absolute discretion, consider necessary, desirable or expedient to give effect, determine, revise, supplement or complete any matters relating to or in connection with the First Agreement and the Second Agreement and the transactions contemplated thereunder respectively.”

2. Placing of Shares

2. “**THAT:**

- (a) the placing agreement dated 14 March 2016 (as supplemented by a supplemental agreement dated 27 April 2016) (collectively the “**Placing Agreement**”) entered into between the Company and Guotai Junan Securities (Hong Kong) Limited (the “**Placing Agent**”) as placing agent (a copy of the Placing Agreement has been produced to the Meeting and marked “C” and initialled by the Chairman of the Meeting for identification purpose) in relation to a private placing of up to 40,080,000 new ordinary shares of HK\$0.01 each in the share capital of the Company (the “**Placing Shares**”) to independent placees (the “**Shares Placees**”) at the placing price of HK\$0.54 per Placing Share (the “**Placing Price**”) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) conditional upon the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares, the Directors be and are hereby granted a specific mandate to allot and issue the Placing Shares in accordance with the terms of the Placing Agreement provided that this specific mandate shall be in addition to, and shall not prejudice nor revoke any existing or such other general or special mandates which may from time to time be granted to the Directors prior to the passing of this resolution; and
- (c) the Directors be and are hereby authorised to do all such acts, deeds and things and to sign, execute and deliver all such documents as they may, in their absolute discretion, consider necessary, desirable or expedient to give effect, determine, revise, supplement or complete any matters relating to or in connection with the Placing Agreement and the transactions contemplated thereunder, including, without limitation, the allotment and issue of the Placing Shares.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

3. Subscription of Shares by Marvel Light

3. **“THAT:**

- (a) the subscription agreement dated 14 March 2016 (as supplemented by supplemental agreements dated 23 March 2016 and 27 April 2016) (collectively the **“ML Subscription Agreement”**) entered into between the Company and Marvel Light Holdings Limited (the **“ML Subscriber”**) (a copy of the ML Subscription Agreement has been produced to the Meeting and marked **“D”** and initialled by the Chairman of the Meeting for identification purpose) in relation to the subscription of 192,710,000 new ordinary shares of HK\$0.01 each in the share capital of the Company (the **“ML Subscription Shares”**) by the ML Subscriber at the subscription price of HK\$0.54 per ML Subscription Share (the **“ML Subscription Price”**) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) conditional upon the Stock Exchange granting the listing of, and permission to deal in, the ML Subscription Shares, the Directors be and are hereby granted a specific mandate to allot and issue the ML Subscription Shares in accordance with the terms of the ML Subscription Agreement provided that this specific mandate shall be in addition to, and shall not prejudice nor revoke any existing or such other general or special mandates which may from time to time be granted to the Directors prior to the passing of this resolution; and
- (c) the Directors be and are hereby authorised to do all such acts, deeds and things and to sign, execute and deliver all such documents as they may, in their absolute discretion, consider necessary, desirable or expedient to give effect, determine, revise, supplement or complete any matters relating to or in connection with the ML Subscription Agreement and the transactions contemplated thereunder, including, without limitation, the allotment and issue of the ML Subscription Shares.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

4. Subscription of Shares by Fortunate Gravity

4. **“THAT:**

- (a) the subscription agreement dated 14 March 2016 (as supplemented by supplemental agreements dated 23 March 2016 and 27 April 2016) (collectively the **“FG Subscription Agreement”**) entered into between the Company and Fortunate Gravity Hongkong Limited (the **“FG Subscriber”**) (a copy of the FG Subscription Agreement has been produced to the Meeting and marked “E” and initialled by the Chairman of the Meeting for identification purpose) in relation to the subscription of 217,720,000 new ordinary shares of HK\$0.01 each in the share capital of the Company (the **“FG Subscription Shares”**) by the FG Subscriber at the subscription price of HK\$0.54 per FG Subscription Share (the **“FG Subscription Price”**) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) conditional upon the Stock Exchange granting the listing of, and permission to deal in, the FG Subscription Shares, the Directors be and are hereby granted a specific mandate to allot and issue the FG Subscription Shares in accordance with the terms of the FG Subscription Agreement provided that this specific mandate shall be in addition to, and shall not prejudice nor revoke any existing or such other general or special mandates which may from time to time be granted to the Directors prior to the passing of this resolution; and
- (c) the Directors be and are hereby authorised to do all such acts, deeds and things and to sign, execute and deliver all such documents as they may, in their absolute discretion, consider necessary, desirable or expedient to give effect, determine, revise, supplement or complete any matters relating to or in connection with the FG Subscription Agreement and the transactions contemplated thereunder, including, without limitation, the allotment and issue of the FG Subscription Shares.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

5. Adoption of the Scheme

5. “**THAT** conditional on the Stock Exchange granting the approval of the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the share option scheme (the “**Scheme**”) (a copy of which is produced to the meeting marked “F” and signed by the Chairman of the Meeting for identification purpose), the principal terms of it are described in Appendix VI to the circular of the Company dated 6 May 2016 (a copy of which is produced to the Meeting marked “G” and signed by the Chairman of the Meeting for identification purpose), the Scheme be and is hereby approved and adopted by the Company and the board of Directors be and are hereby authorised to administer the Scheme, to grant options and to allot, issue and deal with the Shares pursuant to the exercise of any option granted thereunder and to take such steps and do such acts and to enter into such transactions, arrangements or agreements as may be necessary or expedient in order to implement and give full effect to the Scheme.”

AS SPECIAL RESOLUTION

6. Change of Company Name

6. “**THAT** subject to the approval of the Registrar of Companies in the Cayman Islands, the English name of the Company be and is hereby changed from “FU JI Food and Catering Services Holdings Limited” to “Fresh Express Delivery Holdings Group Co., Limited” and the Chinese name of the Company from “福記食品服務控股有限公司” to “鮮馳達控股集團有限公司” with effect from the date of entry of the new name on the register maintained by the Registrar of Companies in the Cayman Islands, and that any Director be and is hereby authorized to do all such acts and things and execute and deliver all documents as he considers necessary, desirable or expedient in his role and absolute discretion for the implementation of and giving effect to the aforesaid change of name of the Company and to attend to any registration and/or filing for and on behalf of the Company.”

By Order of the Board

FU JI Food and Catering Services Holdings Limited

Huang Shourong

Chairman and Executive Director

Hong Kong, 6 May 2016

Registered Office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Head office and principal place of
business in Hong Kong:*

Unit D, 12/F

Seabright Plaza

9-23 Shell Street

North Point, Hong Kong

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. Any member of the Company entitled to attend and vote at the Meeting is entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a member of the Company. A member who is the holder of two or more shares of the Company may appoint more than one proxy to represent him and vote on his behalf. Any corporation which is a member of the Company may, by resolution of its directors or other governing body, authorise such person or persons as it thinks fit to act as its corporate representative or representatives provided that if more than one person is so authorised, the authority shall specify the number and class of shares held by the relevant member in respect of which each such person is authorised to act as corporate representative.
2. A form of proxy for use in connection with the Meeting is enclosed with the circular of the Company dated 6 May 2016. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and thereafter deposited, together with a power of attorney or other authority (if any) under which it is signed or a certified copy of such power of attorney or authority, at the branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but, in any event, not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Meeting or any adjourned meeting thereof should you so wish. In such instance, the form of proxy shall be deemed to be revoked. Such form of proxy and the circular are also published on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.fujicateringhk.com.
3. Where there are joint registered holders of any share(s) of the Company, any one of such persons may vote at the Meeting, either personally or by proxy, in respect of such share(s) as if he/she was solely entitled thereto, but if more than one of such joint registered holders are present at the Meeting personally or by proxy, then one of the registered holders so present whose name stands first on the register of members of the Company in respect of such share(s), or his proxy, shall alone be entitled to vote and will be accepted to the exclusion of other joint registered holders in respect thereof.
4. Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the shareholders at a general meeting must be taken by poll. Therefore, the Chairman of the Meeting will demand that all resolutions will be voted by way of poll at the Meeting pursuant to Article 66(a) of the Articles.
5. The Chinese version of the notice is for reference only. Should there be any discrepancies, the English version will prevail.

As at the date of this notice, the Board comprises Mr. Huang Shourong and Mr. Pan Junfeng as executive Directors and Dr. Leung Hoi Ming, Mr. Mak Ka Wing, Patrick and Mr. Sung Wing Sum as independent non-executive Directors.

** For identification purpose only*