
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Partial Offers, the Composite Document and/or the accompanying Forms of Acceptance or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant, or other professional adviser.

If you have sold or otherwise transferred all your shares in China Agri-Products Exchange Limited, you should at once hand the Composite Document and the accompanying Forms of Acceptance to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

The Composite Document should be read in conjunction with the accompanying Forms of Acceptance, the contents of which form part of the terms and conditions of the Partial Offers.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of the Composite Document and the accompanying Forms of Acceptance, make no representation as to their 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 the Composite Document and the accompanying Forms of Acceptance.



GOAL SUCCESS INVESTMENTS LIMITED

*(Incorporated in the British Virgin Islands
with limited liability)*

CHINA AGRI-PRODUCTS EXCHANGE LIMITED

中國農產品交易有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 0149)

COMPOSITE OFFER AND RESPONSE DOCUMENT RELATING TO CONDITIONAL VOLUNTARY PARTIAL CASH OFFER BY


KINGSTON SECURITIES

ON BEHALF OF GOAL SUCCESS INVESTMENTS LIMITED TO
ACQUIRE SUCH NUMBER OF SHARES OF
CHINA AGRI-PRODUCTS EXCHANGE LIMITED FROM SHAREHOLDERS
WHICH WOULD RESULT IN THE OFFEROR AND PARTIES ACTING IN
CONCERT WITH IT HOLDING A MAXIMUM OF 75% OF
THE ISSUED SHARE CAPITAL OF CHINA AGRI-PRODUCTS EXCHANGE LIMITED
AND TO ACQUIRE A MAXIMUM OF 46.86% OF
THE OUTSTANDING PRINCIPAL AMOUNT OF THE CONVERTIBLE NOTES
OF CHINA AGRI-PRODUCTS EXCHANGE LIMITED
(SUBJECT TO ADJUSTMENT IN THE EVENT OF A CHANGE IN
THE ISSUED SHARE CAPITAL OF
CHINA AGRI-PRODUCTS EXCHANGE LIMITED)


KINGSTON CORPORATE FINANCE

Financial Adviser to the Offeror



Independent Financial Adviser to
the Independent Board Committee

Unless the context otherwise requires, capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in the Composite Document.

A letter from Kingston Securities containing, among other things, the principal terms and conditions of the Partial Offers is set out on pages 7 to 22 of the Composite Document. A letter from the Board is set out on pages 23 to 27 of the Composite Document. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders and Independent Convertible Noteholders in respect of the Partial Offers is set out on pages 28 to 29 of the Composite Document. A letter from Pelican Financial, the Independent Financial Adviser, containing its advice and recommendation to the Independent Board Committee in respect of the Partial Offers is set out on pages 30 to 50 of the Composite Document.

The procedures for acceptance and other related information of the Partial Offers are set out in Appendix I to the Composite Document and in the accompanying Forms of Acceptance. The Partial Share Offer Approval and Acceptance Forms should be received by the Registrar, and the Partial CN Offer Acceptance Forms should be received by the company secretary of the Company, by no later than 4:00 p.m. (Hong Kong time) on Wednesday, 29 January 2020, being the First Closing Date, or such later time(s) and/or date(s) as the Offeror may determine and announce in accordance with the requirements under the Takeovers Code and as the Executive may approve.

Persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward the Composite Document and/or the accompanying Forms of Acceptance to any jurisdiction outside Hong Kong should read the details which are contained in the section headed "IMPORTANT NOTICE", paragraph headed "Overseas Shareholders and Overseas Convertible Noteholders" in the "Letter from Kingston Securities" and section headed "7. OVERSEAS SHAREHOLDERS AND OVERSEAS CONVERTIBLE NOTEHOLDERS" in Appendix I to the Composite Document before taking any action. It is the responsibility of each Overseas Shareholder and Overseas Convertible Noteholder wishing to accept the Partial Offers to satisfy himself, herself or itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including but not limited to the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements and the payment of any issue, transfer or other taxes payable by such Overseas Shareholders and/or Overseas Convertible Noteholders in respect of the acceptance of the Partial Offers in such jurisdiction. Each of the Overseas Shareholders and Overseas Convertible Noteholders is advised to seek professional advice on deciding whether or not to accept the Partial Offers.

The Composite Document is issued jointly by the Offeror and the Company.

The English texts of the Composite Document and the accompanying Forms of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation.

7 January 2020

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EXPECTED TIMETABLE

The timetable set out below is indicative only and may be subject to changes. Any change to the timetable will be jointly announced by the Offeror and the Company. Unless otherwise expressly stated, all times and dates references contained in the Composite Document refer to Hong Kong times and dates.

Event	Time and Date
Despatch date of the Composite Document and the accompanying Forms of Acceptance and the Partial Offers open for acceptance (<i>Note 1</i>)	Tuesday, 7 January 2020
Latest time and date for acceptance of the Partial Offers on the First Closing Date (<i>Notes 1 & 6</i>)	by 4:00 p.m. on Wednesday, 29 January 2020
Announcement of the results of the Partial Offers as at the First Closing Date to be posted on the website of the Stock Exchange (<i>Notes 1 & 2</i>)	by 7:00 p.m. on Wednesday, 29 January 2020
Latest time and date for approval and acceptance of the Partial Offers (assuming that the Partial Offers become or are declared unconditional in all respects on the First Closing Date) (i.e. the Final Closing Date) (<i>Notes 2 & 6</i>)	by 4:00 p.m. on Wednesday, 12 February 2020
Announcement of the results of the Partial Offers as at the Final Closing Date to be posted on the website of the Stock Exchange (<i>Note 3</i>)	by 7:00 p.m. on Wednesday, 12 February 2020
Latest date for despatch of remittances for amounts due in respect of valid acceptances received under the Partial Offers at or before 4:00 p.m. on the Final Closing Date (assuming that the Partial Offers become or are declared unconditional in all respects on the First Closing Date) (<i>Notes 4 & 6</i>)	Friday, 21 February 2020
Latest time and date by which the Partial Offers can become or be declared unconditional as to acceptances (<i>Note 5</i>)	by 7:00 p.m. on Monday, 9 March 2020

EXPECTED TIMETABLE

Notes:

1. The Partial Offers are made on Tuesday, 7 January 2020, being the date of posting of the Composite Document and are capable of acceptance on and from that date until the close of the Offer Period, i.e. the Closing Date. The Offeror and the Company will issue a joint announcement on the Stock Exchange's website by 7:00 p.m. on the First Closing Date, stating the results of the Partial Offers and whether the Partial Offers have been revised or extended, have expired or have become or are declared unconditional. Where the Partial Offers become or are declared unconditional, the Partial Offers will remain open for acceptance for not less than 14 days thereafter in accordance with the Takeovers Code, but the Partial Offers must remain open for at least 21 days following the Despatch Date. Accordingly, if the Partial Offers are declared unconditional in all respects on or before the 7th day after the Despatch Date, then the Final Closing Date would be on (but no earlier than) the First Closing Date.
2. Pursuant to Rule 28.4 of the Takeovers Code, (i) if on a closing day acceptances received exceed the minimum number of Shares which would result in the Offeror and parties acting in concert with it holding 50.01% of the Shares in issue, provided that approval of the Partial Share Offer pursuant to Rule 28.5 of the Takeovers Code as more particularly set out in condition (b) in the paragraph headed "Conditions of the Partial Offers" in the "Letter from Kingston Securities" as set out in the Composite Document has also been obtained, the Offeror must declare the Partial Offers unconditional as to acceptances and comply with Rule 15.3 of the Takeovers Code by extending the Final Closing Date to the 14th day thereafter and the Offeror cannot further extend the Final Closing Date; (ii) if the acceptance condition has been fulfilled, the Offeror may declare the Partial Offers unconditional as to acceptances prior to the First Closing Date provided that it fully complies with Rule 15.3 of the Takeovers Code; and (iii) if the Partial Offers have been declared unconditional as to acceptances on the First Closing Date, the Offeror cannot extend the Final Closing Date to a day beyond the 14th day after the First Closing Date.
3. The announcement will comply with the disclosure requirements under Rule 19.1 and Note 7 to Rule 19 of the Takeovers Code and will include, among other things, the results of the Partial Offers and details of the way in which the pro rata entitlement for each Shareholder and/or Convertible Noteholder accepting the Partial Share Offer and/or Partial CN Offer (as the case may be) was determined.
4. Subject to the Partial Offers becoming unconditional, (i) remittances in respect of the cash consideration payable for the Offer Shares tendered under the Partial Share Offer will be posted to the Shareholders accepting the Partial Share Offer after deducting the applicable seller's ad valorem stamp duty; and (ii) remittances in respect of the cash consideration payable for the Offer Convertible Notes tendered under the Partial CN Offer will be posted to the Convertible Noteholders accepting the Partial CN Offer after deducting the applicable seller's ad valorem stamp duty, in both cases by ordinary post as soon as possible at the risk of the accepting Shareholders/Convertible Noteholders, but in any event within seven Business Days following the Final Closing Date.
5. In accordance with the Takeovers Code, except with the consent of the Executive, the Partial Offers may not become or be declared unconditional as to acceptances after 7:00 p.m. on the 60th day after the Despatch Date. Accordingly, unless the Partial Offers have previously become or declared unconditional as to acceptances, the Partial Offers will lapse after 7:00 p.m. on Monday, 9 March 2020, unless extended with the consent of the Executive.
6. If there is a tropical cyclone warning signal number 8 or above, or a "black" rainstorm warning in force or "extreme conditions" caused by super typhoon in Hong Kong:
 - (a) at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Partial Offers and the latest date for despatch of remittances for the amounts due under the Partial Offers in respect of valid acceptances, the latest time for acceptance of the Partial Offers will remain at 4:00 p.m. on the same Business Day and the latest date for the despatch of remittances will remain on the same Business Day; or
 - (b) at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Partial Offers and the latest date for despatch of remittances for the amounts due under the Partial Offers in respect of valid acceptances, the latest time for acceptance of the Partial Offers and the latest date for the despatch of remittances will be rescheduled on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m..

All times and dates in the Composite Document and the accompanying Forms of Acceptance refer to Hong Kong times and dates.

IMPORTANT NOTICE

NOTICE TO OVERSEAS SHAREHOLDERS AND OVERSEAS CONVERTIBLE NOTEHOLDERS

The making of the Partial Offers to the Shareholders and Convertible Noteholders who are citizens, residents or nationals of jurisdictions outside Hong Kong may be subject to the applicable laws of the relevant jurisdictions in which they are located. Such Shareholders and Convertible Noteholders should inform themselves about and observe any applicable legal or regulatory requirements in their own jurisdictions. It is the responsibility of any Overseas Shareholder and Overseas Convertible Noteholder wishing to accept the Partial Offers to satisfy themselves (and, where necessary, seek independent legal advice) as to the full observance of the laws and regulations of the relevant jurisdictions in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any transfer or other taxes due from such Overseas Shareholders and Overseas Convertible Noteholders in such relevant jurisdictions.

The Offeror, the Company, Kingston CF, Kingston Securities, the Registrar, their respective ultimate beneficial owners, directors, officers, agents, advisers and associates and any other person involved in the Partial Offers shall be entitled to be fully indemnified and held harmless by such Overseas Shareholders and Overseas Convertible Noteholders for any taxes, duties and levy as such person may be required to pay. Please see the section headed “8. TAX IMPLICATIONS” in Appendix I to the Composite Document.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

The Composite Document contains forward-looking statements, which may be identified by words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “seek”, “estimate”, “will”, “would” or words of similar meaning, that involve risks and uncertainties, as well as assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. The forward-looking statements included herein are made only as at the Latest Practicable Date. The Offeror and the Company assume no obligation to correct or update the forward-looking statements or opinions contained in the Composite Document, except as required pursuant to applicable laws or regulations, including but not limited to the Listing Rules and/or the Takeovers Code.

DEFINITIONS

In the Composite Document, unless the context otherwise requires, the following expressions have the following meanings:

“2017 CAP Rights Issue”	has the meaning ascribed to the term “Rights Issue” in the prospectus issued by the Company dated 27 November 2017
“2017 CAP Rights Issue Subscription Price”	has the meaning ascribed to the term “Subscription Price” in the prospectus issued by the Company dated 27 November 2017
“2019 Bonds”	five-year 10.0% coupon bonds issued by the Company on 28 November 2014
“acting in concert”	has the meaning given to it in the Takeovers Code
“associate(s)”	has the meaning given to it in the Takeovers Code
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for the transaction of business (excluding Saturday and Sunday)
“CCASS”	the Central Clearing and Settlement System, a securities settlement system used within Hong Kong Exchanges and Clearing Limited market system
“Closing Date”	the First Closing Date of the Partial Share Offer or any subsequent closing date of the Partial Share Offer as may be extended or revised in accordance with the Takeovers Code
“Company”	China Agri-Products Exchange Limited 中國農產品交易所有限公司, a company incorporated in Bermuda with limited liability, the Shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 0149)
“Composite Document”	this composite offer and response document in respect of the Partial Offers jointly issued by the Offeror and the Company in accordance with the Takeovers Code, as may be revised or supplemented as appropriate
“Conditions”	the conditions to the Partial Share Offer as set out in the section headed “2. PRINCIPAL TERMS AND CONDITIONS OF THE PARTIAL OFFERS – Conditions of the Partial Offers” in the “Letter from Kingston Securities” in the Composite Document
“Convertible Note(s)”	7.5% convertible note(s) due 2021 issued by the Company on 19 October 2016

DEFINITIONS

“Convertible Noteholder(s)”	the holder(s) of the Convertible Note(s)
“Despatch Date”	the date of despatch of the Composite Document to the Shareholders and Convertible Noteholders as required by the Takeovers Code
“Director(s)”	the director(s) of the Company
“EOG”	Easy One Financial Group Limited 易易壹金融集團有限公司, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the ordinary shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 221), which is held as to approximately 29.06% by WYT indirectly as at the Latest Practicable Date
“EOG Irrevocable Undertaking”	the irrevocable undertaking dated 26 September 2019 entered into between the Offeror, Onger Investments and Peony Finance in respect of the Partial Offers
“Executive”	the Executive Director of the Corporate Finance Division of the SFC and any of his delegates
“Final Closing Date”	the date which is the 14th day after (i) the date on which the Partial Share Offer is declared unconditional as to acceptances; or (ii) the First Closing Date, whichever is the earlier, provided that the Partial Offers shall be open for acceptance for at least 21 days following the Despatch Date
“First Closing Date”	the date stated in the Composite Document as the first closing day of the Partial Offers, which shall be at least 21 days following the Despatch Date, or such later date as may be extended by the Offeror in accordance with the Takeovers Code
“Forms of Acceptance”	collectively, the Partial Share Offer Approval and Acceptance Form and the Partial CN Offer Acceptance Form
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, comprising all independent non-executive Directors, namely Mr. Ng Yat Cheung, Mr. Lau King Lung and Mr. Wong Ping Yuen, established for the purpose of advising the Independent Shareholders and Independent Convertible Noteholders in respect of the Partial Offers

DEFINITIONS

“Independent Convertible Noteholders”	Convertible Noteholders other than the Offeror and parties acting in concert with it
“Independent Financial Adviser” or “Pelican Financial”	Pelican Financial Limited, a corporation licensed under the SFO to conduct Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to advise the Independent Board Committee in respect of the Partial Offers
“Independent Shareholders”	Shareholders other than the Offeror and parties acting in concert with it
“Joint Announcement”	the joint announcement dated 26 September 2019 jointly issued by, among others, the Offeror and the Company in relation to, among other things, the Partial Offers
“Kingston CF”	Kingston Corporate Finance Limited, a corporation licensed under the SFO to conduct Type 6 (advising on corporate finance) regulated activity under the SFO, being the financial adviser to the Offeror in respect of the Partial Offers
“Kingston Irrevocable Undertaking”	the irrevocable undertaking dated 26 November 2019 entered into between the Offeror and Kingston Securities in respect of the Partial Share Offer
“Kingston Securities”	Kingston Securities Limited, a corporation licensed under the SFO to conduct Type 1 (dealing in securities) regulated activity under the SFO, being the agent making the Partial Offers on behalf of the Offeror
“Last Trading Day”	26 September 2019, being the last trading day prior to the publication of the Joint Announcement
“Latest Practicable Date”	3 January 2020, being the latest practicable date prior to the printing of the Composite Document for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offer Convertible Notes”	the Convertible Notes subject to the Partial CN Offer, being a maximum of 46.86% of the outstanding principal amount of the Convertible Notes (subject to adjustment in the event of a change in the issued share capital of the Company)
“Offer Period”	has the meaning ascribed to it in the Takeovers Code, which, in respect of the Partial Offers, commenced on 12 September 2019

DEFINITIONS

“Offer Share(s)”	Share(s) subject to the Partial Share Offer, being such number of Shares which would result in the Offeror and parties acting in concert with it holding a maximum of 75% of all Shares in issue as at the Final Closing Date (including any Share for which a valid conversion notice has been delivered in respect of the Convertible Notes on or after the Latest Practicable Date and prior to the Final Closing Date)
“Offeror”	Goal Success Investments Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of WYT as at the Latest Practicable Date
“Onger Investments”	Onger Investments Limited, an indirect wholly-owned subsidiary of EOG and a company incorporated in the British Virgin Islands with limited liability, being a Shareholder holding 2,007,700,062 Shares, representing approximately 20.17% of the Shares in issue as at the Latest Practicable Date
“Overseas Convertible Noteholder(s)”	Convertible Noteholder(s) whose address(es), as shown on the noteholder register in respect of the Convertible Notes, is/are outside Hong Kong
“Overseas Shareholder(s)”	Shareholder(s) whose address(es), as shown on the register of members of the Company, is/are outside Hong Kong
“Partial CN Offer”	the conditional voluntary partial cash offer made by Kingston Securities on behalf of the Offeror to the Convertible Noteholders to acquire a maximum of 46.86% of the outstanding principal amount of the Convertible Notes (subject to adjustment in the event of a change in the issued share capital of the Company) on the terms and conditions set out in the Composite Document and in compliance with the Takeovers Code
“Partial CN Offer Acceptance Form”	the BLUE form of acceptance and transfer in respect of the Partial CN Offer accompanying the Composite Document
“Partial CN Offer Price”	HK\$0.2275 for each HK\$1 face value of the Convertible Notes payable by the Offeror to the Convertible Noteholders accepting the Partial CN Offer
“Partial Offers”	collectively, the Partial Share Offer and the Partial CN Offer

DEFINITIONS

“Partial Share Offer”	the conditional voluntary partial cash offer made by Kingston Securities on behalf of the Offeror to the Shareholders to acquire such number of Shares which would result in the Offeror and parties acting in concert with it holding a maximum of 75% of the Shares in issue as at the Final Closing Date (including any Share for which a valid conversion notice has been delivered in respect of the Convertible Notes on or after the Latest Practicable Date and prior to the Final Closing Date) on the terms and conditions set out in the Composite Document and in compliance with the Takeovers Code
“Partial Share Offer Approval and Acceptance Form”	the WHITE form of approval, acceptance and transfer in respect of the Partial Share Offer accompanying the Composite Document
“Partial Share Offer Price”	HK\$0.091 for each Offer Share payable by the Offeror to the Shareholders accepting the Partial Share Offer
“Peony Finance”	Peony Finance Limited, a company incorporated in the British Virgin Islands with limited liability, which is an indirect wholly-owned subsidiary of EOG and the registered holder of the Convertible Notes in the principal amount of HK\$103.0 million as at the Latest Practicable Date
“PRC”	the People’s Republic of China which, for the purpose of the Composite Document, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Registrar”	Tricor Investor Services Limited, the branch share registrar and transfer office of the Company in Hong Kong, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Relevant Period”	the period from 12 March 2019, being the date falling six months prior to 12 September 2019 (the date of commencement of the Offer Period) and ending on and including the Latest Practicable Date
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	registered holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“subsidiaries”	has the meaning given to it in the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers published by the SFC, as amended, supplemental or otherwise modified from time to time
“WOG”	Wang On Group Limited (宏安集團有限公司)*, an exempted company incorporated in Bermuda with limited liability, the ordinary shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1222)
“WOG Group”	WOG and its subsidiaries
“WYT”	Wai Yuen Tong Medicine Holdings Limited (位元堂藥業控股有限公司*), an exempted company incorporated in Bermuda with limited liability, the ordinary shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 897)
“WYT Group”	WYT and its subsidiaries
“%”	per cent.

* For identification purpose only

LETTER FROM KINGSTON SECURITIES



7 January 2020

To Shareholders and Convertible Noteholders:

Dear Sir or Madam,

CONDITIONAL VOLUNTARY PARTIAL CASH OFFER BY
KINGSTON SECURITIES
ON BEHALF OF GOAL SUCCESS INVESTMENTS LIMITED TO
ACQUIRE SUCH NUMBER OF SHARES OF
CHINA AGRI-PRODUCTS EXCHANGE LIMITED FROM SHAREHOLDERS
WHICH WOULD RESULT IN THE OFFEROR AND PARTIES ACTING IN
CONCERT WITH IT HOLDING A MAXIMUM OF 75% OF
THE ISSUED SHARE CAPITAL OF CHINA AGRI-PRODUCTS EXCHANGE LIMITED
AND TO ACQUIRE A MAXIMUM OF 46.86% OF
THE OUTSTANDING PRINCIPAL AMOUNT OF THE CONVERTIBLE NOTES
OF CHINA AGRI-PRODUCTS EXCHANGE LIMITED
(SUBJECT TO ADJUSTMENT IN THE EVENT OF A CHANGE IN
THE ISSUED SHARE CAPITAL OF
CHINA AGRI-PRODUCTS EXCHANGE LIMITED)

1. INTRODUCTION

As disclosed in the announcements dated 26 September 2019 and 28 November 2019, the Offeror announced that Kingston Securities, on behalf of the Offeror, would make a pre-conditional voluntary partial cash offer to acquire such number of Shares from Shareholders which would result in the Offeror and parties acting in concert with it holding a maximum of 75% of the issued share capital of the Company and to acquire a maximum of 46.86% of the outstanding principal amount of the Convertible Notes (subject to adjustment in the event of a change in the issued share capital of the Company). The making of the Partial Offers is subject to the satisfaction of pre-conditions, including approval by shareholders of WYT and WOG at the special general meeting of WYT and WOG respectively and consent from the Executive in respect of the Partial Offers pursuant to Rule 28.1 of the Takeovers Code having been obtained.

On 31 December 2019, the Offeror announced that all pre-conditions had been satisfied.

This letter forms part of the Composite Document and sets out, amongst other things, the principal terms and conditions of the Partial Offers. Further details of the terms and conditions of the Partial Offers are set out in Appendix I to the Composite Document and the accompanying Forms of Acceptance.

LETTER FROM KINGSTON SECURITIES

Independent Shareholders and Independent Convertible Noteholders are strongly advised to consider carefully the information contained in the “Letter from the Board”, the “Letter from the Independent Board Committee” and the “Letter from the Independent Financial Adviser” and the appendices as set out in the Composite Document and to consult their professional advisers before reaching a decision as to whether or not to accept the Partial Offers.

2. PRINCIPAL TERMS AND CONDITIONS OF THE PARTIAL OFFERS

Kingston Securities, on behalf of the Offeror, hereby:

- (a) makes the Partial Share Offer to the Shareholders to acquire such number of Offer Shares which would result in the Offeror and parties acting in concert with it holding a maximum of 75% of all Shares in issue as at the Final Closing Date (including any Share for which a valid conversion notice has been delivered in respect of the Convertible Notes on or after the Latest Practicable Date and prior to the Final Closing Date) at the Partial Share Offer Price of HK\$0.091 per Share; and
- (b) makes the Partial CN Offer, being an appropriate offer pursuant to Rule 13.1 of the Takeovers Code, to acquire a maximum of 46.86% of the outstanding principal amount of the Convertible Notes (subject to adjustment in the event of a change in the issued share capital of the Company) (for illustrative purposes only, as at the Latest Practicable Date and assuming no Convertible Notes are converted into Shares, the maximum amount of the Convertible Notes that may be acquired would be approximately HK\$124.08 million of the outstanding principal amount of the Convertible Notes).

The Partial Offers are made on the following basis:

For each Offer ShareHK\$0.091 in cash

For each HK\$1 face value of the Offer Convertible NotesHK\$0.2275 in cash

As at the Latest Practicable Date:

- (a) the Company had 9,953,067,822 Shares in issue and each of EOG (through Onger Investments) and Kingston Securities, a party acting, or presumed to be acting, in concert with the Offeror, held 2,007,700,062 Shares and 793,254,588 Shares, representing approximately 20.17% and approximately 7.97% of all the Shares in issue, respectively; and
- (b) there were outstanding Convertible Notes in the principal amount of HK\$264.8 million, HK\$103.0 million of which was held indirectly by EOG.

LETTER FROM KINGSTON SECURITIES

The Partial Share Offer Price of HK\$0.091 per Share was determined after taking into account, amongst other things, the following factors:

- (a) the potential benefits that the Offeror and the WYT Group may derive from the prospects of the business of the Group (including but not limited to the property investment in the PRC by the Group) and the Partial Share Offer which are more particularly described in the section headed “3. THE OFFEROR’S REASONS FOR THE PARTIAL SHARE OFFER” below;
- (b) the financial performance of the Group, including but not limited to the recent improved financial performance of the Group as indicated by, among other things, (i) unaudited net profit of approximately HK\$14.8 million for the Group for the six months ended 30 June 2019 (compared to unaudited net loss of approximately HK\$59.7 million for the corresponding period in 2018 and audited net loss of approximately HK\$179.3 million for the year ended 31 December 2018) and (ii) cash inflow generated from operating activities for the Group of approximately HK\$451.1 million for the year ended 31 December 2018 (compared to cash outflow used in operating activities of approximately HK\$40.4 million for the year ended 31 December 2017);
- (c) the historical share prices of the Company, which are more particularly described in the paragraph headed “Comparison of value” below;
- (d) the 2017 CAP Rights Issue Subscription Price of HK\$0.088 – the Offeror takes the view that the slight premium of the Partial Share Offer Price over the 2017 CAP Rights Issue Subscription Price is justifiable taking into account the improved financial performance of the Group since the 2017 CAP Rights Issue, the last capital raising by the Company, as set out in paragraph (b) above and in particular, as shown by, among other things, (i) the improved gearing ratio of the Group of approximately 0.95 as at 30 June 2019 (compared to the higher gearing ratios of approximately 1.04 and 1.00 as at 31 December 2017 and 31 December 2018, respectively); (ii) unaudited profit from operations of the Group of approximately HK\$158.3 million for the six months ended 30 June 2019 (compared to audited loss from operations of approximately HK\$29.5 million for the year ended 31 December 2017 and audited profit from operations of approximately HK\$97.6 million for the year ended 31 December 2018); and (iii) the increased interest coverage ratio of the Group of approximately 1.69 for the six months ended 30 June 2019 (compared to the negative ratio of approximately 0.11 for the year ended 31 December 2017 and the positive ratio of approximately 0.46 for the year ended 31 December 2018); and
- (e) the unaudited consolidated net assets attributable to owners of the Company per Share – the Partial Share Offer Price represents a discount of approximately 25.41% to the unaudited consolidated net assets attributable to owners of the Company per Share of approximately HK\$0.122 as at 30 June 2019.

The Partial CN Offer Price of HK\$0.2275 for each outstanding HK\$1 face value of the Offer Convertible Notes is determined in accordance with Rule 13 of the Takeovers Code as the “see-through” price for the Offer Convertible Notes, being (i) the number of Shares to be issued upon exercise of conversion rights attached to each outstanding HK\$1 face value of the Convertible Note at the conversion price of HK\$0.4 per Offer Convertible Note; multiplied by (ii) the Partial Share Offer Price of HK\$0.091 per Share.

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Conditions of the Partial Offers

The Partial Share Offer is subject to the following Conditions:

- (a) valid acceptances of the Partial Share Offer having been received (and not, where permitted, withdrawn) in respect of a minimum number of Shares which would result in the Offeror and parties acting in concert with it holding 50.01% of the Shares in issue by 4:00 p.m. (Hong Kong time) on the First Closing Date (or such later time(s) and/or date(s) as the Offeror may decide and the Executive may approve), provided that the Offeror shall purchase from the Shareholders as many Shares as are tendered by the Shareholders up to a maximum number of Shares which would result in the Offeror and parties acting in concert with it holding 75% of the Shares in issue as at the Final Closing Date (including any Share for which a valid conversion notice has been delivered in respect of the Convertible Notes on or after the Latest Practicable Date and prior to the Final Closing Date); and

Note: As of the Latest Practicable Date, based on the total number of 9,953,067,822 Shares in issue, and (a) 2,007,700,062 (or approximately 20.17%) Shares held indirectly by EOG (a party acting in concert with the Offeror) and (b) 793,254,588 (or approximately 7.97%) Shares held by Kingston Securities (a party presumed to be acting in concert with the Offeror), the minimum number of Shares tendered for valid acceptance from the Independent Shareholders that is required for the acceptance condition above would be 2,176,574,567 Shares, representing approximately 21.87% of Shares in issue; and the maximum number of Shares to be purchased by the Offeror from the Independent Shareholders would be 4,663,846,216 Shares, representing approximately 46.86% of Shares in issue.

- (b) approval of the Partial Share Offer pursuant to Rule 28.5 of the Takeovers Code by registered Shareholders as at the First Closing Date (unless the First Closing Date is extended in accordance with the Takeovers Code) holding over 50% of the Shares not held by the Offeror and parties acting in concert with it, signified by means of a separate box on the Partial Share Offer Approval and Acceptance Form specifying the number of Shares in respect of which the Partial Share Offer is approved.

In the event that valid acceptances are received:

- (a) for less than the number of Shares which would result in the Offeror and parties acting in concert with it holding 50.01% of the Shares in issue by the First Closing Date, unless the First Closing Date is extended in accordance with the Takeovers Code, the Partial Offers will not proceed and will lapse immediately; and
- (b) for not less than the number of Shares which would result in the Offeror and parties acting in concert with it holding 50.01% of the Shares in issue on or before the First Closing Date, the Offeror will declare the Partial Share Offer unconditional as to acceptances on or before the First Closing Date PROVIDED THAT approval of the Partial Share Offer pursuant to Rule 28.5 of the Takeovers Code as more particularly set out in condition (b) above has also been obtained.

The Partial CN Offer will be subject to and conditional upon the Partial Share Offer becoming or being declared unconditional in all respects.

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As at the Latest Practicable Date, if the Partial CN Offer becomes unconditional, the Offeror can acquire a maximum of 46.86% of the outstanding principal amount of the Convertible Notes. However, in the event that there is a change in the issued share capital of the Company, the maximum percentage of the outstanding principal amount of the Convertible Notes which the Offeror can acquire will be adjusted. Further announcement will be made if such change occurs.

Pursuant to Rule 28.4 of the Takeovers Code, if the Partial Share Offer has been declared unconditional as to acceptances on the First Closing Date, the Offeror cannot extend the Final Closing Date to a day beyond the 14th day after the First Closing Date.

Pursuant to Rule 28.6 of the Takeovers Code, since the Offeror and parties acting in concert with it will be holding more than 50% of the voting rights of the Company if the Partial Share Offer becomes unconditional in all respects and full valid acceptances of the Partial Share Offer are received, the Offeror will by then be free, subject to Rule 28.3 of the Takeovers Code, to acquire further Shares without incurring any obligation to make a general offer.

WARNING: Holders of securities in the Company and prospective investors should note that the Partial Offers will be subject to the satisfaction of the Conditions. The Partial Offers may or may not become unconditional and will lapse if they do not become unconditional. Holders of securities in the Company and prospective investors are advised to exercise caution when dealing in the securities of the Company. If they are in any doubt about their positions, they should consult their professional advisers.

Comparison of value

The Partial Share Offer Price of HK\$0.091 per Share under the Partial Share Offer represents:

- (i) a premium of approximately 65.45% over the closing price of HK\$0.055 per Share as quoted on the Stock Exchange on the last Business Day immediately preceding the date of the commencement of the Offer Period, being 11 September 2019;
- (ii) a premium of approximately 44.44% over the closing price of HK\$0.063 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 37.88% over the average closing price of approximately HK\$0.066 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 65.45% over the average closing price of approximately HK\$0.055 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- (v) a premium of approximately 85.71% over the average closing price of approximately HK\$0.049 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;

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- (vi) a premium of approximately 78.43% over the average closing price of approximately HK\$0.051 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- (vii) a premium of approximately 78.43% over the average closing price of approximately HK\$0.051 per Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Day;
- (viii) a premium of approximately 93.62% over the average closing price of approximately HK\$0.047 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day;
- (ix) a premium of approximately 28.17% over the highest closing price of approximately HK\$0.071 per Share based on the daily closing prices as quoted on the Stock Exchange for the 12-month period preceding the date of the Joint Announcement;
- (x) a discount of approximately 24.79% to the audited consolidated net assets attributable to owners of the Company per Share of approximately HK\$0.121 as at 31 December 2018, calculated based on the audited consolidated net assets attributable to owners of the Company of approximately HK\$1,208.97 million as at 31 December 2018 divided by the total number of 9,953,067,822 Shares in issue as at 31 December 2018;
- (xi) a discount of approximately 25.41% to the unaudited consolidated net assets attributable to owners of the Company per Share of approximately HK\$0.122 as at 30 June 2019, calculated based on the unaudited consolidated net assets attributable to owners of the Company of approximately HK\$1,213.50 million as at 30 June 2019 divided by the total number of 9,953,067,822 Shares in issue as at 30 June 2019;
- (xii) a discount of approximately 41.29% to the unaudited adjusted consolidated net assets attributable to owners of the Company per Share of approximately HK\$0.155, calculated based on the unaudited adjusted consolidated net assets attributable to owners of the Company of approximately HK\$1,546.5 million as at 30 June 2019 (after taking into account of the valuation performed by RHL Appraisal Limited on the properties held as at 10 October 2019, together with the relevant deferred tax liabilities arising from the valuation, the text of which was set out in Appendix III to the Composite Document) divided by the total number of 9,953,067,822 Shares in issue as at 30 June 2019; and
- (xiii) a premium of approximately 28.17% over the closing price of HK\$0.071 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

Highest and lowest Share prices

During the Relevant Period, the highest and lowest closing prices of the Shares as quoted on the Stock Exchange were HK\$0.071 on 12 September 2019 and 3 January 2020 and HK\$0.038 on 6 August 2019, respectively.

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Value of the Partial Offers

As at the Latest Practicable Date, the Company had 9,953,067,822 Shares in issue and each of EOG (through Onger Investments) and Kingston Securities, a party acting, or presumed to be acting, in concert with the Offeror, held 2,007,700,062 Shares and 793,254,588 Shares, representing approximately 20.17% and approximately 7.97% of the Shares in issue, respectively. As at the Latest Practicable Date, there were outstanding Convertible Notes in the principal amount of HK\$264.8 million, HK\$103.0 million of which was held indirectly by EOG.

The cash consideration payable by the Offeror for the Offer Shares, being a maximum number of Shares which would result in the Offeror and parties acting in concert with it holding 75% of the Shares in issue as at the Final Closing Date, under the Partial Share Offer will be approximately HK\$496.60 million (assuming no Convertible Notes are converted into Shares) or approximately HK\$524.20 million (assuming all Convertible Notes that are not subject to the EOG Irrevocable Undertaking, being approximately HK\$161.8 million or approximately 61.10%, are converted into Shares).

Assuming full valid acceptances of the Partial CN Offer, the cash consideration payable by the Offeror under the Partial CN Offer will be approximately HK\$28.23 million.

Accordingly, the maximum total cash consideration payable by the Offeror under the Partial Offers will amount to approximately HK\$524.83 million.

Confirmation of financial resources

The Offeror intends to finance the cash consideration required for the Partial Offers by internal resources including those generated from early repayment of the 2019 Bonds to the WYT Group by the Company since 31 March 2019 and sale proceeds from disposal of several investment properties of the WYT Group completed after 31 March 2019.

Kingston CF, as the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the maximum total cash consideration payable by the Offeror under the Partial Offers.

OTHER TERMS OF THE PARTIAL OFFERS

Acceptance of the Partial Share Offer

Shareholders may accept the Partial Share Offer in respect of some or all of the Shares held by them.

Subject to the Partial Share Offer becoming unconditional in all respects: (i) if valid acceptances are received for not less than the number of Shares which would result in the Offeror and parties acting in concert with it holding 50.01% of the Shares in issue, but not more than the number of Shares which would result in the Offeror and parties acting in concert with it holding 75% of the Shares in issue as at the Final Closing Date (including any Share for which a valid conversion notice has been delivered in respect of the Convertible Notes on or after the Latest Practicable Date and prior to the Final Closing Date), all Shares validly accepted will be taken up; and (ii) if valid acceptances are

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received for more than the number of Shares which would result in the Offeror and parties acting in concert with it holding 75% of the Shares in issue as at the Final Closing Date (including any Share for which a valid conversion notice has been delivered in respect of the Convertible Notes on or after the Latest Practicable Date and prior to the Final Closing Date), the total number of Shares to be taken up by the Offeror from each accepting Shareholder will be determined in accordance with the following formula:

$$\frac{A}{B} \times C$$

- A: the number of Shares which would result in the Offeror and parties acting in concert with it holding 75% of the Shares in issue as at the Final Closing Date (including any Share for which a valid conversion notice has been delivered in respect of the Convertible Notes on or after the Latest Practicable Date and prior to the Final Closing Date), being the maximum number of Shares for which the Partial Share Offer is made

Note: As of the Latest Practicable Date, based on the total number of 9,953,067,822 Shares in issue, and (a) 2,007,700,062 (or approximately 20.17%) Shares held indirectly by EOG (a party acting in concert with the Offeror) and (b) 793,254,588 (or approximately 7.97%) Shares held by Kingston Securities (a party presumed to be acting in concert with the Offeror), “A” would be 4,663,846,216 Shares, representing approximately 46.86% of Shares in issue.

- B: the total number of Shares validly tendered by all Independent Shareholders under the Partial Share Offer
- C: the number of Shares tendered by the relevant individual Independent Shareholder or Kingston Securities (as the case may be) under the Partial Share Offer

Acceptance of the Partial CN Offer

The same approach will be taken for determining the principal amount of the Convertible Notes to be taken up by the Offeror from each accepting Convertible Noteholder, as for determining the number of Shares to be taken up by the Offeror from each accepting Shareholder. Further details are set out in Appendix I to the Composite Document.

Implication

As a result, it is possible that if a Shareholder (excluding Onger Investments) or Convertible Noteholder (excluding Peony Finance) (as the case may be) tenders all his/her/its Shares or Convertible Notes (as the case may be) for acceptance under the Partial Offers, not all of such securities will be taken up. Shareholders (excluding Onger Investments) and Convertible Noteholders (excluding Peony Finance) can, however, be assured that, in the event the Partial Share Offer becomes unconditional in all respects, a minimum of approximately 65.21% of the Shares and approximately 76.69% of the outstanding principal amount of the Convertible Notes (as the case may be) (assuming there are no changes to the issued share capital of the Company after the Latest Practicable Date) tendered for acceptance by a particular Shareholder (excluding Onger Investments) and Convertible Noteholder (excluding Peony Finance) (as the case may be) under the Partial Offers will be taken up.

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Fractions of Shares and principal amount of the Convertible Notes will not be taken up under the Partial Offers and, accordingly, the number of Shares and principal amount of the Convertible Notes that the Offeror will take up from each Shareholder and Convertible Noteholder (as the case may be) will be, at the discretion of the Offeror, rounded up or down to the nearest whole number and rounded down to the nearest Hong Kong Dollars, respectively.

Effect of accepting the Partial Offers

By validly accepting the Partial Share Offer, Shareholders will sell to the Offeror their tendered Shares which are finally taken up by the Offeror in accordance with the above formula free from all encumbrances and together with all rights and benefits at any time accruing and attaching thereto including all rights to any dividend or other distributions declared, made or paid on or after the Final Closing Date. As at the Latest Practicable Date, the Company has not declared any dividend which is not yet paid and it also does not anticipate any dividend to be declared during the Offer Period.

The Offeror will not be entitled to any dividends or other distributions declared, made or paid before the Final Closing Date in respect of the Shares which are taken up by the Offeror under the Partial Share Offer. Any such dividends or other distributions will be paid to the Shareholders who are qualified for such dividends or distributions.

Acceptance of the Partial CN Offer by any Convertible Noteholder will constitute a warranty by such Convertible Noteholder to the Offeror that the Convertible Notes sold by it to the Offeror under the Partial CN Offer are free from all encumbrances whatsoever.

Acceptance of the Partial Offers shall be irrevocable and shall not be capable of being withdrawn, except as permitted under the Takeovers Code.

Hong Kong Stamp Duty

Seller's ad valorem stamp duty at the rate of 0.1% of the higher of (i) the value of the consideration payable in respect of the relevant acceptances; and (ii) the market value of the Shares tendered for acceptance will be payable by the Shareholders who accept the Partial Share Offer. The relevant amount will be deducted from the cash amount payable by the Offeror to the Shareholders under the Partial Share Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Shareholders and will bear its own portion of buyer's ad valorem stamp duty in connection with the acceptance of the Partial Share Offer and the transfer of the Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Seller's ad valorem stamp duty at the rate of 0.1% of the higher of (i) the value of the consideration payable in respect of the acceptance of the Partial CN Offer; and (ii) the market value of the Convertible Notes tendered for acceptance will be payable by the Convertible Noteholders who accept the Partial CN Offer. The relevant amount will be deducted from the cash amount payable by the Offeror to the Convertible Noteholders under the Partial CN Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Convertible Noteholders and will bear its own portion of buyer's ad valorem stamp duty in connection with the acceptance of the Partial CN Offer and the transfer of the Convertible Notes in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

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Overseas Shareholders and Overseas Convertible Noteholders

The making of the Partial Offers to the Shareholders and Convertible Noteholders who are citizens, residents or nationals of jurisdictions outside Hong Kong may be subject to the applicable laws of the relevant jurisdictions in which they are located. Such Shareholders and Convertible Noteholders should inform themselves about and observe any applicable legal or regulatory requirements in their own jurisdictions. It is the responsibility of any Overseas Shareholder and any Overseas Convertible Noteholder wishing to accept the Partial Offers to satisfy themselves (and, where necessary, seek independent legal advice) as to the full observance of the laws and regulations of the relevant jurisdictions in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any transfer or other taxes due from such Shareholders and Convertible Noteholders in such relevant jurisdictions.

Any acceptance of the Partial Offers by any Shareholder or Convertible Noteholder will be deemed to constitute a representation and warranty from such persons to the Offeror and its advisers that all local laws and regulatory requirements have been complied with and that the Partial Offers can be accepted by such persons lawfully under the laws of the relevant jurisdiction. Shareholders and Convertible Noteholders should consult their professional advisers if in any doubt.

Settlement of consideration

Subject to the Partial Offers becoming unconditional, (i) remittances in respect of the cash consideration payable for the Offer Shares tendered under the Partial Share Offer will be posted to the Shareholders accepting the Partial Share Offer after deducting the applicable seller's ad valorem stamp duty; and (ii) remittances in respect of the cash consideration payable for the Offer Convertible Notes tendered under the Partial CN Offer will be posted to the Convertible Noteholders accepting the Partial CN Offer after deducting the applicable seller's ad valorem stamp duty, in both cases by ordinary post as soon as possible at the risk of the accepting Shareholders/Convertible Noteholders, but in any event within seven Business Days following the Final Closing Date.

Odd lots

Shareholders should note that acceptance of the Partial Share Offer may result in their holding odd lots of Shares. Accordingly, Kingston Securities has been appointed as the designated broker to match sales and purchases of odd lot holding of the Shares in the market for a period of six weeks following the close of the Partial Share Offer to enable such Shareholders to dispose of their odd lots or to top up their odd lots to whole board lots of 5,000 Shares. Shareholders should note that the matching of odd lots is not guaranteed.

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EOG IRREVOCABLE UNDERTAKING

On 26 September 2019, Onger Investments, an existing Shareholder holding 2,007,700,062 Shares, representing approximately 20.17% of the Shares in issue as at that date, gave an irrevocable undertaking to the Offeror that (among other things):

- (a) it will not sell, transfer, encumber, grant any option over or otherwise dispose of any interest in the Shares held by it; and
- (b) it will not tender any Share held by it for acceptance of the Partial Share Offer.

On 26 September 2019, Peony Finance, a Convertible Noteholder holding the Convertible Notes in the principal amount of HK\$103.0 million as at that date, gave an irrevocable undertaking to the Offeror that (among other things):

- (a) it will not sell, transfer, encumber, grant any option over or otherwise dispose of any interest in the Convertible Notes held by it;
- (b) it will not tender any Convertible Note held by it for acceptance of the Partial CN Offer; and
- (c) it will not exercise the conversion rights attaching to the Convertible Notes held by it to convert the Convertible Notes held by it into Shares.

KINGSTON IRREVOCABLE UNDERTAKING

On 26 November 2019, Kingston Securities, which is the agent making the Partial Offers on behalf of the Offeror, a party presumed to be acting in concert with the Offeror and the holder of 793,254,588 Shares, representing approximately 7.97% of the Shares in issue, gave an irrevocable undertaking to the Offeror that, among other things:

- (a) it will accept the Partial Share Offer in respect of all 793,254,588 Shares held by it;
- (b) it will take such step(s) to effect such acceptance of the Partial Share Offer and transfer to the Offeror of all 793,254,588 Shares held by it (or the relevant portion thereof after scaling down in accordance with the terms of the Partial Share Offer);
- (c) it will not withdraw its acceptance of the Partial Share Offer; and
- (d) it will not sell, transfer, encumber, grant any option over or otherwise dispose of any of the 793,254,588 Shares held by it or any interest in such Shares held by it except pursuant to the Partial Share Offer.

The EOG Irrevocable Undertaking and the Kingston Irrevocable Undertaking will terminate if the Partial Offers lapse; if the Partial Offers are withdrawn without having become wholly unconditional in circumstances permitted under the Takeovers Code; or if the Offer Period ends.

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As at the Latest Practicable Date, apart from the EOG Irrevocable Undertaking and the Kingston Irrevocable Undertaking, the Offeror and parties acting in concert with it had not received any indication or irrevocable commitment from any Shareholder and Convertible Noteholder to accept or reject the Partial Offers.

3. THE OFFEROR'S REASONS FOR THE PARTIAL SHARE OFFER

As stated in the WYT's annual report for the year ended 31 March 2019, property investment is one of the WYT Group's three operating segments in which the WYT Group owned 16 retail properties. Majority of the properties were self-used as retail shops while some were leased out for generating rental income.

The WYT Group holds the unlisted 5-year bond due November 2019 issued by the Company which amounted to HK\$700.0 million as at 31 March 2019.

Positive prospects of the Group's property investment

As stated in the interim results announcement of the Group for the six months ended 30 June 2019, investment properties and stock of properties accounted for approximately 86.24% of the Group's total assets.

The investment properties and stock of properties of the Group are located in Hubei Province, Henan Province, Guangxi Zhuang Autonomous Region, Jiangsu Province, and Liaoning Province of the PRC. These provinces are highly supported by the PRC government policies including but not limited to the following:

- (a) 國家新型城鎮化規劃 (2014至2020年) (National New Urbanisation Planning (2014–2020)[#]), which planned out the urbanisation process of major PRC provinces from 2014 to 2020 through, among other things, agricultural modernisation by (i) coordinating planning of the agricultural produce market network, supporting produce distribution centers and improving construction of wholesale produce markets and produce futures markets; (ii) strengthening the agricultural produce cold chain logistics covering collection, storage, processing, transportation and sales; and (iii) promoting convergence between production and marketing and accelerating development of agricultural produce e-commerce;
- (b) 中原城市群發展規劃 (Central Plains Urban Agglomeration Development Planning[#]), which mapped out a development plan from 2016 to 2020 for developing provinces in the central area of the PRC including Hubei Province and Henan Province. It advocates the development and expansion of agricultural cluster through supporting leading enterprises in agricultural industrialisation and building modern industrialised agricultural bases by extending the agricultural industrial chain and promoting the integrated development of agricultural production, processing, logistics and marketing; and

[#] Denotes English translation of Chinese names is provided for identification purpose only.

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- (c) 促進中部地區崛起規劃 (2016至2025年) (Central Area Promotion Planning (2016 to 2025)[#]), which also places an emphasis on developing provinces in the central area of the PRC, including Hubei Province and Henan Province. It promises to, among other things, (i) enhance the produce wholesale market and cold chain logistics infrastructure; and (ii) strengthen the construction of agricultural produce futures markets and improve the modern agricultural risk management system.

The Offeror and WYT believe that the investment properties and properties stock of the Group will benefit from the aforementioned policies.

Improving financial performances of the Group

The Group's profitability for the financial years ended 31 December 2018 and 2017 was affected mainly by the high interest expenses of the bonds. However, WYT and the Offeror are optimistic in the financial performance of the Group on the basis of the following:

- (a) agricultural issue is the PRC central government's first priority policy for the next consecutive years. In 2019, the Central Committee of Communist Party of China and the State Council of China released the 二零一九年中央一號文件 (Number 1 Policy of 2019[#]), which promised to: (i) promote investments in agricultural produce markets; (ii) expand agricultural produce network; (iii) build logistic infrastructure and storage facilities of agriculture; and (iv) improve regional cold storage infrastructure. On the other hand, it is expected that the "One Belt, One Road" policy will drive the overall growth of the PRC economy and provide a sustainable way for the PRC's continuing development. WYT and the Offeror expect that the Group's operation will benefit from these government policies in the future;
- (b) the bonds of the Group decreased from approximately HK\$1.34 billion as at 31 December 2016 to approximately HK\$0.97 billion as at 30 June 2019 as a result of bonds redemption using proceeds raised by the Group from a rights issue exercise in December 2017, disposal of subsidiaries holding land bank in August 2018 and internally generated working capital. The Group will continue to explore various options in order to restructure its outstanding 2019 Bonds balance, so as to scale down its interest expenses and hence indirectly improve the Group's financial performance; and
- (c) the Group's revenue from property sales increased from approximately HK\$278.1 million in 2016 to approximately HK\$400.0 million in 2018. Furthermore, the Group has an increasing portfolio of properties stock, with values amounting from approximately HK\$938.5 million as at 31 December 2016 to approximately HK\$1.8 billion as at 30 June 2019. The Group is expected to implement a systematic approach to its properties sales to capture better values at opportune time in order to generate further income from such sales, which will be supported by its current properties stock and the government policies as aforementioned.

[#] Denotes English translation of Chinese names is provided for identification purpose only.

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Analysis on the Partial Share Offer Price

The Partial Share Offer Price of HK\$0.091 per Share represents an approximately 25.41% discount to the unaudited consolidated net asset value per Share attributable to owners of the Company as at 30 June 2019 and an approximately 41.29% discount to the unaudited adjusted consolidated net assets per Share attributable to owners of the Company as at 30 June 2019 of approximately HK\$0.155 (after taking into account of the valuation performed by RHL Appraisal Limited on the properties held as at 10 October 2019, together with the relevant deferred tax liabilities arising from the valuation, the text of which is set out in Appendix III to the Composite Document). It also represents a premium of approximately 28.17% over the highest closing price of the Shares of HK\$0.071 as quoted on the Stock Exchange for the past one year. In view of the positive prospects of the Company as aforementioned, the Offeror considers that the Partial Share Offer Price, which is set at a premium to the market price of the Company demonstrates the Offeror's confidence in the Group, which would send a positive signal to the Company's stakeholders including its staff and customers. In addition, the Partial Share Offer represents a good opportunity for the Shareholders (other than EOG and its relevant wholly-owned subsidiary due to the EOG Irrevocable Undertaking) who wish to realise at least approximately 65.21% (assuming there are no changes in the issued share capital of the Company as at the Latest Practicable Date) of their equity investment at a premium to the recent price of the Shares, whilst retaining the balance of their equity interest in the Company in order to participate in the future growth of the Company and enjoy any resulting enhanced value of the Company. Please refer to the paragraph headed "Comparison of value" above for a detailed comparison of the Partial Share Offer Price with previous prices of the Shares.

Intention of the Offeror regarding the listing status of the Company

The Offeror has decided to proceed with the Partial Offers instead of a general offer because it intends to maintain the listing status of the Company, for which 25% or more of the Shares in issue will need to be held by the public in accordance with the Listing Rules. Accordingly, in the event the Partial Offers become unconditional, the maximum percentage of Shares in issue that the Offeror and its concert parties would hold as at the Final Closing Date would be 75%.

4. INTENTION OF THE OFFEROR REGARDING THE GROUP

The Offeror intends to continue the existing businesses and the employment of the employees of the Group and it has no intention to change the composition of the Board, or introduce any major changes to the existing businesses of the Group and any material redeployment of fixed assets of the Group which is not in the ordinary course of business.

In particular, the Offeror noted that as disclosed in the Company's interim report for the six months ended 30 June 2019, the management of the Group would closely monitor the performance of its new business of food and agricultural by-products merchandising and launch this new service to other markets when the business model becomes mature; and would explore opportunities to cooperate with other business partners in e-commerce development linking online and offline customers in its agricultural exchange markets. The Offeror intends to continue to develop and explore opportunities in these two areas. The Offeror will review and evaluate with the Company the development in, and commercial viability of, these two areas from time to time, and have discussions with or make suggestions to the Company accordingly.

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5. PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror intends to maintain the listing status of the Company on the Stock Exchange upon completion of the Partial Offers. As at the Latest Practicable Date, the Company has a public float of approximately 79.83% of the Shares in issue. In the event the Partial Offers become unconditional, upon completion of the Partial Offers, it is expected that the Offeror and parties acting in concert with it will be holding at least 50.01% and not more than 75.00% in the Company.

In the event the Partial Offers become unconditional, it is expected that the Company will have a public float of at least 25% of the Shares in issue immediately following completion of the Partial Offers (assuming there are no changes in the issued share capital of the Company after the Latest Practicable Date) and accordingly the number of Shares in public hands will continue to meet the public float requirement under Rule 8.08 of the Listing Rules.

The Stock Exchange has stated that if, at the close of the Partial Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealings in the Shares.

The Offeror intends the Company to remain listed on the Stock Exchange. The directors of the Offeror have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

As at the Latest Practicable Date, the Offeror does not intend to avail itself of any powers of compulsory acquisition.

6. INFORMATION ON THE GROUP

Information on the Group is set out in the section headed “INFORMATION ON THE GROUP” in the letter from the Board contained in the Composite Document.

7. INFORMATION ON THE OFFEROR, WYT AND WOG

The Offeror is a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of WYT. It is principally engaged in investment holding.

WYT is an exempted company incorporated in Bermuda with limited liability, the shares of which are listed and traded on the Main Board of the Stock Exchange. The WYT Group is principally engaged in (i) the manufacturing and retailing of traditional Chinese pharmaceutical and health food products, including Chinese medicinal products sold under the brand name of “Wai Yuen Tong”, mainly in the PRC and Hong Kong; (ii) the manufacturing and retailing of Western pharmaceutical and health food and personal care products under the brand names of “Madame Pearls” and “Pearls”; and (iii) property investment.

As at the Latest Practicable Date, WYT is an approximately 58.08%-owned listed subsidiary of WOG.

LETTER FROM KINGSTON SECURITIES

WOG is an exempted company incorporated in Bermuda with limited liability, the shares of which are listed and traded on the Main Board of the Stock Exchange. The WOG Group is principally engaged in (i) management and sub-licensing of fresh markets and treasury management in Hong Kong and the PRC; (ii) property investment and property development in Hong Kong through Wang On Properties Limited, a 75.0%-owned listed subsidiary of WOG; and (iii) manufacturing and/or retailing of pharmaceutical and health food products through WYT, an approximately 58.08%-owned listed subsidiary of WOG.

8. ACCEPTANCE AND SETTLEMENT

Your attention is drawn to the further details regarding the procedures for acceptance and settlement and acceptance period as set out in Appendix I to the Composite Document and the accompanying Forms of Acceptance.

9. ADDITIONAL INFORMATION

Your attention is drawn to the additional information regarding the Partial Offers set out in the appendices to the Composite Document and the accompanying Forms of Acceptance, which form part of the Composite Document. In addition, your attention is also drawn to the letter from the Board, the letter from the Independent Board Committee and the letter from Pelican Financial contained in the Composite Document.

Yours faithfully,
For and on behalf of
Kingston Securities Limited
Chu, Nicholas Yuk-yui
Director

LETTER FROM THE BOARD



CHINA AGRI-PRODUCTS EXCHANGE LIMITED

中國農產品交易有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 0149)

Executive Directors:

Mr. Chan Chun Hong, Thomas
(Chairman and Chief Executive Officer)
Mr. Leung Sui Wah, Raymond
Mr. Yau Yuk Shing

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Independent Non-executive Directors:

Mr. Ng Yat Cheung, JP
Mr. Lau King Lung
Mr. Wong Ping Yuen


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

Suite 3202, 32/F., Skyline Tower
39 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

7 January 2020

To Shareholders and Convertible Noteholders

Dear Sir or Madam,

CONDITIONAL VOLUNTARY PARTIAL CASH OFFER BY
 KINGSTON SECURITIES
ON BEHALF OF GOAL SUCCESS INVESTMENTS LIMITED TO
ACQUIRE SUCH NUMBER OF SHARES OF
CHINA AGRI-PRODUCTS EXCHANGE LIMITED FROM SHAREHOLDERS
WHICH WOULD RESULT IN THE OFFEROR AND PARTIES ACTING IN
CONCERT WITH IT HOLDING A MAXIMUM OF 75% OF
THE ISSUED SHARE CAPITAL OF CHINA AGRI-PRODUCTS EXCHANGE LIMITED
AND TO ACQUIRE A MAXIMUM OF 46.86% OF
THE OUTSTANDING PRINCIPAL AMOUNT OF THE CONVERTIBLE NOTES
OF CHINA AGRI-PRODUCTS EXCHANGE LIMITED
(SUBJECT TO ADJUSTMENT IN THE EVENT OF A CHANGE IN
THE ISSUED SHARE CAPITAL OF
CHINA AGRI-PRODUCTS EXCHANGE LIMITED)

LETTER FROM THE BOARD

INTRODUCTION

References are made to the announcements dated 26 September 2019 and 28 November 2019 jointly issued by the Offeror, the Company, EOG, WOG and WYT in relation to, among other things, the Partial Offers. As set out in the “Letter from Kingston Securities” in the Composite Document, Kingston Securities is making the Partial Offers on behalf of the Offeror to acquire (i) such number of Offer Shares which would result in the Offeror and parties acting in concert with it holding a maximum of 75% of the Shares in issue as at the Final Closing Date (including any Share for which a valid conversion notice has been delivered in respect of the Convertible Notes on or after the Latest Practicable Date and prior to the Final Closing Date), and (ii) a maximum of 46.86% of the outstanding principal amount of the Convertible Notes (subject to adjustment in the event of a change in the issued share capital of the Company), as per the terms set out in the Composite Document.

The purpose of the Composite Document (of which this letter forms part) is to provide you with, among other things, (i) further information relating to the Group, the Offeror and the Partial Offers; (ii) the letter from Kingston Securities containing details of the Partial Offers; (iii) the letter from the Independent Board Committee containing its recommendation and advice to the Independent Shareholders and Independent Convertible Noteholders, and (iv) the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee on whether the terms of the Partial Offers are fair and reasonable so far as the Independent Shareholders/Independent Convertible Noteholders are concerned, and as to acceptance in respect of the Partial Offers.

The Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Ng Yat Cheung, Mr. Lau King Lung and Mr. Wong Ping Yuen, has been established pursuant to Rule 2.1 of the Takeovers Code to advise the Independent Shareholders and the Independent Convertible Noteholders as to whether the terms of the Partial Offers are fair and reasonable and as to the acceptance of the Partial Offers.

Pelican Financial has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Partial Offers. The appointment of the Independent Financial Adviser has been approved by the Independent Board Committee. The full text of the letter from Pelican Financial to the Independent Board Committee is set out in the Composite Document.

THE PARTIAL OFFERS

As set out in the “Letter from Kingston Securities” contained in the Composite Document, Kingston Securities is making the Partial Offers on behalf of the Offeror in compliance with the Takeovers Code on the following basis:

The Partial Offers

For each Offer ShareHK\$0.091 in cash

For each HK\$1 face value of the Offer Convertible NotesHK\$0.2275 in cash

LETTER FROM THE BOARD

Pre-Conditions of the Partial Offers

As stated in the Joint Announcement, the making of the Partial Offers was subject to the fulfilment of the following pre-conditions:

- (a) consent from the Executive in respect of the Partial Share Offer pursuant to Rule 28.1 of the Takeovers Code;
- (b) approval by the shareholders of WYT at a special general meeting of WYT convened for this purpose; and
- (c) approval by the shareholders of WOG at a special general meeting of WOG convened for this purpose.

On 31 December 2019, the Offeror announced that the above pre-conditions have been fulfilled.

Conditions of the Partial Offers

The Partial Share Offer is subject to the following Conditions:

- (a) valid acceptances of the Partial Share Offer having been received (and not, where permitted, withdrawn) in respect of a minimum number of Shares which would result in the Offeror and parties acting in concert with it holding 50.01% of the Shares in issue by 4:00 p.m. (Hong Kong time) on the First Closing Date (or such later time(s) and/or date(s) as the Offeror may decide and the Executive may approve), provided that the Offeror shall purchase from the Shareholders as many Shares as are tendered by the Shareholders up to a maximum number of Shares which would result in the Offeror and parties acting in concert with it holding 75% of the Shares in issue as at the Final Closing Date (including any Share for which a valid conversion notice has been delivered in respect of the Convertible Notes on or after the Latest Practicable Date and prior to the Final Closing Date); and

Note: As of the Latest Practicable Date, based on the total number of 9,953,067,822 Shares in issue, and (a) 2,007,700,062 (or approximately 20.17%) Shares held indirectly by EOG (a party acting in concert with the Offeror) and (b) 793,254,588 (or approximately 7.97%) Shares held by Kingston Securities (a party presumed to be acting in concert with the Offeror), the minimum number of Shares tendered for valid acceptance from the Independent Shareholders that is required for the acceptance condition above would be 2,176,574,567 Shares, representing approximately 21.87% of Shares in issue; and the maximum number of Shares to be purchased by the Offeror from the Independent Shareholders would be 4,663,846,216 Shares, representing approximately 46.86% of Shares in issue.

- (b) approval of the Partial Share Offer pursuant to Rule 28.5 of the Takeovers Code by registered Shareholders as at the First Closing Date (unless the First Closing Date is extended in accordance with the Takeovers Code) holding over 50% of the Shares not held by the Offeror and parties acting in concert with it, signified by means of a separate box on the Partial Share Offer Approval and Acceptance Form specifying the number of Shares in respect of which the Partial Share Offer is approved.

LETTER FROM THE BOARD

In the event that valid acceptances are received:

- (a) for less than the number of Shares which would result in the Offeror and parties acting in concert with it holding 50.01% of the Shares in issue by the First Closing Date, unless the First Closing Date is extended in accordance with the Takeovers Code, the Partial Offers will not proceed and will lapse immediately; and
- (b) for not less than the number of Shares which would result in the Offeror and parties acting in concert with it holding 50.01% of the Shares in issue on or before the First Closing Date, the Offeror will declare the Partial Share Offer unconditional as to acceptances on or before the First Closing Date PROVIDED THAT approval of the Partial Share Offer pursuant to Rule 28.5 of the Takeovers Code as more particularly set out in condition (b) above has also been obtained.

The Partial CN Offer will be subject to and conditional upon the Partial Share Offer becoming or being declared unconditional in all respects.

FURTHER INFORMATION ON THE PARTIAL OFFERS

Please also refer to the “Letter from Kingston Securities” contained in the Composite Document and Appendix I to the Composite Document for further information in relation to the Partial Offers, the making of the Partial Offers to the Overseas Shareholders and the Overseas Convertible Noteholders, taxation and acceptance and settlement procedures of the Partial Offers.

INFORMATION ON THE GROUP

The Company was incorporated in Bermuda as an exempted company with limited liability. The Group is principally engaged in the business of management and sales of properties in agricultural produce exchange markets in the PRC.

Your attention is drawn to Appendices II, III and V to the Composite Document which contain further information in relation to the Group’s financial performance and properties, and general information of the Group.

INFORMATION ON THE OFFEROR

Your attention is drawn to the section headed “7. INFORMATION ON THE OFFEROR, WYT AND WOG” in the “Letter from Kingston Securities” contained in the Composite Document.

INTENTION OF THE OFFEROR REGARDING THE GROUP

Please refer to the section headed “4. INTENTION OF THE OFFEROR REGARDING THE GROUP” in the “Letter from Kingston Securities” for detailed information on the Offeror’s intention on the business and management of the Group. The Board takes note of the intention of the Offeror in respect of the Company and its employees as disclosed, and is willing to render reasonable co-operation with the Offeror which is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

MAINTAINING THE LISTING STATUS OF THE COMPANY

As mentioned in the “Letter from Kingston Securities”, it is the intention of the Offeror to maintain the listing of Shares on the Stock Exchange upon completion of the Partial Offers, and that the directors of the Offeror will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares as soon as possible following the close of the Partial Offers.

The Stock Exchange has stated that if, at the close of the Partial Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Shares; or
- (ii) there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealings in the Shares.

RECOMMENDATION

Shareholders and Convertible Noteholders are advised to read the recommendation of the Independent Board Committee set out on pages 28 to 29 of the Composite Document and the advice of the Independent Financial Adviser set out on pages 30 to 50 of the Composite Document before deciding on the actions to be taken with respect to the Partial Offers.

ADDITIONAL INFORMATION

Your attention is also drawn to the “Letter from Kingston Securities” and the additional information contained in the appendices to the Composite Document, and the accompanying Forms of Acceptance.

Yours faithfully,
For and on behalf of
CHINA AGRI-PRODUCTS EXCHANGE LIMITED
中國農產品交易有限公司
Chan Chun Hong, Thomas
Chairman and Chief Executive Officer

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



CHINA AGRI-PRODUCTS EXCHANGE LIMITED

中國農產品交易有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 0149)

7 January 2020

To Independent Shareholders and Independent Convertible Noteholders

Dear Sir or Madam,

CONDITIONAL VOLUNTARY PARTIAL CASH OFFER BY
KINGSTON SECURITIES
ON BEHALF OF GOAL SUCCESS INVESTMENTS LIMITED TO
ACQUIRE SUCH NUMBER OF SHARES OF
CHINA AGRI-PRODUCTS EXCHANGE LIMITED FROM SHAREHOLDERS
WHICH WOULD RESULT IN THE OFFEROR AND PARTIES ACTING IN
CONCERT WITH IT HOLDING A MAXIMUM OF 75% OF
THE ISSUED SHARE CAPITAL OF CHINA AGRI-PRODUCTS EXCHANGE LIMITED
AND TO ACQUIRE A MAXIMUM OF 46.86% OF
THE OUTSTANDING PRINCIPAL AMOUNT OF THE CONVERTIBLE NOTES
OF CHINA AGRI-PRODUCTS EXCHANGE LIMITED
(SUBJECT TO ADJUSTMENT IN THE EVENT OF A CHANGE IN
THE ISSUED SHARE CAPITAL OF
CHINA AGRI-PRODUCTS EXCHANGE LIMITED)

We refer to the Composite Document jointly issued by the Offeror and the Company dated 7 January 2020 of which this letter forms part. Unless the context otherwise requires, terms defined in the Composite Document shall have the same meanings when used in this letter.

We have been appointed by the Board to form the Independent Board Committee to consider and to advise Independent Shareholders and Independent Convertible Noteholders as to whether or not the terms of the Partial Offers are fair and reasonable, and to make a recommendation as to acceptance of the Partial Offers. Pelican Financial has been appointed as the Independent Financial Adviser to advise us in respect of the above.

We draw your attention to the letter from the Board and the letter from the Independent Financial Adviser as set out in the Composite Document.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the terms of the Partial Offers, taking into account the information contained in the Composite Document and the advice of the Independent Financial Adviser, in particular the factors, reasons and recommendations as set out in its letter which has been incorporated in the Composite Document, we are of the opinion that (i) the terms of the Partial Share Offer are fair and reasonable so far as the Independent Shareholders are concerned, and accordingly we recommend the Independent Shareholders to approve and accept the Partial Share Offer; and (ii) the terms of the Partial CN Offer are not fair and reasonable so far as the Independent Convertible Noteholders are concerned, and accordingly we recommend the Independent Convertible Noteholders not to accept the Partial CN Offer.

Independent Shareholders and Independent Convertible Noteholders are recommended to read the full text of the letter from the Independent Financial Adviser on pages 30 to 50 of the Composite Document. Notwithstanding our recommendation, Independent Shareholders and Independent Convertible Noteholders are strongly advised that the decision to realise or to hold their investment in the Shares and the Convertible Notes is subject to individual circumstances and investment objectives and they should consider carefully the terms of the Partial Offers.

Yours faithfully,
For and on behalf of the
INDEPENDENT BOARD COMMITTEE

Mr. Ng Yat Cheung
*Independent Non-executive
Director*

Mr. Lau King Lung
*Independent Non-executive
Director*

Mr. Wong Ping Yuen
*Independent Non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from Pelican Financial Limited, the Independent Financial Adviser in respect of the Partial Offers, and is prepared for the purpose of incorporation into this Composite Document.



PELICAN FINANCIAL LIMITED

15/F, East Exchange Tower, 38–40 Leighton Road, Causeway Bay, Hong Kong

7 January 2020

*To the Independent Board Committee and the Independent Shareholders
and Independent Convertible Noteholders of China Agri-Products Exchange Limited*

Dear Sirs,

CONDITIONAL VOLUNTARY PARTIAL CASH OFFER BY
KINGSTON SECURITIES
ON BEHALF OF GOAL SUCCESS INVESTMENTS LIMITED TO
ACQUIRE SUCH NUMBER OF SHARES OF
THE COMPANY FROM SHAREHOLDERS
WHICH WOULD RESULT IN THE OFFEROR AND PARTIES ACTING IN
CONCERT WITH IT HOLDING A MAXIMUM OF 75% OF
THE ISSUED SHARE CAPITAL OF THE COMPANY
AND TO ACQUIRE A MAXIMUM OF 46.86% OF
THE OUTSTANDING PRINCIPAL AMOUNT OF THE CONVERTIBLE NOTES
OF THE COMPANY
(SUBJECT TO ADJUSTMENT IN THE EVENT OF A CHANGE IN
THE ISSUED SHARE CAPITAL OF THE COMPANY)

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders and Independent Convertible Noteholders in respect of the Partial Offers, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the composite offer and response document jointly issued by Goal Success Investments Limited (the “**Offeror**”) and the Company dated 7 January 2020 (the “**Composite Document**”), of which this letter forms a part. Terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context requires otherwise.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

References are made to the announcements dated 26 September 2019 and 28 November 2019 jointly issued by the Offeror, the Company, EOG, WOG and WYT in relation to, among other things, the Partial Offers. As set out in the “Letter from Kingston Securities” in the Composite Document, Kingston Securities is making the Partial Offers on behalf of the Offeror to acquire (i) such number of Offer Shares which would result in the Offeror and parties acting in concert with it holding a maximum of 75% of the Shares in issue as at the Final Closing Date (including any Share for which a valid conversion notice has been delivered in respect of the Convertible Notes on or after the Latest Practicable Date and prior to the Final Closing Date); and (ii) a maximum of 46.86% of the outstanding principal amount of the Convertible Notes (subject to adjustment in the event of a change in the issued share capital of the Company), as per the terms set out in the Composite Document and in compliance with the Takeovers Code.

The Board currently comprises three executive Directors and three independent non-executive Directors. The Independent Board Committee, which currently comprises all independent non-executive Directors, namely Mr. Ng Yat Cheung, Mr. Lau King Lung and Mr. Wong Ping Yuen, has been established pursuant to Rule 2.1 of the Takeovers Code to advise the Independent Shareholders and the Independent Convertible Noteholders as to whether the terms of the Partial Offers are fair and reasonable and as to the acceptance of the Partial Offers. The Independent Board Committee has approved our appointment as the independent financial adviser to advise the Independent Board Committee in respect of the Partial Offers.

Pelican Financial Limited (“**Pelican**”) is not connected with the Directors, chief executive or substantial Shareholders of the Company or the Offeror or any of their respective associates or any party acting, or presumed to be acting, in concert with any of them, and therefore is considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders and Independent Convertible Noteholders. As at the Latest Practicable Date, we confirm there are neither relationships or interest between Pelican and the Company and/or the Offeror, nor any other parties that could be reasonably be regarded as a hindrance to Pelican’s independence as defined under Rule 13.80 of the Listing Rules to act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders and Independent Convertible Noteholders in respect of the Partial Offers. In the last two years, there was no engagement between the Company and/or the Offeror and us. Apart from normal professional fees payable to us in connection with this appointment of us as independent financial adviser, no arrangement exists whereby Pelican will receive any fees or benefits from the Company and/or the Offeror, the Directors, chief executive or substantial shareholders of the Company and/or the Offeror or any of their respective associates, and we are not aware of the existence of or change in any circumstances that would affect our independence. Accordingly, we consider that we are eligible to give independent advice on the Partial Offers.

Our role is to provide you with our independent opinion and recommendation as to (i) whether the terms of the Partial Offers are fair and reasonable so far as the Independent Shareholders and Independent Convertible Noteholders are concerned; and (ii) whether the Independent Shareholders should, or should not, approve and accept the Partial Share Offer; and (iii) whether the Independent Convertible Noteholders should or should not, accept the Partial CN Offer.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee, we have performed relevant procedures and those steps which we deemed necessary in forming our opinions. Our procedures include, among other things, review of relevant agreements, documents as well as information contained or referred to in the Composite Document and/or provided by the management of the Group and validation of such information, to an extent, to the relevant public information, statistics and market data, the relevant industry guidelines and rules and regulations as well as information, facts and representations provided, and the opinions expressed, by the Company and/or the Directors and/or the management of the Group. The documents reviewed include, but are not limited to, the EOG Irrevocable Undertaking, the Kingston Irrevocable Undertaking, the annual report of the Company for the financial year ended 31 December 2018 (the “**2018 Annual Report**”), the unaudited interim report of the Company for the six months ended 30 June 2019 (the “**2019 Interim Report**”), the Joint Announcement, the announcements dated 26 September 2019 and 28 November 2019 jointly issued by the Offeror, the Company, EOG, WOG and WYT and the Composite Document. We have assumed that all information and representations that have been provided by the management of the Group, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Composite Document were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Composite Document, or the reasonableness of the opinions expressed by the Company, its management and/or the Directors, which have been provided to us.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Composite Document (other than that relating to the Offeror and parties acting in concert with it) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Composite Document (other than those expressed by the directors of the Offeror and WYT) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement in the Composite Document misleading.

The directors of the Offeror, namely Mr. Chan Chun Hong, Thomas, Ms. Tang Mui Fun and Ms. Tang Wai Man, jointly and severally accept full responsibility for the accuracy of the information contained in the Composite Document (other than the information relating to the Group or the WYT Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Composite Document (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement in the Composite Document misleading.

The directors of WYT, namely Mr. Tang Ching Ho, Mr. Chan Chun Hong, Thomas, Ms. Tang Mui Fun, Ms. Tang Wai Man, Mr. Leung Wai Ho, Mr. Siu Man Ho, Simon, Mr. Cho Wing Mou and Mr. Li Ka Fai, David, jointly and severally accept full responsibility for the accuracy of the information contained in the Composite Document (other than the information relating to the Group), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Composite Document (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement in the Composite Document misleading.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Composite Document, save and except for this letter of advice. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information included in the Composite Document and provided to us by the Directors and the management of the Group nor have we conducted any form of in-depth investigation into the business and affairs or the future prospects of the Company and the Offeror or their respective shareholders, subsidiaries or associates (if applicable). We have also not considered the tax, regulatory and other legal implications on the Group or the Shareholders as a result of the Partial Offers, since these depend on their individual circumstances. In particular, Overseas Shareholders and Overseas Convertible Noteholders should consider their own tax position and, if in any doubt, should consult their own professional advisers. Should there be any subsequent major changes which occur during the Offer Period that would affect or alter our opinion, Shareholders would be notified as soon as possible in compliance with Rule 9.1 of the Takeovers Code.

PRINCIPAL FACTORS TAKEN INTO CONSIDERATION

In formulating our opinion in respect of the Partial Offers, we have considered the following principal factors and reasons:

1. Principal terms and conditions of the Partial Offers

As set out in the “Letter from Kingston Securities” contained in the Composite Document, Kingston Securities is making the Partial Offers on behalf of the Offeror in compliance with the Takeovers Code on the following basis:

For each Offer ShareHK\$0.091 in cash

For each HK\$1 face value of the Offer Convertible NotesHK\$0.2275 in cash

As confirmed by the Directors, at the Latest Practicable Date:

- a) the Company had 9,953,067,822 Shares in issue and each of EOG (through Onger Investments) and Kingston Securities, a party acting, or presumed to be acting, in concert with the Offeror, held 2,007,700,062 Shares and 793,254,588 Shares, representing approximately 20.17% and approximately 7.97% of all the Shares in issue, respectively; and
- b) there were outstanding Convertible Notes in the principal amount of HK\$264.8 million, HK\$103.0 million of which was held indirectly by EOG.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Bases for determining the Partial Share Offer Price and Partial CN Offer Price

The Partial Share Offer Price of HK\$0.091 per Share was determined after taking into account, amongst other things, (a) the potential benefits that the Offeror and the WYT Group may derive from the prospects of the business of the Group (including but not limited to the property investment in the PRC by the Group) and the Partial Share Offer; (b) the financial performance of the Group; (c) the historical Share prices of the Company; (d) the 2017 CAP Rights Issue Subscription Price of HK\$0.088; and (e) the unaudited consolidated net assets attributable to owners of the Company per Share.

The Partial CN Offer Price of HK\$0.2275 for each outstanding HK\$1 face value of the Offer Convertible Notes is determined in accordance with Rule 13 of the Takeovers Code as the “see-through” price for the Offer Convertible Notes, being (i) the number of Shares to be issued upon exercise of conversion rights attached to each outstanding HK\$1 face value of the Convertible Note at the conversion price of HK\$0.4 per Offer Convertible Note; multiplied by (ii) the Partial Share Offer Price of HK\$0.091 per Share.

Conditions of the Partial Offers

The Partial Share Offer is subject to the following Conditions:

- (a) valid acceptances of the Partial Share Offer having been received (and not, where permitted, withdrawn) in respect of a minimum number of Shares which would result in the Offeror and parties acting in concert with it holding 50.01% of the Shares in issue by 4:00 p.m. (Hong Kong time) on the First Closing Date (or such later time(s) and/or date(s) as the Offeror may decide and the Executive may approve), provided that the Offeror shall purchase from the Shareholders as many Shares as are tendered by the Shareholders up to a maximum number of Shares which would result in the Offeror and parties acting in concert with it holding 75% of the Shares in issue as at the Final Closing Date (including any Share for which a valid conversion notice has been delivered in respect of the Convertible Notes on or after the Latest Practicable Date and prior to the Final Closing Date); and
- (b) approval of the Partial Share Offer pursuant to Rule 28.5 of the Takeovers Code by registered Shareholders as at the First Closing Date (unless the First Closing Date is extended in accordance with the Takeovers Code) holding over 50% of the Shares not held by the Offeror and parties acting in concert with it, signified by means of a separate box on the Partial Share Offer Approval and Acceptance Form specifying the number of Shares in respect of which the Partial Share Offer is approved.

In the event that valid acceptances are received:

- (a) for less than the number of Shares which would result in the Offeror and parties acting in concert with it holding 50.01% of the Shares in issue by the First Closing Date, unless the First Closing Date is extended in accordance with the Takeovers Code, the Partial Offers will not proceed and will lapse immediately; and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (b) for not less than the number of Shares which would result in the Offeror and parties acting in concert with it holding 50.01% of the Shares in issue on or before the First Closing Date, the Offeror will declare the Partial Share Offer unconditional as to acceptances on or before the First Closing Date PROVIDED THAT approval of the Partial Share Offer pursuant to Rule 28.5 of the Takeovers Code as more particularly set out in condition (b) above has also been obtained.

The Partial CN Offer will be subject to and conditional upon the Partial Share Offer becoming or being declared unconditional in all respects.

As at the Latest Practicable Date, if the Partial CN Offer becomes unconditional, the Offeror can acquire a maximum of 46.86% of the outstanding principal amount of the Convertible Notes. However, in the event that there is a change to the issued share capital of the Company, the maximum percentage of the outstanding principal amount of the Convertible Notes which the Offeror can acquire will be adjusted. Further announcement will be made if such change occurs.

Subject to the Partial Share Offer becoming unconditional in all respects, by validly accepting the Partial Share Offer, Independent Shareholders will sell to the Offeror their tendered Shares which are finally taken up by the Offeror in accordance with the following formula free from all encumbrances and together with all rights and benefits at any time accruing and attaching thereto including all rights to any dividend or other distributions declared, made or paid on or after the Final Closing Date.

$$\frac{A}{B} \times C$$

- A: the number of Shares which would result in the Offeror and parties acting in concert with it holding 75% of the Shares in issue as at the Final Closing Date (including any Share for which a valid conversion notice has been delivered in respect of the Convertible Notes on or after the Latest Practicable Date and prior to the Final Closing Date), being the maximum number of Shares for which the Partial Share Offer is made
- B: the total number of Shares validly tendered by all Independent Shareholders under the Partial Share Offer
- C: the number of Shares tendered by the relevant individual Independent Shareholder or Kingston Securities (as the case may be) under the Partial Share Offer

The Offeror will not be entitled to any dividends or other distributions declared, made or paid before the Final Closing Date in respect of the Shares which are taken up by the Offeror under the Partial Share Offer. Any such dividends or other distributions will be paid to the Shareholders who are qualified for such dividends or distributions. The Company confirms that as at the Latest Practicable Date, it had not declared any dividend which is not yet paid, and it did not anticipate any dividend to be declared during the Offer Period.

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The same approach as mentioned above will be taken for determining the principal amount of the Convertible Notes to be taken up by the Offeror from each accepting Convertible Noteholder, as for determining the number of Shares to be taken up by the Offeror from each accepting Shareholder.

Acceptance of the Partial CN Offer by any Convertible Noteholder will constitute a warranty by such Convertible Noteholder to the Offeror that the Convertible Notes sold by it to the Offeror under the Partial CN Offer are free from all encumbrances whatsoever.

Acceptance of the Partial Offers shall be irrevocable and shall not be capable of being withdrawn, except as permitted under the Takeovers Code.

For details on the terms and conditions of the Partial Offers, the making of the Partial Offers to the Overseas Shareholders and Overseas Convertible Noteholders, taxation and acceptance and settlement procedures of the Partial Offers, please refer to the “Letter from Kingston Securities” contained in the Composite Document and Appendix I to the Composite Document.

2. Background information of the Group

The Company was incorporated in Bermuda as an exempted company with limited liability, and the Group is principally engaged in the management and sales of properties in agricultural produce exchange market across the PRC, including Hubei province, Henan province, Jiangsu province, Liaoning province and the Guangxi Zhuang Autonomous Region. The Group generates income through two segments, namely (i) agricultural produce exchange market operation and (ii) property sales.

(a) Financial performance

Set out below is a summary of the financial information of the Group for the two years ended 31 December 2018 and for the six months ended 30 June 2018 and 30 June 2019 as extracted from the 2018 Annual Report and the 2019 Interim Report, respectively.

	For the six months ended		For the financial year ended	
	30 June		31 December	
	2019	2018	2018	2017
	HK\$ million	HK\$ million	HK\$ million	HK\$ million
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
<i>Revenue by segment</i>				
(i) Agricultural produce exchange market operations	196.3	192.2	379.1	340.9
(ii) Property sales	266.2	134.6	399.8	449.2
Total revenue	462.5	326.8	778.9	790.1
Gross profit	219.3	205.4	390.9	341.4
Profit/(loss) for the period	14.8	(59.7)	(179.3)	(337.6)

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According to the 2018 Annual Report, for the year ended 31 December 2018, the Group recorded a revenue of approximately HK\$778.9 million, which was nearly the same as compared to the previous financial year, as the decreased revenue from property sales was compensated by the increased revenue from agricultural produce exchange market operations. Meanwhile, the Group recorded a gross profit of approximately HK\$390.9 million for the year ended 31 December 2018, representing an increase of 14.5% compared to the same period in the previous year of approximately HK\$341.4 million, which was mainly due to the increase in rental income and implementation of effective cost saving policies. For the year ended 31 December 2018, loss for the year decreased from approximately HK\$337.6 million from the previous year to approximately HK\$179.3 million, mainly as a result of (i) an increase in gain from disposal of subsidiaries holding a parcel of land; (ii) a decrease in finance costs by early repayment of debts in 2018; and (iii) a decrease in loss in fair value of derivative financial instruments arising from convertible notes issued in 2016, as compared to the previous financial year.

According to the 2019 Interim Report, the Group's revenue was approximately HK\$462.5 million for the six months ended 30 June 2019, representing an increase of approximately 41.5% from approximately HK\$326.8 million for the corresponding period of the previous year, as revenue generated from property sales increased by close to double. During the period, the Group recorded a gross profit of approximately HK\$219.3 million, representing an increase of approximately 6.8% compared to the corresponding period of the previous year. For the six months ended 30 June 2019, the Group was able to turn loss for the previous period of approximately HK\$59.7 million into profit for the period of approximately HK\$14.8 million, which was mainly due to (i) the net gain in fair value of investment properties and derivative financial assets and (ii) decrease in impairment of stock of properties.

(b) Financial position

The unaudited consolidated assets and liabilities of the Group as at 30 June 2019 as extracted from the 2019 Interim Report, are summarized as follows:

	As at 30 June 2019
	<i>HK\$ million</i>
	<i>(Unaudited)</i>
<i>Total assets</i>	
Non-current assets	2,918.5
Current assets	2,502.6
<i>Total liabilities</i>	
Non-current liabilities	983.3
Current liabilities	2,831.8
Net current liabilities	329.2
Net assets	1,606.0
Equity attributable to owners of the Company	1,213.5

As at 30 June 2019, the unaudited net current liabilities and net assets of the Group were approximately HK\$329.2 million and HK\$1,606.0 million respectively. In addition, the Group had cash and cash equivalents of approximately HK\$397.4 million as at 30 June 2019.

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For details of the financial information of the Group, please refer to Appendix II to the Composite Document.

3. Information on the Offeror, Kingston Securities, WOG and WYT

The Offeror is a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of WYT. It is principally engaged in investment holding. At as the Latest Practicable Date, the Offeror did not hold any of the Shares in issue.

Kingston Securities, the agent making the Partial Offers on behalf of the Offeror and a party presumed to be acting in concert with the Offeror, is a corporation licensed under the SFO to conduct Type 1 (dealing in securities) regulated activity under the SFO. At as the Latest Practicable Date, Kingston Securities holds 793,254,588 Shares, representing approximately 7.97% of the Shares in issue.

WOG is an exempted company incorporated in Bermuda with limited liability, the shares of which are listed and traded on the Main Board of the Stock Exchange. The WOG Group is principally engaged in (i) management and sub-licensing of fresh markets and treasury management in Hong Kong and the PRC; (ii) property investment and property development in Hong Kong through Wang On Properties Limited, a 75.0% owned listed subsidiary of WOG; and (iii) manufacturing and/or retailing of pharmaceutical and health food products through WYT, an approximately 58.08% owned listed subsidiary of WOG.

WYT is an exempted company incorporated in Bermuda with limited liability, the shares of which are listed and traded on the Main Board of the Stock Exchange. The WYT Group is principally engaged in (i) the manufacturing and retailing of traditional Chinese pharmaceutical and health food products, including Chinese medicinal products sold under the brand name of “Wai Yuen Tong”, mainly in the PRC and Hong Kong; (ii) the manufacturing and retailing of Western pharmaceutical and health food and personal care products under the brand names of “Madame Pearls” and “Pearls”; and (iii) property investment. At as the Latest Practicable Date, WYT indirectly held 29.06% of the shares of EOG, a party acting in concert with the Offeror and which by itself held indirectly 2,007,700,062 Shares or approximately 20.17% of all the Shares in issue.

4. Intentions of the Offeror regarding the Group

As stated in the “Letter from Kingston Securities” contained in the Composite Document, the Offeror has decided to proceed with the Partial Offers instead of a general offer because it intends to maintain the listing status of the Company, for which 25% or more of the Shares in issue will need to be held by the public in accordance with the Listing Rules. Accordingly, in the event the Partial Offers become unconditional, the maximum percentage of Shares in issue that the Offeror would acquire under the Partial Share Offer would be 75%.

The Offeror also intends to continue the existing businesses and the employment of the employees of the Group and it has no intention to change the composition of the Board, or introduce any major changes to the existing businesses of the Group and any material redeployment of fixed assets of the Group which is not in the ordinary course of business.

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In particular, the Offeror noted that as disclosed in the Company's interim report for the six months ended 30 June 2019, the management of the Group would closely monitor the performance of its new business of food and agricultural by-products merchandising and launch this new service to other markets when the business model becomes mature; and would explore opportunities to cooperate with other business partners in e-commerce development linking online and offline customers in its agricultural exchange markets. The Offeror intends to continue to develop and explore opportunities in these two areas. The Offeror will review and evaluate with the Company the development in, and commercial viability of, these two areas from time to time, and have discussions with or make suggestions to the Company accordingly.

5. Prospects of the business of the Group

According to the "Letter from Kingston Securities" in the Composite Document, as property investment is one of WYT Group's three operating segments, and that the investment properties and stock of properties of the Group, which is comprised of completed properties and properties under development, accounted for close to 90% of the Group's total assets, are located in provinces which are highly supported by the PRC government's policies, WYT and the Offeror are of the view that the investment properties and stock of properties of the Group will certainly benefit from these policies and accordingly, they consider the Partial Share Offer to be a good opportunity to make additional investments in properties by having direct shareholding of a majority stake in the Company, which is also in line with the WYT Group's existing business focus.

We have conducted independent researches to understand the overall performance of the PRC's agriculture and related industries which would likely affect the Group's business, and we noted that according to the latest data published by the National Bureau of Statistics of China (*data.stats.gov.cn*), despite global economic uncertainties and the ongoing trade negotiations between China and the U.S., the gross output value of agriculture continued to increase from 2017 to 2018 by approximately 5.8%, maintaining its growth momentum at an average annual growth rate of approximately 4.7% for the past five years from 2014 to 2018.

The growth of the agricultural industry matches with the Group's understanding that business environment for agriculture and related industries has been favorable. Apart from the "Strategic Plan for Rural Revitalization (2018–2022)" (鄉村振興戰略規劃(2018–2022年)) issued by the State Council of the PRC, which proposes to accelerate the construction of rural logistics infrastructure and encourages enterprises in trade and transportation industries to expand the network of facilities in rural areas, the "Central Document Number One" (中央一號文件) released by the Central Committee of Communist Party of China and the State Council of the PRC in 2019 also promises to promote investments in agricultural produce markets, expand agricultural produce network, build logistic infrastructure and storage facilities of agriculture and improve regional cold storage infrastructure. The aforementioned policies are only some of the PRC government policies which aim to provide more favourable policy conditions for revitalizing rural industries and advancing agricultural modernization, and therefore we are of the view that the agriculture and related industries would continue to benefit from these policies and accordingly, the demand for properties in the agricultural produce exchange market would increase and hence benefitting the business of the Group.

Denotes English translation of Chinese names for identification purpose only.

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6. Evaluation of the terms of the Partial Offers

The Partial Share Offer

In considering the fairness and reasonableness of the terms of the Partial Share Offer, we have conducted the following analyses:

(a) *Comparison of value*

The Partial Share Offer Price of HK\$0.091 per Share under the Partial Share Offer represents:

- (i) a premium of approximately 65.45% over the closing price of HK\$0.055 per Share as quoted on the Stock Exchange on the last Business Day immediately preceding the date of the commencement of the Offer Period, being 11 September 2019;
- (ii) a premium of approximately 44.44% over the closing price of HK\$0.063 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 37.88% over the average closing price of approximately HK\$0.066 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 65.45% over the average closing price of approximately HK\$0.055 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- (v) a premium of approximately 85.71% over the average closing price of approximately HK\$0.049 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- (vi) a premium of approximately 78.43% over the average closing price of approximately HK\$0.051 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- (vii) a premium of approximately 78.43% over the average closing price of approximately HK\$0.051 per Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Day;
- (viii) a premium of approximately 93.62% over the average closing price of approximately HK\$0.047 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day;
- (ix) a premium of approximately 28.17% over the highest closing price of approximately HK\$0.071 per Share based on the daily closing prices as quoted on the Stock Exchange for the 12-month period preceding the date of the Joint Announcement;

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- (x) a discount of approximately 24.79% to the audited consolidated net assets attributable to owners of the Company per Share of approximately HK\$0.121 as at 31 December 2018, calculated based on the audited consolidated net assets attributable to owners of the Company of approximately HK\$1,208.97 million as at 31 December 2018 divided by the total number of 9,953,067,822 Shares in issue as at 31 December 2018;
- (xi) a discount of approximately 25.41% to the unaudited consolidated net assets attributable to owners of the Company per Share of approximately HK\$0.122 as at 30 June 2019, calculated based on the unaudited consolidated net assets attributable to owners of the Company of approximately HK\$1,213.50 million as at 30 June 2019 divided by the total number of 9,953,067,822 Shares in issue as at 30 June 2019;
- (xii) a discount of approximately 41.29% to the unaudited adjusted consolidated net assets attributable to owners of the Company per Share of approximately HK\$0.155, calculated based on the unaudited adjusted consolidated net assets attributable to owners of the Company of approximately HK\$1,546.5 million as at 30 June 2019 (after taking into account of the valuation performed by RHL Appraisal Limited on the properties held as at 10 October 2019, together with the relevant deferred tax liabilities arising from the valuation, the text of which is set out in Appendix III to the Composite Document) divided by the total number of 9,953,067,822 Shares in issue as at 30 June 2019; and
- (xiii) a premium of approximately 28.17% over the closing price of HK\$0.071 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

As illustrated above, the Partial Share Offer Price represents significant premium to the recent closing prices of the Shares on the Stock Exchange but a discount to the latest unaudited (adjusted, as the case may be) consolidated net asset value attributable to owners of the Company per Share before and after taking into account of the valuation performed by RHL Appraisal Limited.

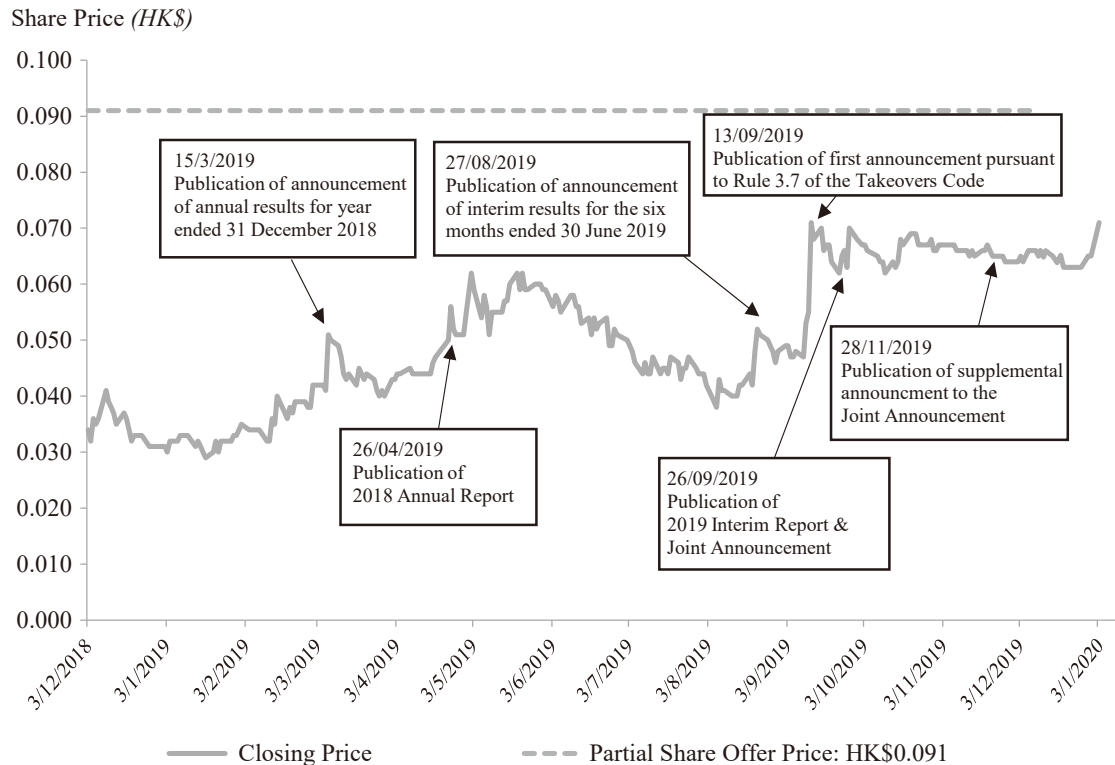
By judging from the discounts represented by the Partial Share Offer Price to the net asset value attributable to owners of the Company per Share alone, the Partial Share Offer Price might not be attractive to the Independent Shareholders. However, we would like to point out that according to the 2019 Interim Report, the majority of the Group's non-current assets as at 30 June 2019 comprised of investment properties which are not readily realisable into cash, and therefore the Partial Share Offer Price, which represents a significant premium to the recent closing prices of the Shares on the Stock Exchange as shown above, is a favourable factor when analysing the Partial Share Offer Price. We would also like to emphasise that the premium/discount to net asset value is merely one of the factors taken into consideration in assessing the fairness and reasonableness of the Partial Share Offer Price, and that a full analysis on the Partial Share Offer Price shall be made on an overall basis having considered various principal factors as discussed below.

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(b) Historical Share price performance

We have conducted an analysis between the historical closing prices of the Shares and the Partial Share Offer Price. We have reviewed the daily closing prices of the Shares as quoted on the Stock Exchange during the period from 1 December 2018 up to and including the Latest Practicable Date (the “**Review Period**”), and we consider such sampling period of one year is adequate as it represents a reasonable period to provide a general overview of the recent price performance of the Shares. The following chart sets out the daily closing prices of the Shares on the Stock Exchange during the Review Period:

Chart 1: Historical daily closing prices of the Shares during the Review Period



Source: the website of the Stock Exchange

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As illustrated in the chart above, during the Review Period, the closing prices of the Shares had demonstrated an overall positive trend and reached above HK\$0.06 for the first time in early May 2019 after the Group published its 2018 Annual Report on 26 April 2019, which demonstrated the Group's improved loss position. The Share prices gradually decreased thereafter and reached its lowest point at HK\$0.038 on 6 August 2019, which we noted from the Directors that the Company could not identify any specific factor which caused such price drop. The Share prices regained growth momentum after the Company published an announcement of its interim results for the six months ended 30 June 2019 on 27 August 2019, which showed that the Group was able to substantially decrease its consolidated net loss attributable to equity owners of the Company and turn it into a profit attributable to owners of the Company. The Share price reached its highest point at HK\$0.071 on 12 September 2019 (one of the two highest closing prices of the Shares beside that at HK\$0.071 on the Latest Practicable Date), the same day when the Company published an announcement to clarify that while the Company had been approached by a third party for a transaction involving the Shares of the Company, no decision had been made and no definitive transaction document had been entered into.

Following the publication of the first announcement in relation to the Partial Offers pursuant to Rule 3.7 of the Takeovers Code on 13 September 2019 (the "**Rule 3.7 Announcement**"), the closing prices of the Shares slightly decreased but remained at above HK\$0.06 at an average of approximately HK\$0.066 over the remaining Review Period. The Partial Share Offer Price of HK\$0.091 therefore represent a premium of approximately 37.9% over the average closing price for the remaining Review Period.

The average closing price of the Shares was approximately HK\$0.050 for the Review Period. Hence, the Partial Share Offer Price of HK\$0.091 is almost twice the average closing price of the Shares for the Review Period, and hence we are of the view that the Partial Share Offer Price is fair and reasonable in this respect.

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(c) *Liquidity of the Shares*

In addition to the above analyses, we have also reviewed the trading liquidity of the Shares during the Review Period. The table below sets out the trading volume of the Shares on the Stock Exchange during the Review Period.

Table 1: Historical monthly trading volume of the Shares during the Review Period

Months	Number of trading days	Average daily trading volume (Note 1)	% of average daily trading volume to total issued Shares held by the public (Note 2)	% of average daily trading volume to total issued Shares (Note 3)
2018				
December	19	33,726,563	0.472%	0.339%
2019				
January	22	6,752,264	0.094%	0.068%
February	17	18,515,229	0.259%	0.186%
March	21	30,823,762	0.431%	0.310%
April	19	15,103,279	0.211%	0.152%
May	21	27,041,143	0.378%	0.272%
June	19	4,535,474	0.063%	0.046%
July	22	2,532,741	0.035%	0.025%
August	22	3,790,241	0.053%	0.038%
September	21	44,464,376	0.622%	0.447%
<i>2nd–12th September</i>	9	32,234,433	0.451%	0.324%
<i>13th–30th September</i>	12	53,636,833	0.750%	0.539%
October	21	7,249,423	0.101%	0.073%
November	21	5,500,325	0.077%	0.055%
December	20	8,185,819	0.114%	0.082%
2020				
January (Note 4)	2	32,701,000	0.457%	0.329%
Minimum			0.035%	0.025%
Average			0.286%	0.205%
Maximum			0.750%	0.539%

Source: the website of the Stock Exchange

Notes:

1. Average daily trading volume is calculated by dividing the total trading volume of the Shares for the month/period by the number of trading days during the month/period.

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2. Shares held by the public Shareholders are based on information as set out in the section headed “Share Capital” contained in Appendix V to the Composite Document. The Shares held by the public Shareholders do not include the underlying 257,500,000 Shares of the Convertible Notes in the principal amount of HK\$103.0 million held by Peony Finance as at the Latest Practicable Date.
3. The calculation is based on the average daily trading volumes of the Shares divided by the total issued share capital of the Company at the end of each month or as at the Latest Practicable Date, as applicable.
4. The period from 2 January 2020 to the Latest Practicable Date.

As set out in the above table, during the Review Period, the average daily trading volume of the Shares fluctuated between approximately 0.025% and 0.539% and at an average of 0.205% of the total number of issued Shares, and between approximately 0.035% and 0.750% and at an average of 0.286% of the total number of issued Shares held by the public, revealing that the liquidity of the Shares was relatively unstable and most of the time low.

In addition, the trading of the Shares became particularly active after the publication of the Rule 3.7 Announcement on 13 September 2019. As shown in the above table, the highest average daily trading volume of the Shares was observed in September 2019 and we attribute such spike to the market reaction in response to the publication of the Rule 3.7 Announcement. To support our view, we have divided September 2019 into two periods, with the first period being (both days inclusive) 2 September 2019 to 12 September 2019 (the date before the publication of the Rule 3.7 Announcement) and the second period being (both days inclusive) 13 September 2019 (the date of the publication of the Rule 3.7 Announcement) to 30 September 2019. For the first and second periods, we noted that the average daily trading volume of the Shares was approximately 0.451% and 0.750% of the total number of issued Shares respectively, and approximately 0.324% and 0.539% of the total number of issued Shares held by the public respectively, revealing that the trading volume of the Shares had increased significantly after the publication of the Rule 3.7 Announcement. However, the growth momentum of the average daily trading volume of the Shares did not sustain after September 2019 and had returned to a lower level starting from October 2019 to the beginning of January 2020, at an average of approximately 0.135% the total number of issued Shares and an average of approximately 0.187% the total number of issued Shares held by the public.

Given the unstable level of liquidity of the Shares, it is expected that the Independent Shareholders may encounter difficulties in liquidating their Shares in the open market without exerting a downward pressure on the Share price. Therefore, we consider that the Partial Share Offer provides an exit alternative for the Independent Shareholders who would like to realise their investments in the Shares.

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(d) *Market comparable analysis*

We have further considered the price-to-earnings ratio (“**P/E Ratio**”) and price-to-book ratio (“**P/B Ratio**”), which are the two most commonly adopted valuation benchmarks in comparing the valuation of a company’s shares, of companies which are listed on the Main Board of the Stock Exchange and are engaged in similar businesses to those of the Group for comparison purposes. However, despite the Group recorded a net profit for the six months ended 30 June 2019 with earnings per Share of HK\$0.08, there is not enough information for us to derive a P/E Ratio for the Group for the past 12-month ended 30 June 2019, especially when the Group recorded a net loss for the year ended 31 December 2018. In addition, given that the Group is principally engaged in the property market with a high amount of assets in property and investment properties, it is an asset-based company and hence we consider that a P/B Ratio analysis is more appropriate for assessing the fairness and reasonableness of the Partial Share Offer Price. Given the above, we are of the view that the comparison of the Group’s and the comparable companies’ P/E Ratios is not applicable and hence we have only conducted an analysis on their P/B Ratios.

In assessing the P/B Ratio of the Group under the Partial Share Offer, we have taken into consideration the implied market capitalisation or total value of the Group under the Partial Share Offer of approximately HK\$905.7 million (the “**Implied Market Capitalisation**”), which is derived from multiplying the Partial Share Offer Price of HK\$0.091 by the total number of issued Shares of 9,953,067,822 as at the Latest Practicable Date. In determining the implied P/B Ratio under the Partial Share Offer (the “**Implied P/B Ratio**”), we have divided the Implied Market Capitalisation by the unaudited equity attributable to owners of the Company of approximately HK\$1,213.5 million as at 30 June 2019 and have obtained the implied P/B Ratio of approximately 0.75 times.

We have conducted a search of Hong Kong companies listed on the Main Board of the Stock Exchange which are engaged in similar businesses as the Group’s in the management and sales of properties in agricultural produce exchange market in the PRC. However, although there are listed companies which are principally engaged in the management and sales of properties, they are not in the agricultural produce-related markets and therefore we have not identified any such company which we consider represents a comparable company to the Group. In this regard, we have expanded our criteria to include listed companies which (i) are principally engaged in the investment, management and development of properties, with those businesses generating over half of their total revenue in the PRC for the latest completed financial year; and (ii) have a market capitalisation of between HK\$300.0 million and HK\$1.0 billion in view of that the market capitalisation of the Company was approximately HK\$706.7 million as at the Latest Practicable Date.

With the expanded scope of criteria, we identified four comparable listed companies which met the criteria (the “**Comparable Companies**”), and we consider the Comparable Companies to be fair and exhaustive sample. Nevertheless, it should be noted that (i) the operations and prospects of the Comparable Companies are not the same as the Group and we have not conducted any investigation into the businesses, operations and prospects of the Comparable Companies; and (ii) due to the limited sample size, the Comparable Companies may or may not be representative. As such, our analysis on the P/B Ratio below serves merely as an additional reference for Independent Shareholders when considering the Partial Share Offer and is for illustrative purpose only.

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The following table sets out (i) the P/B Ratio of the Comparable Companies based on their closing share prices as at the Latest Practicable Date and their latest published financial statements; and (ii) the Implied P/B Ratio based on the Partial Share Offer Price and its 2019 Interim Report.

Table 2: Analysis of the Comparable Companies

Stock Code	Company name	Principal businesses	Market capitalisation (Note 1) (HK\$ million)	P/B Ratio (Note 2) (times)
9	Nine Express Limited	Property rental, hotel development, film production and related businesses and centralised heat supply in the PRC	414.0	0.44
93	Termbray Industries International (Holdings) Limited	Property development, property investment, engineering projects (involving sale of tools and equipment) and provision of consultancy services on well drilling in the PRC	587.3	0.64
565	Art Group Holdings Limited	Property operating business and biotechnology business in the PRC	806.6	0.54
727	Crown International Corporation Limited	Property development, property investment, hotel operations, and provision of financial consultancy service in the PRC	792.3	0.41
		Maximum:	806.6	0.64
		Mean:	650.1	0.51
		Median:	689.8	0.49
		Minimum:	414.0	0.41
		The Group (implied under the Partial Share Offer) (Note 3)	905.7	0.75

Source: the website of the Stock Exchange

Notes:

1. The market capitalisations of the Comparable Companies are derived from the total number of shares (as disclosed in the latest monthly return or relevant disclosures) multiplied by the closing share price quoted on the Stock Exchange as at the Latest Practicable Date.
2. The P/B Ratio is derived from dividing the respective market capitalisation by the respective consolidated equity attributable to the owners as extracted from the latest published financial statements.

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3. The Implied Market Capitalisation under the Partial Share Offer is derived from multiplying the total number of issued Shares of 9,953,067,822 as at the Latest Practicable Date by the Partial Share Offer Price of HK\$0.091. The Implied P/B Ratio is derived by dividing the Implied Market Capitalisation by the unaudited total equity attributable to owners of the Company as at 30 June 2019.

As shown by the above table, the P/B Ratios of the Comparable Companies ranged from approximately 0.41 times to 0.64 times, with a median of approximately 0.49 times. The Implied P/B Ratio of approximately 0.75 times is therefore above the highest P/B Ratio among those of the Comparable Companies.

(e) Our view on the Partial Share Offer

Having considered that (i) the Partial Share Offer Price represents a premium over (a) the closing prices of the Shares on the Last Trading Day and the Latest Practicable Date; (b) the average closing prices of the Shares for the last 10, 30, 60, 90, 120 and 180 trading days up to and including the Last Trading Day; and (c) the highest closing price of the Shares over the 12-month period preceding the date of the Joint Announcement; (ii) the Partial Share Offer Price represents a premium over the average closing prices of the Shares during the Review Period; (iii) the Partial Share Offer provides an exit alternative for the Independent Shareholders who would like to realise their investments in the Shares; and (iv) the Implied P/B Ratio is above the highest P/B Ratio of those of the Comparable Companies as showed in our additional reference, we consider that the Partial Share Offer is fair and reasonable.

The Partial CN Offer

The Independent Convertible Noteholders may choose whether to convert the Convertible Notes into Shares before the Final Closing Date. If they are to convert such amount of Convertible Notes into Shares prior to the Final Closing Date, such conversion Shares will be subject to the Partial Share Offer, which we consider to be fair and reasonable. If they are to hold the Convertible Notes, such Convertible Notes will be subject to the Partial CN Offer and they may decide whether or not to accept the Partial CN Offer.

In considering the fairness and reasonableness of the terms of the Partial CN Offer, we noted that the Partial CN Offer Price of HK\$0.2275 for each outstanding HK\$1 face value of the Offer Convertible Notes is determined as the “see-through” price for the Offer Convertible Notes in accordance with Rule 13 of the Takeovers Code, which stipulates that the consideration under any offer in relation to convertible securities will normally be considered appropriate if it is based on the offer price for the relevant equity share capital. In this regard, we noted that the Partial CN Offer Price is derived from multiplying (i) the 2.5 Shares to be issued upon exercise of conversion rights attached to each outstanding HK\$1 face value of the Convertible Note at the conversion price of HK\$0.4 per Offer Convertible Note, by (ii) the Partial Share Offer Price of HK\$0.091 per Share. In this connection, we are of the opinion that the determination of the Partial CN Offer Price is in accordance with the Takeovers Code.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Having said that, the Partial CN Offer Price represents a significant discount of 77.25% to the principal amount of the Convertible Notes. If the Independent Convertible Noteholders believe that they are able to get repayment of 100% of the principal amount of the Convertible Notes held by them together with all interest accrued thereon at maturity of the Convertible Notes, they may choose not to accept the Partial CN Offer and hold the Convertible Notes till maturity.

On the basis of the above, we are of the opinion that the terms of the Partial CN Offer are not fair and reasonable.

RECOMMENDATION

Having considered the principal factors and reasons referred to above, whilst:

- (i) the Group was able to maintain a relatively stable level of gross profit and recorded an improvement for the year ended 31 December 2018 and for the first half of 2019 as compared with the corresponding period in the preceding year;
- (ii) the Group was able to substantially decrease its consolidated net loss attributable to equity owners of the Company and recording a profit attributable to owners of the Company for the six months ended 30 June 2019;
- (iii) the Group will continue its effort in developing its businesses as mentioned in the 2018 Annual Report and the 2019 Interim Report; and
- (iv) the Partial Share Offer Price represents a discount of approximately 25.41% to the unaudited consolidated net assets attributable to owners of the Company per Share as at 30 June 2019, and a discount of approximately 41.29% to the unaudited adjusted consolidated net assets attributable to owners of the Company per Share as at 30 June 2019 (after taking into account the valuation performed by RHL Appraisal Limited on the properties held as at 10 October 2019, together with the relevant deferred tax liabilities arising the valuation),

after having considered that:

- (a) the Partial Share Offer Price represents a premium over the average closing prices of the Shares during the Review Period;
- (b) the Partial Share Offer Price represents a premium over the closing prices of the Shares on the Last Trading Day and the Latest Practicable Date and for the last 10, 30, 60, 90, 120 and 180 trading days up to and including the Last Trading Day, as well as a premium over the highest closing price of the Shares for the 12-month period preceding the date of the Joint Announcement;
- (c) the Partial Share Offer represents an opportunity for the Independent Shareholders to realise their investment since they may encounter difficulties in liquidating their Shares in the open market,

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

we are of the opinion that the terms of the Partial Share Offer are fair and reasonable so far as the Independent Shareholders are concerned, especially when the Implied P/B Ratio is above the highest P/B Ratio of those of the Comparable Companies as shown in our additional reference. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to approve and accept the Partial Share Offer.

On the other hand, although we note that the Partial CN Offer Price is determined in accordance with the Takeovers Code, having considered that the Partial CN Offer Price represents a significant discount of 77.25% to the principal amount of the Convertible Notes, and that in the event the Independent Convertible Noteholders choose not to accept the Partial CN Offer and hold the Convertible Notes till maturity, such Independent Convertible Noteholders are expected to get 100% of the principal amount of the Convertible Notes held by them together with all interest accrued thereon to be repaid in full by the Company, we are of the opinion that the terms of the Partial CN Offer are not fair and reasonable and accordingly, we recommend the Independent Board Committee to advise the Independent Convertible Noteholders not to accept the Partial CN Offer.

We would also like to remind the Independent Shareholders and Independent Convertible Noteholders who would like to realise part or all of their investments in the Shares and Convertible Notes to closely monitor the market price and liquidity of the Shares during the Offer Period and may, instead of accepting the Partial Offers, consider selling their Shares and Convertible Notes in the open market should such sale proceeds, net of all transaction costs, exceed the amount receivable under the Partial Share Offers.

As each individual Independent Shareholder and Independent Convertible Noteholders would have different investment objectives and/or circumstances, we advise the Independent Board Committee to also recommend the Independent Shareholders and Independent Convertible Noteholders who may require advice in relation to any aspect of the Composite Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser. Furthermore, they should carefully read the procedures for accepting the Partial Offers as set out in the Composite Document, its appendices and the accompany Forms of Acceptance.

Yours faithfully,
For and on behalf of
Pelican Financial Limited
Charles Li*
Managing Director

* *Mr. Charles Li is a responsible person registered under the SFO to carry out Type 6 (advising on corporate finance) regulated activity for Pelican Financial Limited and has over 30 years of experience in the accounting and financial services industry.*

1. PROCEDURES FOR APPROVAL AND ACCEPTANCE OF THE PARTIAL OFFERS

To accept any of the Partial Offers, you should complete and sign the Forms of Acceptance in accordance with the instructions printed thereon, which form part of the terms and conditions of the Partial Offers.

The Partial Share Offer

- (a) Shareholders may accept the Partial Share Offer in respect of some or all of the Shares held by them. Subject to the Partial Share Offer becoming unconditional in all respects: (i) if valid acceptances are received for not less than the number of Shares which would result in the Offeror and parties acting in concert with it holding 50.01% of the Shares in issue, but not more than the number of Shares which would result in the Offeror and parties acting in concert with it holding 75% of the Shares in issue as at the Final Closing Date (including any Share for which a valid conversion notice has been delivered in respect of the Convertible Notes on or after the Latest Practicable Date and prior to the Final Closing Date), all Shares validly accepted will be taken up; and (ii) if valid acceptances are received for more than the number of Shares which would result in the Offeror and parties acting in concert with it holding 75% of the Shares in issue as at the Final Closing Date (including any Share for which a valid conversion notice has been delivered in respect of the Convertible Notes on or after the Latest Practicable Date and prior to the Final Closing Date), the total number of Shares to be taken up by the Offeror from each accepting Shareholder will be determined in accordance with the following formula:

$$\frac{A}{B} \times C$$

- A: the number of Shares which would result in the Offeror and parties acting in concert with it holding 75% of the Shares in issue as at the Final Closing Date (including any Share for which a valid conversion notice has been delivered in respect of the Convertible Notes on or after the Latest Practicable Date and prior to the Final Closing Date), being the maximum number of Shares for which the Partial Share Offer is made

Note: As of the Latest Practicable Date, based on the total number of 9,953,067,822 Shares in issue, and (a) 2,007,700,062 (or approximately 20.17%) Shares held indirectly by EOG (a party acting in concert with the Offeror) and (b) 793,254,588 (or approximately 7.97%) Shares held by Kingston Securities (a party presumed to be acting in concert with the Offeror), “A” would be 4,663,846,216 Shares, representing approximately 46.86% of the Shares in issue.

- B: the total number of Shares validly tendered by all Independent Shareholders under the Partial Share Offer
- C: the number of Shares tendered by the relevant individual Independent Shareholder or Kingston Securities (as the case may be) under the Partial Share Offer

- (b) Whether or not the Shareholders accept the Partial Share Offer, they may approve the Partial Share Offer and specify the number of Shares in respect of which they approve the Partial Share Offer in the Partial Share Offer Approval and Acceptance Form. Each Share, fully paid up, shall be entitled to one vote only. For the avoidance of doubt, multiple votes in respect of the same Share and votes in respect of the Shares held by Shareholders who are not Independent Shareholders will not be taken into account in counting the approval of the Partial Share Offer. Only one vote for each Share may be cast. If a Shareholder has put a tick “✓” to indicate such Shareholder’s approval of the Partial Share Offer on the Partial Share Offer Approval and Acceptance Form but no number of Shares in respect of such approval is specified or any other information in the Partial Share Offer Approval and Acceptance Form is missing, incomplete or erroneous, the approval and the acceptance of the Partial Share Offer by such Shareholder will not be considered as valid until such missing, incomplete or erroneous information has been completed and rectified in such Partial Share Offer Approval and Acceptance Form. Independent Shareholders may vote in respect of the total number of Shares held by them even though they do not intend to accept the Partial Share Offer and/or the number of Shares voted may be more than the number of Shares tendered for acceptance.
- (c) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Partial Share Offer in respect of your Shares, you must send the Partial Share Offer Approval and Acceptance Form duly completed and signed together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar, namely Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, by post or by hand, in an envelope marked “**China Agri-Products Exchange Limited – Partial Share Offer**”, as soon as possible and in any event no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code.
- (d) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Partial Share Offer in respect of some or all of your Shares, you must either:
- a. lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Partial Share Offer on your behalf and requesting it to deliver in an envelope marked “**China Agri-Products Exchange Limited – Partial Share Offer**” the duly completed and signed Partial Share Offer Approval and Acceptance Form together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar;
- or

- b. arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver in an envelope marked “**China Agri-Products Exchange Limited – Partial Share Offer**” the duly completed and signed Partial Share Offer Approval and Acceptance Form together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), to the Registrar; or
 - c. if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Partial Share Offer on your behalf on or before the deadline set out by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
 - d. if your Shares have been lodged with your investor participant stock account with CCASS, authorise your instruction via the CCASS phone system or CCASS internet system no later than the deadline set out by HKSCC Nominees Limited.
- (e) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Partial Share Offer in respect of your Shares, you should nevertheless complete and sign the Partial Share Offer Approval and Acceptance Form and deliver it in an envelope marked “**China Agri-Products Exchange Limited – Partial Share Offer**” to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable instruction and authority to the Offeror and/or Kingston Securities and/or the Registrar or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar and to authorise and instruct the Registrar to collect and hold such share certificate(s), subject to the terms and conditions of the Partial Share Offer, as if it was/they were delivered to the Registrar with the Partial Share Offer Approval and Acceptance Form.
- (f) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available or is/are lost, as the case may be, and you wish to accept the Partial Share Offer in respect of your Shares, you should nevertheless complete and sign the Partial Share Offer Approval and Acceptance Form and deliver it in an envelope marked “**China Agri-Products Exchange Limited – Partial Share Offer**” to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares or that it is/they are not readily available. If you find such document(s) or if it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or

indemnities required in respect thereof) in respect of your Shares should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), you should report the loss to the Registrar and request the Registrar to replace your share certificate(s). You should also write to the Registrar requesting a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

- (g) Acceptance and approval of the Partial Share Offer will be treated as valid only if the duly completed and signed Partial Share Offer Approval and Acceptance Form is received by the Registrar by no later than 4:00 p.m. on the Closing Date (or such later time and/or date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code), and the Registrar has recorded that the Partial Share Offer Approval and Acceptance Form and any relevant documents required under paragraph (h) below have been so received.
- (h) Acceptance of the Partial Share Offer may not be counted as valid unless the Partial Share Offer Approval and Acceptance Form is duly completed and signed and is:
 - (i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if those share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other documents in order to establish your right to become the registered holder of the relevant Shares; or
 - (ii) from a registered Shareholder or his/her personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under another sub-paragraph of this paragraph (h)); or
 - (iii) certified by the Registrar or the Stock Exchange.
- (i) If the Partial Share Offer Approval and Acceptance Form is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority to the satisfaction of the Registrar must be produced.
- (j) No acknowledgement of receipt of any Partial Share Offer Approval and Acceptance Form, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

The Partial CN Offer

- (a) Convertible Noteholders may accept the Partial CN Offer in respect of some or all of the outstanding principal amount of the Convertible Notes held by them. Subject to the Partial Share Offer becoming unconditional in all respects: (i) if valid acceptances are received for not more than 46.86% of the outstanding principal amount of the Convertible Notes (subject to adjustment in the event of a change in the issued share capital of the Company), all Convertible Notes validly accepted will be taken up; and (ii) if valid acceptances are received for more than 46.86% of the outstanding principal amount of the Convertible Notes (subject to adjustment in the event of a change in the issued share capital of the Company), the total outstanding principal amount of the Convertible Notes to be taken up by the Offeror from each accepting Convertible Noteholder will be determined in accordance with the following formula:

$$\frac{D}{E} \times F$$

- D: the amount representing 46.86% of the outstanding principal amount of the Convertible Notes (subject to adjustment in the event of a change in the issued share capital of the Company), being the total maximum outstanding principal amount of the Convertible Notes for which the Partial CN Offer is made

Note: As of the Latest Practicable Date and assuming no Convertible Notes were converted into the Shares, based on the total outstanding principal amount of the Convertible Notes of HK\$264.8 million, “D” would be approximately HK\$124.08 million, representing approximately 46.86% of the total outstanding principal amount of the Convertible Notes.

- E: the total outstanding principal amount of the Convertible Notes tendered by all Independent Convertible Noteholders under the Partial CN Offer

- F: the outstanding principal amount of the Convertible Notes tendered by the relevant individual Convertible Noteholder under the Partial CN Offer

- (b) If you wish to accept the Partial CN Offer in respect of the outstanding principal amount of the Convertible Notes held by you, you must send the duly completed and signed Partial CN Offer Acceptance Form together with the relevant certificate(s) and/or any other document(s) of title or entitlement (and/or any satisfactory indemnity or indemnities required in respect thereof) to the company secretary of the Company at Suite 3202, 32/F., Skyline Tower, 39 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong marked “**China Agri-Products Exchange Limited – Partial CN Offer**” on the envelope as soon as possible but in any event no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code.

- (c) No acknowledgement of receipt of any Partial CN Offer Acceptance Form or the relevant certificate(s) and/or any other document(s) of title or entitlement (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Convertible Notes will be given.

The Partial CN Offer will be subject to and conditional upon the Partial Share Offer becoming or being declared unconditional in all respects.

Implication

As a result, it is possible that if a Shareholder (excluding Onger Investments) or Convertible Noteholder (excluding Peony Finance) (as the case may be) tenders all his/her/its Shares or Convertible Notes (as the case may be) for acceptance under the Partial Offers, not all of such securities will be taken up. Shareholders (excluding Onger Investments) and Convertible Noteholders (excluding Peony Finance) can, however, be assured that, in the event the Partial Share Offer becomes unconditional in all respects, a minimum of approximately 65.21% of the Shares and approximately 76.69% of the outstanding principal amount of the Convertible Notes (as the case may be) (assuming there are no changes in the issued share capital of the Company after the Latest Practicable Date) tendered for acceptance by a particular Shareholder (excluding Onger Investments) and Convertible Noteholder (excluding Peony Finance) (as the case may be) under the Partial Offers will be taken up.

Fractions of Shares and principal amount of the Convertible Notes will not be taken up under the Partial Offers and, accordingly, the number of Shares and principal amount of the Convertible Notes that the Offeror will take up from each Shareholder and Convertible Noteholder (as the case may be) will be, at the discretion of the Offeror, rounded up or down to the nearest whole number and rounded down to the nearest Hong Kong Dollars, respectively.

Return of documents

If the Partial Offers do not become, or are not declared, unconditional within the time permitted by the Takeovers Code, the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) received by the Registrar and/or the company secretary of the Company (as the case may be) will be returned to the Shareholders and the Convertible Noteholders who have accepted the Partial Share Offer and the Partial CN Offer (as the case may be) by ordinary post at the Shareholders' and the Convertible Noteholders' own risk as soon as possible but in any event within 10 days after the Partial Offers have lapsed.

2. SETTLEMENT

- (a) Provided that the Partial Share Offer becomes or is declared unconditional and a valid Partial Share Offer Approval and Acceptance Form and the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Shares as required by Note 1 to Rule 30.2 of the Takeovers Code are complete and in good order in all respects and have been received by the Registrar by no later than 4:00 p.m. on Wednesday, 12 February 2020, being the Final Closing Date (assuming the Partial Offers become or are declared unconditional in all respects on the First Closing Date) or such later time and/or date as the Offeror may decide and announce and the Executive may approve, a cheque for the amount due to each of the Shareholders who accept the Partial Share Offer less seller's ad valorem stamp duty in respect of the Offer Shares tendered by him/her/it under the Partial Share Offer, together with (where applicable) any share certificate(s) and/or any transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for Shares not taken up or share certificate(s) in respect of the balance of such Shares (taking account of any adjustment to his/her/its acceptance, stamp duty and the fees payable to the Registrar in respect of lost or unavailable share certificates) in accordance with the authority and provisions contained in the Partial Share Offer Approval and Acceptance Form, will be despatched to such Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within seven Business Days following the Final Closing Date (assuming the Partial Offers become or are declared unconditional in all respects on the First Closing Date).
- (b) Provided that the Partial Share Offer becomes or is declared unconditional and a valid Partial CN Offer Acceptance Form and the relevant certificate(s) and/or any other document(s) of title or entitlement (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Convertible Notes are complete and in good order in all respects and have been received by the company secretary of the Company by no later than 4:00 p.m. on Wednesday, 12 February 2020, being the Final Closing Date (assuming the Partial Offers become or are declared unconditional in all respects on the First Closing Date) or such later time and/or date as the Offeror may decide and announce and the Executive may approve, a cheque for the amount due to each of the Convertible Noteholders who accept the Partial CN Offer less seller's ad valorem stamp duty in respect of the Offer Convertible Notes tendered by him/her/it under the Partial CN Offer, together with (where applicable) the certificate(s) of the other Convertible Notes which are not successfully tendered and/or accepted under the Partial CN Offer, will be despatched to such Convertible Noteholder by ordinary post at his/her/its own risk as soon as possible but in any event within seven Business Days following the Final Closing Date (assuming the Partial Offers become or are declared unconditional in all respects on the First Closing Date).

- (c) Settlement of the consideration to which any Shareholder or Convertible Noteholder is entitled under the Partial Offers, as the case may be, will be implemented in full in accordance with its terms (save in respect of the payment of the seller's ad valorem stamp duty) without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Shareholder or Convertible Noteholder.
- (d) No fraction of a cent will be payable and the amount of cash consideration payable to a Shareholder or a Convertible Noteholder who accepts the Partial Share Offer or the Partial CN Offer respectively, will be rounded up to the nearest cent.

3. ACCEPTANCE PERIOD AND REVISIONS

- (a) The Partial Offers are made on Tuesday, 7 January 2020, being the date of despatch of the Composite Document, and are capable of acceptance on and from this date until the Closing Date.
- (b) Unless the Partial Offers have previously been revised or extended with the consent of the Executive, to be valid, the Partial Share Offer Approval and Acceptance Form and Partial CN Offer Acceptance Form should be received by the Registrar or the company secretary of the Company, in each case in accordance with the instructions printed thereon, by 4:00 p.m. on the Closing Date. The Partial Offers are conditional on (among other things) valid acceptances of the Partial Share Offer having been received (and not, where permitted, withdrawn) in respect of a minimum number of Shares which would result in the Offeror and parties acting in concert with it holding 50.01% of the Shares in issue by 4:00 p.m. (Hong Kong time) on the First Closing Date (or such later time(s) and/or date(s) as the Offeror may decide and the Executive may approve). The Offeror will make an announcement as and when the Partial Offers become or are declared unconditional (both as to acceptances and in all respects).
- (c) If the Partial Offers are extended, the Offeror will issue an announcement in relation to any extension of the Partial Offers, which will state either the next closing date or, a statement that the Partial Offers will remain open until further notice. In the latter case, at least 14 days' notice in writing must be given before the Partial Offers are closed to those Shareholders and Convertible Noteholders who have not accepted the relevant Partial Offers before the Partial Offers are closed. If, in the course of the Partial Offers, the Offeror revises the terms of the Partial Offers, all Shareholders and Convertible Noteholders, whether or not they have already accepted the relevant Partial Offers, will benefit under the revised terms. A revised offer must be kept open for at least 14 days following the date on which the revised offer document is posted.
- (d) If the Closing Date is extended, any reference in the Composite Document and in the Forms of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the subsequent closing date.

4. ANNOUNCEMENTS

- (a) By 6:00 p.m. on each Closing Date (or such later time(s) and/or date(s) as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension, expiry or unconditionality of the Partial Offers. The Offeror must publish an announcement on the website of the Stock Exchange by 7:00 p.m. on the relevant Closing Date stating, among other things, the information required under Rule 19.1 and Note 7 to Rule 19 of the Takeovers Code. The announcement will include, among other things, whether the Partial Offers have been revised or extended or have expired, the results of the Partial Share Offer and the Partial CN Offer, as well as details of the way in which the pro rata entitlement for each accepting Shareholder and Convertible Noteholder was determined. The announcement will also state the following:
- (i) the total number of Offer Shares for which acceptances of the Partial Share Offer have been received;
 - (ii) the total outstanding principal amount of the Offer Convertible Notes for which acceptances of the Partial CN Offer have been received;
 - (iii) the total number of Shares and the total outstanding principal amount of the Convertible Notes held, controlled or directed by the Offeror and its concert parties before the Offer Period; and
 - (iv) the total number of Shares and the total outstanding principal amount of the Convertible Notes acquired or agreed to be acquired by the Offeror and its concert parties during the Offer Period.

The announcement will include details of any relevant securities of the Company which the Offeror or its concert parties have borrowed or lent, save for any borrowed securities which have been either on-lent or sold.

The announcement will also specify the percentages of the relevant classes of issued share capital of the Company, the percentages of voting rights of the Company represented by these numbers of Shares and the percentages of votes cast to approve the Partial Share Offer.

- (b) In computing the total number of Shares and the total outstanding principal amount of the Convertible Notes represented by acceptances, only valid acceptances that are complete and in good order, and which have been received by the Registrar or the company secretary of the Company, by no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Partial Offers, shall be included.
- (c) As required under the Takeovers Code, all announcements in respect of the Partial Offers will be made in accordance with the requirements of the Takeovers Code and the Listing Rules.

5. NOMINEE HOLDERS

- (a) Shareholders should note that the Offeror will regard the nominee company (including HKSCC Nominees Limited) as a single shareholder according to the Company's register of members. As such, the arrangement in relation to the acceptances of Shares tendered in excess of the number of Shares which would result in the Offeror and parties acting in concert with it holding 75% of the Shares in issue as at the Final Closing Date, including any Share for which a valid conversion notice has been delivered in respect of the Convertible Notes on or after the Latest Practicable Date and on or before the Final Closing Date, will not be applicable to the beneficial owners who hold Shares through a nominee company individually.
- (b) To ensure equality of treatment of all Shareholders, those Shareholders who hold Shares as nominee on behalf of more than one beneficial owner should, as far as practicable, treat the holding of such beneficial owner separately. It is essential for the beneficial owners of the Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Partial Share Offer in the manner set out under paragraph (d) in the sub-section headed "The Partial Share Offer" in the section headed "1. PROCEDURES FOR APPROVAL AND ACCEPTANCE OF THE PARTIAL OFFERS" above.

6. RIGHT OF WITHDRAWAL

- (a) The Partial Share Offer is conditional upon fulfilment of the Conditions. Acceptances of the Partial Offers tendered by the Shareholders and Convertible Noteholders, respectively, shall be irrevocable and cannot be withdrawn, except in compliance with Rule 17 of the Takeovers Code, which provides that an acceptor of the Partial Share Offer and/or the Partial CN Offer shall be entitled to withdraw his/her/its acceptance after 21 days from the First Closing Date if the Partial Share Offer has not by then become unconditional as to acceptances.
- (b) Furthermore, in the circumstances set out in Rule 19.2 of the Takeovers Code (namely, where the Offeror is unable to comply with any of the requirements for making announcements relating to the Partial Offers as described in the section headed "4. ANNOUNCEMENTS" above), the Executive may require that acceptors be granted a right of withdrawal, on terms acceptable to the Executive, until such requirements can be met.
- (c) In such case, when the Shareholder(s) or Convertible Noteholder(s) withdraw(s) his/her/its acceptance(s), the Offeror shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the relevant Forms of Acceptance to the relevant Shareholder(s) or Convertible Noteholder(s) at his/her/its own risks.
- (d) Save as aforesaid, acceptances of the Partial Offers shall be irrevocable and not capable of being withdrawn.

7. OVERSEAS SHAREHOLDERS AND OVERSEAS CONVERTIBLE NOTEHOLDERS

- (a) The making of the Partial Offers to the Shareholders and Convertible Noteholders who are citizens, residents or nationals of jurisdictions outside Hong Kong may be subject to the applicable laws of the relevant jurisdictions in which they are located. Such Shareholders and Convertible Noteholders should inform themselves about and observe any applicable legal or regulatory requirements in their own jurisdictions. It is the responsibility of any Overseas Shareholder and Overseas Convertible Noteholder wishing to accept the Partial Offers to satisfy themselves (and, where necessary, seek independent legal advice) as to the full observance of the laws and regulations of the relevant jurisdictions in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any transfer or other taxes due from such Shareholders and Convertible Noteholders in such relevant jurisdictions.
- (b) Any acceptance of the Partial Offers by any Shareholder or Convertible Noteholder will be deemed to constitute a representation and warranty from such persons to the Offeror and its advisers that all local laws and regulatory requirements have been complied with and that the Partial Offers can be accepted by such holders lawfully under the laws of the relevant jurisdiction. Shareholders and Convertible Noteholders should consult their professional advisers if in any doubt.

8. TAX IMPLICATIONS

Shareholders and Convertible Noteholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Partial Offers. None of the Offeror, concert parties of the Offeror, the Company, Kingston Securities, Kingston CF and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Partial Offers is in a position to advise the Shareholders or Convertible Noteholders on their individual tax implication nor accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Partial Offers.

9. GENERAL

- (a) All communications, notices, the Forms of Acceptance, share certificates, certificates of the Convertible Notes, transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Partial Offers to be delivered by or sent to or from the Shareholders and/or the Convertible Noteholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk. Such communications, notices, documents and remittances will be sent to the Shareholders and/or Convertible Noteholders at their addresses, specified on the relevant Forms of Acceptance. None of the Offeror, the Company, Kingston Securities, Kingston CF and any of their respective directors nor the Registrar or any other person involved in the Partial Offers accepts any responsibility for any loss or delay in transmission or any other liabilities that may arise as a result thereof.

- (b) The provisions set out in the Forms of Acceptance form part of the terms of the Partial Offers.
- (c) The accidental omission to despatch the Composite Document and/or Forms of Acceptance or any of them to any person to whom the Partial Offers are made will not invalidate the Partial Offers in any way.
- (d) The Partial Offers are, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.
- (e) Due execution of the Forms of Acceptance will constitute an irrevocable authority to the Offeror and/or Kingston Securities (or such person or persons as the Offeror and/or Kingston Securities may direct) to complete, amend and execute any document on behalf of the person or persons accepting the Partial Offers and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror (or such person or persons as it may direct) the Offer Shares in respect of which such person or persons has accepted the Partial Share Offer.
- (f) References to the Partial Offers in the Composite Document and in the Forms of Acceptance include any extension and/or revision thereof.
- (g) The English text of the Composite Document and the Forms of Acceptance shall prevail over the Chinese text for the purpose of interpretation.
- (h) In making their decision, Shareholders and Convertible Noteholders must rely on their own examination of the Offeror, the Group and the terms of the Partial Offers, including the merits and risks involved. The contents of the Composite Document, including any general advice or recommendation contained herein together with the Forms of Acceptance, shall not be construed as any legal or business advice on the part of the Offeror, the Company, Kingston CF, Kingston Securities, the Registrar or their respective professional advisers. Shareholders and Convertible Noteholders should consult their own professional advisers for professional advice.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The following is a summary of the financial results of the Group for each of the three years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019 as extracted from the annual reports/interim report published by the Company in accordance with the Listing Rules.

	For the six months ended 30 June		For the year ended 31 December	
	2019 HK\$'000 unaudited	2018 HK\$'000 audited	2017 HK\$'000 audited	2016 HK\$'000 audited
Revenue	<u>462,473</u>	<u>778,857</u>	<u>790,059</u>	<u>603,132</u>
Profit/(loss) before taxation	64,494	(114,079)	(301,257)	(852,442)
Income tax	<u>(49,673)</u>	<u>(65,240)</u>	<u>(36,314)</u>	<u>73,884</u>
Profit/(loss) attributable to:				
Owners of the Company	8,194	(212,596)	(340,970)	(740,997)
Non-controlling interests	<u>6,627</u>	<u>33,277</u>	<u>3,399</u>	<u>(37,561)</u>
Total comprehensive income/(loss) attributable to:				
Owners of the Company	4,531	(378,013)	(95,704)	(971,769)
Non-controlling interests	<u>6,076</u>	<u>15,349</u>	<u>26,035</u>	<u>(61,044)</u>
Dividends	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Dividends per share	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Earnings/(loss) per share				Restated
– Basic and diluted	<u>HK\$0.08 cents</u>	<u>(HK\$0.02)</u>	<u>(HK\$0.18)</u>	<u>(HK\$0.63)</u>

Save as disclosed above, there are no other item of income or expense which are material for each of the three years ended 31 December 2016, 2017 and 2018, and the six months ended 30 June 2019.

No qualified opinion was given by the auditor of the Company, HLB Hodgson Impey Cheng Limited, in respect of the Group's audited consolidated financial statements for each of the three years ended 31 December 2016, 2017 and 2018.

2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE THREE YEARS ENDED 31 DECEMBER 2016, 2017 AND 2018 AND UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2019

The Company is required to set out or refer to in the Composite Document the consolidated statement of profit or loss, the consolidated statement of financial position, the consolidated statement of cash flows and any other primary statement as shown in (i) the audited consolidated financial statements of the Group for the year ended 31 December 2016 (the “**2016 Financial Statements**”); (ii) the audited consolidated financial statements of the Group for the year ended 31 December 2017 (the “**2017 Financial Statements**”); and (iii) the audited consolidated financial statements of the Group for the year ended 31 December 2018 (the “**2018 Financial Statements**”), together with the notes to the relevant published accounts which are of major relevance to the appreciation of the above financial information.

The 2016 Financial Statements are set out from pages 65 to 165 in the annual report of the Company for the year ended 31 December 2016 (the “**2016 Annual Report**”) which was published on 20 March 2017 on the websites of the Company (<http://www.cnagri-products.com/>) and the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2017/0320/lt20170320452.pdf>).

The 2017 Financial Statements are set out from pages 61 to 153 in the annual report of the Company for the year ended 31 December 2017 (the “**2017 Annual Report**”) which was published on 9 April 2018 on the websites of the Company (<http://www.cnagri-products.com/>) and the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0409/lt201804091146.pdf>).

The 2018 Financial Statements are set out from pages 65 to 173 in the annual report of the Company for the year ended 31 December 2018 (the “**2018 Annual Report**”) which was published on 26 April 2019 on the websites of the Company (<http://www.cnagri-products.com/>) and the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0426/lt201904261125.pdf>).

The 2016 Financial Statements, the 2017 Financial Statements and the 2018 Financial Statements (but not any other part of the 2016 Annual Report, the 2017 Annual Report and the 2018 Annual Report in which they respectively appear) are incorporated by reference into the Composite Document and form part of the Composite Document.

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2019 (the “**2019 Interim Financial Statements**”) and the notes thereto are set out from pages 25 to 80 of the interim report of the Company for the six months ended 30 June 2019 (the “**2019 Interim Report**”), which was published on 26 September 2019 on the websites of the Company (<http://www.cnagri-products.com/>) and the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0926/2019092600433.pdf>).

The 2019 Interim Financial Statements (but not any other part of the 2019 Interim Report in which it appears) are incorporated by reference into the Composite Document and form part of the Composite Document.

3. INDEBTEDNESS

Borrowings

As at close of business on 31 October 2019, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of the Composite Document, the Group had outstanding borrowings of approximately HK\$1,950.5 million. These borrowings comprised (i) secured bank borrowings of approximately HK\$426.4 million; and (ii) unsecured interest-bearing loans of approximately HK\$1,524.1 million. The bank borrowings with variable interest rates carry interest rates ranging from 4.4% to 7.8% per annum. The unsecured interest-bearing loans carry interest ranging from 5.0% to 10.0% per annum.

Securities

The aforesaid secured bank borrowings of approximately HK\$426.4 million were secured by investment properties and stock of properties with a carrying amount of approximately HK\$1,253.5 million and HK\$375.1 million, respectively.

Bonds

As at close of business on 31 October 2019, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of the Composite Document, the Group had issued 29 lots of listed bonds with the carrying amounts of approximately HK\$169.9 million. The listed bonds bear interest at 1% per annum and are repayable on maturity on 30 September 2024. The Group had also issued two tranches of private bonds which will mature on 28 November 2019 and 18 February 2020, respectively (the “**2019 Bonds**” and “**2020 Bonds**”) with the carrying amounts of approximately HK\$735.6 million. The 2019 Bonds and 2020 Bonds borne coupon rates at 10.0% and 7.3% per annum, respectively.

Promissory notes

As at close of business on 31 October 2019, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of the Composite Document, the Group had two issued promissory notes with an aggregate amount of HK\$376 million. According to their terms, the promissory notes bear interest at 5% per annum and would be repayable in five years from the date of issue i.e. 5 December 2012. On 5 October 2012, the Company obtained a court order to the effect that undertakings were given by Ms. Wang Xiu Qun and Wuhan Tian Jiu Industrial and Commercial Development Co., Ltd. not to, among others, enforce payment by presentation of the promissory notes until the final determination of the relevant court action or further court order. As such, the promissory notes were no longer due for payment by the Company on 5 December 2012.

Convertible bonds

As at close of business on 31 October 2019, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of the Composite Document, the Group had issued convertible bonds with the carrying amounts of approximately HK\$242.6 million. The convertible bonds bear interest at 7.5% per annum and are repayable on maturity on 19 October 2021.

Contingent liabilities

Save as disclosed in the Composite Document, so far as the Directors were aware, the Group was not engaged in any litigation or claims of material importance, and so far as the Directors are aware, no litigation or claims of material importance is pending or threatened against the Group.

As at close of business on 31 October 2019, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of the Composite Document, the Group had material contingent liabilities of approximately HK\$60.9 million in relation to the guarantees provided by a wholly-owned subsidiary of the Company to our customers in favour of a bank of the loans provided by the bank to the customers of the projects.

Lease liabilities

As at close of business on 31 October 2019, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of the Composite Document, the Group had recognised lease liabilities of approximately HK\$19.4 million.

Disclaimer

Save as aforesaid and apart from intra-group liabilities and normal trade payables, at the close of business on 31 October 2019, the Group did not have any loan capital issued or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade payables) or acceptance credits, debentures, mortgages, charges, financial lease, hire purchases commitments, guarantees or other material contingent liabilities.

Foreign currency amounts have been translated into Hong Kong dollars at the exchange rates prevailing as at close of business on 31 October 2019.

Save as disclosed above, the Directors were not aware of any material changes in the indebtedness and contingent liabilities of the Group after 31 October 2019 and up to the Latest Practicable Date.

4. MATERIAL CHANGE

The Directors confirm that, save and except as disclosed below, there had been no material change in the financial or trading position or outlook of the Group since 31 December 2018, being the date to which the latest published audited consolidated financial statements of the Group were made up, and up to and including the Latest Practicable Date.

As disclosed in the latest published unaudited consolidated financial statements of the Group for the six months ended 30 June 2019, the Company had recorded a substantial decrease in the consolidated net loss attributable to owners of the Company or a profit attributable to owners of the Company for the six months ended 30 June 2019, as compared to a net loss attributable to owners of the Company for the corresponding period in 2018. Such improvement in loss position was mainly attributable to the net gain in fair value of investment properties and derivative financial assets and the decrease in impairment of stock of properties of the Group for the six months ended 30 June 2019.

The following is the text of a letter and valuation certificates, prepared for the purpose of incorporation in the Composite Document received from RHL Appraisal Limited, an independent valuer, in connection with its valuation as at 10 October 2019 of the Properties held by China Agri-Products Exchange Limited.



永利行評估顧問有限公司
RHL Appraisal Limited
Corporate Valuation & Advisory

T +852 2730 6212
F +852 2736 9284

Room 1010, 10/F, Star House
Tsimshatsui, Hong Kong

7 January 2020

The Board of Directors
China Agri-Products Exchange Limited
Suite 3202, 32/F.,
Skyline Tower,
39 Wang Kwong Road,
Kowloon Bay,
Kowloon,
Hong Kong

Dear Sirs/Madam,

INSTRUCTIONS

We refer to your instruction for us to value the properties interests (the “**Properties**”) held by China Agri-Products Exchange Limited (the “**Company**”) or its subsidiaries (together referred as the “**Group**”) located in the People’s Republic of China (the “**PRC**”). We confirm that we have carried out property inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of such property interest as at 10 October 2019 (the “**Valuation Date**”).

This letter which forms part of our valuation report explains the basis and methodologies of valuation, clarifying assumptions, valuation considerations, title investigations and limiting conditions of this valuation.

BASIS OF VALUATION

The valuation is our opinion of the market value (the “**Market Value**”) which we would define as intended to mean 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 wherein the parties had each acted knowledgeably, prudently and without compulsion.

Market Value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase and without offset for any associated taxes or potential taxes.

The Market Value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, joint ventures, management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

VALUATION METHODOLOGY

We have valued properties No.1–No.7 and No.9 by using direct comparison method, which is adopted based on the principle of substitution, where comparison is made based on prices realized on actual sales and/or asking prices of comparable properties. Comparable properties of similar size, scale, nature, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of capital values. In the meanwhile, where appropriate, we have considered on the basis of capitalization of the net income shown on the documents handed to us. We have also allowed for outgoings and, in appropriate case, made provisions for reversionary income potential.

For properties No.8 and No.10, in arriving at the final value of the property, we have valued the property by Replacement Cost Method. Calculation of the replacement cost is based on an estimate of the fair value of the land in its existing use, plus the current cost of new replacement of the buildings and structures. For land portion, we have made reference to the market transaction evidence as available in the locality. Comparable lands of similar size, scale, nature, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each land in order to arrive at a fair comparison of capital values. The replacement cost of the property interest is subject to adequate potential profitability of the concerned business.

VALUATION CONSIDERATIONS

In valuing the property interest, we have complied with all the requirements contained in Rule 11 of the Code on Takeovers and Mergers of the Securities and Futures Commission; Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards 2012 Edition.

VALUATION ASSUMPTION

In our valuation, unless otherwise stated, we have assumed that:

- a. no deleterious or hazardous materials or techniques have been used in the construction of the Properties;
- b. the Properties are connected to main services and sewers which are available on normal terms;
- c. the cost or repairs and maintenance to the buildings of which the Properties are shared among all owners of the building, and that there are no onerous liabilities outstanding; and
- d. the owner sells the Properties on the open market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to affect the property values.

TITLE INVESTIGATION

We have been shown copies of various documents relating to the property interest. However, we have not examined the original documents to verify the existing titles to the property interest or any amendment which does not appear on the copies handed to us. We have relied considerably on the information given by the Group's PRC legal advisers, Guangdong Zhuo Ying Law Firm (廣東卓盈律師事務所), concerning the validity of the titles to the property interests.

LIMITING CONDITIONS

We have inspected the exterior and, where possible, the interior of the Properties. During the course of our inspections, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report whether the Properties are free from rot infestation or any other defects. No tests were carried out on any of the services. Moreover, we have not carried out investigations on site to determine the suitability of the ground conditions and the services etc., for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and no extraordinary expenses or delay will be incurred during the development period.

We have not carried out detailed on-site measurement to verify the correctness of the areas in respect of the Properties but have assumed that the areas shown on the documents handed to us are correct. All dimensions, measurements and areas are approximate.

We have relied to a considerable extent on information provided by the Group and accepted advices given to us on such matters, in particular, but not limited to tenure, planning approvals, statutory notices, easements, particulars of occupancy, size and floor areas and all other relevant matters in the identification of the Properties.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also been advised by the Group that no material fact has been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

No allowance has been made in our report for any charges, mortgages or amounts owing on the property interest valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interest is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

The reported Market Value only applies to the whole of the complex or development as a unique interest, and no piecemeal transaction of the complex or development is assumed.

For properties located at the PRC, we have been advised by the Group that the potential tax liabilities include land Appreciation Tax at progressive tax rates from 9% to 30% and Income Tax at 25% on profit before tax. The exact amount of tax payable upon realisation of the relevant properties in the PRC will be subject to the formal tax advice issued by the relevant tax authorities at the time of disposal of relevant properties upon presentation of the relevant transaction documents. There are potential tax liability which might arise on the disposal of the Properties.

As disclosed in the interim report of the Company for the six months ended 30 June 2019, management and sales of properties in agricultural produce exchange markets in the PRC is the principal business of the Group and it has been considering sales of properties in agricultural produce exchange markets in the PRC from time to time, depending on the market circumstances. There are high likelihood that such tax liability would arise upon the disposal of the Properties.

REMARKS

We have valued the Properties in Renminbi (RMB).

We have conducted on-site inspections to the Properties in November 2019 by our Mr. Chan Chi Ho (Bachelor in General Surveying) and Ms. Liu Jing (Master in Geographic Information System).

We enclose herewith the summary of values and the valuation certificates.

Yours faithfully,
For and on behalf of
RHL Appraisal Limited

Serena S. W. Lau
FHKIS, AAPI, MRICS, RPS(GP), MBA(HKU)
Managing Director

Jessie X. Chen
MRICS, MSc (Real Estate), BEcon
Associate Director

Ms. Serena S. W. Lau is a Registered Professional Surveyor (GP) with over 20 years' experience in valuation of properties in HKSAR, Macau SAR, mainland China and the Asia Pacific Region. Ms. Lau is a Professional Member of The Royal Institution of Chartered Surveyors, an Associate of Australian Property Institute, a Fellow of The Hong Kong Institute of Surveyors as well as a registered real estate appraiser in the PRC.

Ms. Jessie X. Chen is a Registered Professional Surveyor (GP) with over 5 years' experience in valuation of properties in HKSAR, Macau SAR, United Kingdom, Canada, mainland China and the Asia Pacific Region. Ms. Chen is a Professional Member of The Royal Institution of Chartered Surveyors.

SUMMARY OF VALUES

	Market Value as at 10 October 2019 RMB	Interest attributed to the Group	Market Value attributable to the Group as at 10 October 2019 RMB
1. Xuzhou Agri-Products Centre Wholesale Market, east of Yingbin Avenue, Quanshan District, Xuzhou City, Jiangsu Province, the PRC (中華人民共和國江蘇省徐州市泉山區迎賓大道東 側徐州農副產品中心批發市場)	373,000,000	51%	190,230,000
2. Phase I of Guangxi Yulin Hong-Jin Agri-Products Market, south of 2nd Ring North Road, Yuzhou District, Yulin City, Guangxi Zhuang Autonomous Region, the PRC (中華人民共和國廣西壯族自治區玉州區二環北路 南側玉林宏進農副產品批發市場一期)	380,000,000	65%	247,000,000
3. Phase II of Guangxi Yulin Hong-Jin Agri-Products Market, south of 2nd Ring North Road and North West of Longbiao River, Yuzhou District, Yulin City, Guangxi Zhuang Autonomous Region, the PRC (中華人民共和國廣西壯族自治區玉州區二環北路 南側龍表河西北側玉林宏進農副產品批發市場二 期)	184,000,000	100%	184,000,000

	Market Value as at 10 October 2019 RMB	Interest attributed to the Group	Market Value attributable to the Group as at 10 October 2019 RMB
4. Wuhan Baisazhou Agricultural By-Products Grand Market, Special Nos.1 Qingling Street, Qingling Country, Hongshan District, Wuhan City, Hubei Province, the PRC (中華人民共和國湖北省武漢市洪山區青菱鄉青菱街特一號武漢白沙洲農副產品大市場)	1,398,000,000	100%	1,398,000,000
5. Henan Luoyang Hong-Jin Agri-Products International Logistics Centre, west of Luoji Expressway, Old town district, Luoyang City, Henan Province, the PRC (中華人民共和國河南省洛陽市老城區洛吉快速通道西側洛陽宏進農副產品國際物流中心)	855,000,000	100%	855,000,000
6. Henan Kaifeng Hong-Jin Agri-Products International Logistics Centre, south of Kaiqi Highway and east of Xilin Public Cemetery, Kaifeng City, Henan Province, the PRC (中華人民共和國河南省開封市開杞公路北側及西林公墓東側河南宏進農副產品國際物流中心)	261,000,000	100%	261,000,000

	Market Value as at 10 October 2019 RMB	Interest attributed to the Group	Market Value attributable to the Group as at 10 October 2019 RMB
7. Panjin Hong-Jin Agri-Products International Trade City, Xihu Village, Hujia Town, Panshan County, Panjin City, Liaoning Province, the PRC (中華人民共和國遼寧省盤錦市盤山縣胡家鎮西胡村盤錦宏進農副產品國際商貿城)	103,000,000	100%	103,000,000
8. The Construction-in-progress of Henan Puyang Hong-Jin Agri-Products International Logistics Centre, Area No.033, No.112 Street, Puyang City, Henan Province, the PRC (中華人民共和國河南省濮陽市112街道033街坊濮陽宏進農副產品國際物流中心在建工程)	102,000,000	75%	76,500,000
9. Huai'an Hong-Jin Agri-Products International Logistics Centre, north of Bei Huan Lu and east of Hai Nan Lu, Qing Pu District, Huai'an City, Jiangsu Province, the PRC (中華人民共和國江蘇省淮安市清浦區北環路南側及海南路東側淮安宏進農副產品國際物流中心)	145,000,000	100%	145,000,000

	Market Value as at 10 October 2019 RMB	Interest attributed to the Group	Market Value attributable to the Group as at 10 October 2019 RMB
10. China – ASEAN (Qinzhou) Agri-Products Market, north of Jinhaiwan West Avenue (Entrance of North and South Highway), Qinzhou City, Guangxi Zhuang Autonomous Region, the PRC (中華人民共和國廣西壯族自治區欽州市金海灣 西大街北側 (南北高速出入口) 中國 – 東盟 (欽 州) 農產品大市場)	481,000,000	100%	481,000,000
Total:	<u>4,282,000,000</u>		<u>3,940,730,000</u>

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value as at 10 October 2019 RMB
<p>1. Xuzhou Agri-Products Centre Wholesale Market, east of Yingbin Avenue, Quanshan District, Xuzhou City, Jiangsu Province, the PRC</p> <p>(中華人民共和國江蘇省徐州市泉山區迎賓大道東側徐州農副產品中心批發市場)</p>	<p>The property comprises a wholesale market mainly consisting of various one-storey to three-storey buildings and structures erected on a parcel of land with a site area of approximately 193,673.91 sq.m. (2,084,689 sq.ft.).</p> <p>The property has an office building with a gross floor area of approximately 6,746.94 sq.m. (72,623 sq.ft.). And the remaining portions are vacant site and various temporary structures and canopies erected thereon with a total construction area of approximately 99,956.29 sq.m. (1,075,921 sq.ft.). The property is completed in about 2011 for commercial use.</p> <p>The land use rights of the property have been granted for a term expiring on 27 November 2057 for warehouse and logistics uses.</p>	<p>As at valuation date, the property is mainly operated by the owner as an agricultural products and by-products wholesale market.</p> <p>Portion of the property with a total gross floor area of approximately 101,560.59 sq.m. is subject to various tenancy agreements (the “Tenancy Agreements”) with a total annual rental income of approximately RMB38,113,626 while the remaining portion is currently vacant or owner-occupied.</p>	<p>373,000,000 (THREE HUNDRED AND SEVENTY THREE MILLION ONLY)</p> <p>51% interest attributed to the Group: RMB190,230,000</p>

Notes:

1. Pursuant to a State Land Use Rights Contract – Xu Tu Guo Rang (He) Zi (2007) No. 104 (徐土國讓(合)字(2007) 104號), the land use rights of the property with a total site area of approximately 193,673.50 sq.m. have been granted to Xuzhou Yuanyang Trading Development Company Limited (徐州源洋商貿發展有限公司)(“**Xuzhou Yuanyang**”), a 51%-owned subsidiary of the Company with details as follows:

Restricted Items	Parameters
Plot Ratio	No more than 1.2
Site Coverage	No more than 50%
Building Height Restriction	Should fulfil the airport clearance height restriction
Ratio of Green Space	<u>No less than 20%</u>
Maximum Gross Floor Area	<u>232,408.20 sq.m.</u>

Pursuant to the State-owned Land Use Rights Certificate Xu Tu Guo Yong (2008) Di No. 12888 dated 26 May 2008 issued by the State Land Resources Bureau, the land use rights of the property with a site area of approximately 193,673.91 sq.m. have been granted to Xuzhou Yuanyang for a term of 50 years for warehouse and logistic uses.

2. Pursuant to a Building Ownership Certificate – Xu Fang Quan Zheng Yun Long Zi Di No. 56520, the building ownership of portion of the property with a gross floor area of approximately 6,746.94 sq.m. has been vested in Xuzhou Yuanyang.
3. Pursuant to an official announcement – Xu Fa Gai Wai Jing 2008 No.26 (徐發改外經200826號) issued by Development and Reform Commission of Xuzhou City (徐州市發展和改革委員會), development proposal of the property has been approved by the local government. Xuzhou Yuanyang is permitted to construct the property with a total gross floor area of approximately 91,000.00 sq.m. erected on a parcel of land with a site area of approximately 193,673.91 sq.m.. The approved construction period is 2 years commencing at January 2008 and ending at January 2010.
4. As advised, the property with a total gross floor area of approximately 105,820.77 sq.m. is held by the Company for investment property purpose.
5. The property with a total gross floor area of approximately 6,746.94 sq.m. is subject to a mortgage. However, we have not taken into account such mortgage in our valuation.
6. We have been provided with a legal opinion by the Group’s PRC legal adviser, Guangdong Zhuo Ying Law Firm (廣東卓盈律師事務所), regarding the legal title of the property, which contains, inter alia, the followings:
- i. the property is legally held by Xuzhou Yuanyang;
 - ii. all land grant premium of the property has been fully settled;
 - iii. Xuzhou Yuanyang is entitled to transfer, lease, mortgage or dispose of the property as a whole freely in the market;
 - iv. Xuzhou Yuanyang is entitled to lease temporary structures and canopies freely in the market;
 - v. except for the mortgage as mentioned in Note 5, the property is free from any mortgage or third parties’ encumbrance; and
 - vi. there will be no impediments for Xuzhou Yuanyang to obtain all the necessary permits/approvals for the construction works of any future development of the property.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value as at 10 October 2019 RMB
2. Phase I of Guangxi Yulin Hong-Jin Agri-Products Market, south of 2nd Ring North Road, Yuzhou District, Yulin City, Guangxi Zhuang Autonomous Region, the PRC	The property comprises a wholesale market mainly consisting of various one-storey to three-storey buildings and structures erected on 5 parcels of contiguous land with a total site area of approximately 273,884.07 sq.m. (2,948,063 sq.ft.).	As at valuation date, the property is mainly operated by the owner as an agricultural products and by-products wholesale market. Completed portion with a total gross floor area of about 55,689.10 sq.m. is subject to various	380,000,000 (THREE HUNDRED AND EIGHTY MILLION ONLY) (65% interest attributed to the Group: RMB247,000,000)
(中華人民共和國廣西壯族自治區玉州區二環北路南側玉林宏進農副產品批發市場一期)	The property comprises various buildings with a total gross floor area of approximately 27,766.52 sq.m. (298,876 sq.ft.). And the remaining portions are vacant site and various temporary structures and canopies erected thereon with a total construction area of approximately 38,535.01 sq.m. (414,787 sq.ft.). The property is completed in about 2013 for commercial use.	tenancy agreements (the “ Tenancy Agreements ”) with a total annual rental income of approximately RMB22,895,602 while the remaining portion is currently vacant or owner-occupied.	
	The land use rights of the property have been granted for a term expiring on 18 July 2047 for commercial services uses.		

Notes:

1. Pursuant to a State Land Use Rights Contract – Yu Guo Rang Zi (2007) Di No. 7 (玉國讓字(2007)第7號), the land use rights of the property with a total site area of approximately 273,884.06 sq.m. have been granted to Yulin Hong-Jin Agriculture By-products Wholesale Market Company Limited (玉林宏進農副產品批發市場有限公司) (“**Yulin Hong-Jin**”), a 65%-owned subsidiary of the Company with details as follows:

Restricted Items	Parameters
Plot Ratio	No more than 1.5
Site Coverage	No more than 45%
Building Height Restriction	No higher than 6 Floors (24m)
Ratio of Green Space	<u>No less than 4.5%</u>
Maximum Gross Floor Area	<u><u>410,826.09 sq.m.</u></u>

2. Pursuant to 5 State-owned Land Use Rights Certificates – Yu Guo Yong (2007) Di No. A807, A808, A809, A913 and A914 all issued by the People’s Government of Yulin in 2007, the land use rights of 5 parcels of land with a total site area of 273,884.07 sq.m. have been granted to Yulin Hong-Jin for a land use term expiring on 18 July 2047 for commercial services uses.

3. Pursuant to various Building Ownership Certificates, the building ownerships of portions of the property with a total gross floor area of approximately 17,881.23 sq.m. has been vested in Yulin Hong-Jin.

As advised by the Company, Yulin Hong-Jin is in the process of obtaining the title certificates of remaining portions of the property with a total gross floor area of approximately 9,885.29 sq.m.. According to the Group’s PRC legal adviser, Guangdong Zhuo Ying Law Firm (廣東卓盈律師事務所), there is no legal impediments for Yulin Hong-Jin to obtain such title certificates and upon obtaining such relevant certificates, Yulin Hong-Jin is entitled to transfer, lease, mortgage or dispose of such portion of the property freely in the market respectively.

4. As advised by the Company, portion of the completed properties with a total gross floor area of 93,745.09 sq.m. has been sold and delivered, therefore, we have excluded such portion in the valuation.

5. As advised, the property with a total area of approximately 66,301.53 sq.m. is held by the Company for sale.

6. We have been provided with a legal opinion by the Group’s PRC legal adviser, Guangdong Zhuo Ying Law Firm (廣東卓盈律師事務所), regarding the legal title of the property, which contains, inter alia, the followings:

- i. the property is legally held by Yulin Hong-Jin;
- ii. all land grant premium of the property has been fully settled;
- iii. Yulin Hong-Jin is entitled to transfer, lease, mortgage or dispose of the property as a whole freely in the market;

Yulin Hong-Jin is entitled to lease temporary structures and canopies freely in the market;

There is no legal impediment for portions under construction to obtain valid title certificate after completion and qualified the construction work completion requirement.

- iv. the property is free from any mortgage or third parties’ encumbrance; and
- v. there will be no impediments for Yulin Hong-Jin to obtain all the necessary permits/approvals for the construction works of any future development of the property.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value as at 10 October 2019 RMB
3. Phase II of Guangxi Yulin Hong-Jin Agri-Products Market, south of 2nd Ring North Road and North West of Longbiao River, Yuzhou District, Yulin City, Guangxi Zhuang Autonomous Region, the PRC (中華人民共和國廣西壯族自治區玉州區二環北路南側龍表河西北側玉林宏進農副產品批發市場二期)	The property comprises a wholesale market mainly consisting of various one-storey to three-storey buildings and structures and vacant sites erected on a site area of approximately 141,529.79 sq.m. (1,523,414 sq.ft.). The property comprises vacant site and various temporary structures and canopies erected thereon with a total construction area of approximately 21,517.50 sq.m. (231,612 sq.ft.). The property is completed in about 2014 for commercial use. The land use rights of the property have been granted for a term expiring on 2 March 2061 for wholesale and retail uses.	As at valuation date, the property is mainly operated by the owner as an agricultural products and by-products wholesale market. Completed portion with a total gross floor area of about 21,049.60 sq.m. is subject to various tenancy agreements (the “ Tenancy Agreements ”) with a total annual rental income of approximately RMB4,297,769. The remaining portion is held for future development.	184,000,000 (ONE HUNDRED AND EIGHTY FOUR MILLION ONLY) 100% interest attributed to the Group: RMB184,000,000

Notes:

- Pursuant to a State Land Use Rights Contract – Yu Tu Chu (2011) No. 006 (玉土出(2011)第006號), the land use rights of the property with a total site area of approximately 141,607.27 sq.m. have been granted to Yulin Hong-Jin Logistics Development Company Limited (玉林宏進物流發展有限公司) (“**Yulin Hong-Jin Logistics**”), a wholly-owned subsidiary of the Company with details as follows:

Restricted Items**Parameters**

Plot Ratio	No more than 2.5
Site Coverage	No more than 40%
Building Height Restriction	No higher than 120m for the main building and 24m for the other buildings
Ratio of Green Space	No less than 15%
Maximum Gross Floor Area	354,000.00 sq.m.

2. Pursuant to 2 State-owned Land Use Rights Certificates – Yu Guo Yong (2011) No. 01000449 and No. 01000452 dated 17 May 2011, the land use rights of the property with a total site area of approximately 141,529.79 sq.m. have been granted to Yulin Hong-Jin Logistics for a term expiring on 2 March 2061 for wholesale and retail uses. As advised by the Company, the subject land was acquired on 2 March 2011 at a land premium of RMB62,720,000.
3. As advised, the property with a total construction area of approximately 21,049.60 sq.m. and the remaining site is held by the Company for sale and development.
4. We have been provided with a legal opinion by the Group’s PRC legal adviser, Guangdong Zhuo Ying Law Firm (廣東卓盈律師事務所), regarding the legal title of the property, which contains, inter alia, the followings:
 - i. the property is legally held by Yulin Hong-Jin Logistics;
 - ii. all land grant premium of the property has been fully settled;
 - iii. Yulin Hong-Jin Logistics is entitled to transfer, lease, mortgage or dispose of the property freely as a whole in the market;
 - iv. the property is free from any mortgage or third parties’ encumbrance;

Yulin Hong-Jin Logistics is entitled to lease temporary structures and canopies freely in the market; and
 - v. there will be no impediments for Yulin Hong-Jin Logistics to obtain all the necessary permits/approvals for the construction works of any future development of the property.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value as at 10 October 2019 RMB
4. Wuhan Baisazhou Agri-Products Market, Special Nos.1 Qingling Street, Qingling Country, Hongshan District, Wuhan City, Hubei Province, the PRC (中華人民共和國湖北省 武漢市洪山區青菱鄉青菱街特一號武漢白沙洲 農副產品大市場)	<p>The property comprises a wholesale market mainly consisting of various one-storey to two-storey buildings and structures erected on 2 parcels of adjoining land with a total site area of approximately 313,869.86 sq.m. (3,378,467 sq.ft.).</p> <p>The property comprises various buildings with a total gross floor area of approximately 135,368.52 sq.m. (1,457,095 sq.ft.). And the remaining portions are vacant site and various temporary structures and canopies erected thereon with a total construction area of approximately 45,264.87 sq.m. (487,227 sq.ft.). The property is completed in about 2011 for commercial use.</p> <p>The land use rights of the property have been granted for terms expiring on 20 December 2046 and 6 July 2054 for commercial use.</p>	<p>As at valuation date, the property is mainly operated by the owner as an agricultural products and by-products wholesale market.</p> <p>Portion of the property with a total gross floor area of about 180,028.48 sq.m. is subject to various tenancy agreements (the “Tenancy Agreements”) with a total annual rental income of approximately RMB161,560,977 while the remaining portion is currently vacant or owner-occupied.</p>	<p>1,398,000,000 (ONE BILLION THREE HUNDRED AND NINETY EIGHT MILLION ONLY)</p> <p>100% interest attributed to the Group: RMB1,398,000,000</p>

Notes:

1. Pursuant to a State Land Use Rights Contract No. WCG-2006-042, the land use rights of the property with a total site area of approximately 268,882.24 sq.m. have been granted to Wuhan Baisazhou Agricultural By-Products Grand Market Company Limited (武漢白沙洲農副產品大市場有限公司) (“**Wuhan Baisazhou**”), a wholly-owned subsidiary of the Company with details as follows:

Restricted Items	Parameters
Plot Ratio	No more than 0.55
Site Coverage	No more than 30%
Building Height Restriction	Pursuant to specific plans
Ratio of Green Space	Pursuant to related ordinances
Maximum Gross Floor Area	<u>147,885.23 sq.m.</u>

2. Pursuant to a State Land Use Rights Contract No. WH-2014-B096, the land use rights of the property with a total site area of approximately 44,987.62 sq.m. have been granted to Wuhan Baisazhou with details as follows:

Restricted Items	Parameters
Plot Ratio	<u>No more than 0.24</u>
Maximum Gross Floor Area	<u>10,656.5 sq.m.</u>

3. Pursuant to a State-owned Land Use Rights Certificate Wu Guo Yong (2009) Di No. 431 dated 22 July 2009, the land use rights of the property with a site area of approximately 268,882.24 sq.m. have been granted to Wuhan Baisazhou for a term expiring on 20 December 2046 for commercial use.

4. Pursuant to a State-owned Land Use Rights Certificate Wu Guo Yong (2014) Di No. 225 dated 25 August 2014, the land use rights of the property with a site area of approximately 44,987.62 sq.m. have been granted to Wuhan Baisazhou for a term expiring on 6 July 2054 for commercial use. As advised by the Company, the subject land was acquired on 25 August 2014 at a land premium of RMB45,832,512.

5. Pursuant to 41 Real Estate Title Certificates, the building ownership of portions of the property with a total gross floor area of approximately 135,368.52 sq.m. has been vested in Wuhan Baisazhou.

6. We have noticed that Wuhan Baisazhou has built various additional structures on the adjacent site beyond the subject land parcels. As advised by the Company, the additional structures have a total gross floor area of approximately 18,294.92 sq.m.. Such portion is not within our valuation scope, we have ignored the market value as well as possible demolition costs of such structures.
7. As advised, the property with a total gross floor area of approximately 180,633.39 sq.m. is held by the Company for investment property purpose.
8. The property with a total gross floor area of approximately 134,706.78 sq.m. is subject to mortgage with a lump sum of RMB779,000,000. However, we have not taken into account such mortgage in our valuation.
9. We have been provided with a legal opinion by the Group's PRC legal adviser, Guangdong Zhuo Ying Law Firm (廣東卓盈律師事務所), regarding the legal title of the property, which contains, inter alia, the followings:
 - i. the property is legally held by Wuhan Baisazhou;
 - ii. all land grant premium of the property has been fully settled;
 - iii. Wuhan Baisazhou is entitled to transfer, lease, mortgage or dispose of the property as a whole freely in the market;
Wuhan Baishazhou is entitled to lease temporary structures and canopies freely in the market;
 - iv. except for the aforesaid mortgage mentioned in Note 8, the property is free from any mortgage or third parties' encumbrance; and
 - v. there will be no impediments for Wuhan Baisazhou to obtain all the necessary permits/approvals for the construction works of any future development of the property.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value as at 10 October 2019 RMB
<p>5. Henan Luoyang Hong-Jin Agri-Products International Logistics Centre, west of Luoji Expressway, Old town district, Luoyang City, Henan Province, the PRC</p> <p>(中華人民共和國河南省洛陽市老城區洛吉快速通道西側洛陽宏進農副產品國際物流中心)</p>	<p>The property comprises a wholesale market mainly consisting of various one-storey to three-storey buildings and structures erected on two parcels of adjoining land with a total site area of approximately 255,655.60 sq.m. (2,751,854 sq.ft.).</p> <p>The property comprises various buildings with a total gross floor area of approximately 166,752.19 sq.m. (1,794,921 sq.ft.). And the remaining portions are vacant site and various temporary structures and canopies erected thereon with a total construction area of approximately 45,536.98 sq.m. (490,160 sq.ft.). The property is completed in about 2015 for commercial use.</p> <p>The land use rights of the property have been granted for terms expiring on 10 September 2052 and 30 October 2053 for wholesale and retail uses.</p>	<p>As at valuation date, the property is mainly operated as an agricultural products and by-products wholesale market.</p> <p>Completed portion of the property with a total gross floor area of approximately 163,768.27 sq.m. is subject to various tenancy agreements (the “Tenancy Agreements”) with a total annual rental income of approximately RMB30,695,464 while the remaining portion is currently vacant or owner-occupied.</p>	<p>855,000,000 (EIGHT HUNDRED AND FIFTY FIVE MILLION ONLY)</p> <p>100% interest attributed to the Group: RMB855,000,000</p>

Notes:

1. Pursuant to a State Land Use Rights Contract – Yu (Luo) Chu Rang (Year 2012) Di No.042 (豫(洛)出讓(2012年)第042號), the land use rights of the property with a total site area of approximately 133,408.49 sq.m. have been granted to Luoyang Hong-Jin Agricultural By-products Wholesale Market Company Limited (洛陽宏進農副產品批發市場有限公司) (“**Luoyang Hong-Jin**”), a wholly-owned subsidiary of the Company with details as follows:

Restricted Items	Parameters
Plot Ratio	No more than 1.4
Site Coverage	No more than 40%
Building Height Restriction	No higher than 40m
Ratio of Green Space	<u>No more than 20%</u>
Maximum Gross Floor Area	<u>186,771.90 sq.m.</u>

2. Pursuant to a State Land Use Rights Contract – Yu (Luo) Chu Rang (Year 2013) Di No.080 (豫(洛)出讓(2013年)第080號), the land use rights of the property with a total site area of approximately 122,247.07 sq.m. have been granted to Luoyang Libao Property Co., Ltd. (洛陽利寶置業有限公司) (“**Luoyang Libao**”), a wholly-owned subsidiary of the Company, with details as follows:

Restricted Items	Parameters
Plot Ratio	No more than 1.4
Site Coverage	No more than 40%
Building Height Restriction	No higher than 40m
Ratio of Green Space	<u>No more than 20%</u>
Maximum Gross Floor Area	<u>171,145.90 sq.m.</u>

3. Pursuant to State-owned Land Use Rights Certificates – Luo Shi Guo Yong (2012) Di No. 02001226 (洛市國用(2012)第02001226號), the land use rights of the property with a site area of approximately 133,408.50 sq.m. have been granted to Luoyang Hong-Jin for a term expiring on 10 September 2052 for wholesale and logistic uses. As advised by the Company, the subject land was acquired on 17 September 2012 at a land premium of RMB46,025,930.

4. Pursuant to State-owned Land Use Rights Certificates – Luo Shi Guo Yong (2014) Di No. 02000247 (洛市國用(2014)第02000247號), the land use rights of the property with a site area of approximately 122,247.10 sq.m. have been granted to Luoyang Libao for a term expiring on 30 October 2053 for wholesale and logistic uses. As advised by the Company, the subject land was acquired on 30 October 2013 at a land premium of RMB43,092,091.

5. Pursuant to 64 Construction Work Planning Permits, the property with a total gross floor area of approximately 159,804.37 sq.m. has been approved for construction.

6. Pursuant to 5 Pre-sale Permits – Luo Fang Shang Yu Zi Di No.Y16-049, 074-077 (洛房商預字第Y16-049號, 第Y16-074號至第Y16-077號), the total gross floor area of 17,040.07 sq.m. has been permitted for pre-sale.

7. Pursuant to various Real Estate Title Certificates, the building ownership of portions of the property with a total gross floor area of approximately 161,008.43 sq.m. has been vested in Luoyang Hong-Jin.

8. As advised by the Company, portion of the property with a total gross floor area of approximately 25,040.46 sq.m. has been pre-sold and not yet delivered at a total consideration of RMB320,912,588. We have taken such consideration into our valuation.

9. As advised by the Company, portion of the property is held for investment purpose while the remaining portion is held for sale with details as follows:

Classification of Property	Approximate GFA	Market Value (RMB)
Properties held for sale	40,193.79 sq.m.	223,000,000
Properties held for investment purpose	<u>172,095.39 sq.m.</u>	<u>632,000,000</u>
Total:	<u><u>212,289.18 sq.m.</u></u>	<u><u>855,000,000</u></u>

10. The property with a total gross floor area of approximately 12,831.12 sq.m. is subject to a mortgage. However, we have not taken into account such mortgage in our valuation.

11. We have been provided with a legal opinion by the Group's PRC legal adviser, Guangdong Zhuo Ying Law Firm (廣東卓盈律師事務所), regarding the legal title of the property, which contains, inter alia, the followings:

- i. the property is legally held by Luoyang Hong-Jin and Luoyang Libao respectively;
- ii. all land premium of the property has been fully settled;
- iii. Luoyang Hong-Jin and Luoyang Libao are entitled to lease or mortgage the property as a whole freely in the market respectively;

Luoyang Hong-jin and Luoyang Libao are entitled to lease temporary structures and canopies freely in the market;
- iv. except for the mortgage mentioned in Note 10, the property is free from any mortgage or third parties' encumbrance;
- v. according to supplementary provisions in the State-owned Land Use Rights Grant Contract, Luoyang Hong-Jin and Luoyang Libao are entitled to transfer or dispose of the property to the government of China or its selected corporations as exclusive entitled vendors at market value basis; and
- vi. there will be no impediments for Luoyang Hong-Jin and Luoyang Libao to obtain all the necessary permits/approvals for the construction works of any future development of the property respectively.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value as at 10 October 2019 RMB
6. Henan Kaifeng Hong-Jin Agri-Products International Logistics Centre, south of Kaiqi Highway and east of Xilin Public Cemetery, Kaifeng City, Henan Province, the PRC (中華人民共和國河南省開封市開杞公路北側及西林公墓東側河南宏進農副產品國際物流中心)	The property comprises a wholesale market mainly consisting of various one-storey to three-storey buildings and structures erected on 5 parcels of contiguous land with a total site area of approximately 408,080.10 sq.m. (4,392,537 sq.ft.). The property comprises various buildings with a total gross floor area of approximately 101,560.97 sq.m. (1,093,193 sq.ft.). And the remaining portions are vacant site and various temporary structures and canopies erected thereon with a total construction area of approximately 6,356.26 sq.m. (68,418 sq.ft.). The property is completed in about 2014 for commercial use. The land use rights of the property have been granted for a term expiring on 14 May 2053 for wholesale market use.	The property is mainly operated by the owner as an agricultural products and by-products wholesale market. Portion of the property with a total gross floor area of about 45,437.91 sq.m. is subject to various tenancy agreements (the “ Tenancy Agreements ”) with a total annual rental income of approximately RMB1,978,987 whilst the remaining portion is vacant or owner-occupied.	261,000,000 (TWO HUNDRED AND SIXTY ONE MILLION ONLY) 100% interest attributed to the Group: RMB261,000,000

Notes:

1. Pursuant to five State Land Use Rights Contracts – Yu (Bian) Chu Rang (Year 2013) Nos. 0345 to 0349 (豫(汴)出讓(2013年)第0345至0349號), the land use rights of the property with a total site area of approximately 408,080.1 sq.m. is granted to Kaifeng Hong-Jin Agricultural By-Products Wholesale Marketplace Limited (開封宏進農副產品批發市場有限公司) (“**Kaifeng Hong-Jin**”), an indirect wholly-owned subsidiary of the Company with details as follows:

Restricted Items	Parameters
Plot Ratio	No more than 1.2
Site Coverage	No more than 45%
Building Height Restriction	No more than 24m and should fulfil the airport clearance height restriction
Ratio of Green Space	<u>No less than 20%</u>
Maximum Gross Floor Area	<u>489,696.12 sq.m.</u>

2. Pursuant to 5 State-owned Land Use Rights Certificates – Bian Fang Di Chan Quan Zheng Di Nos. 252097, 252098, 252099, 252100 and 252101(汴房地產權証第252097, 252098, 252099, 252100, 252101號), the land use rights of the property with a total site area of approximately 408,080.1 sq.m. have been granted to Kaifeng Hong-Jin for a term expiring on 14 May 2053 for wholesale market use. As advised by the Company, the subject land parcels were acquired on 23 January 2013 at a total land grant premium of RMB116,302,830.
3. Pursuant to various Building Ownership Certificates, the building ownership of portions of the property with a total gross floor area of approximately 39,790.35 sq.m. has been vested in Kaifeng Hong-Jin.
4. Pursuant to 3 Pre-sale Permits – Bian Zhu Jian Yu (Xiao) Shou Zheng Zi 2014 Di No.026 to No.028 (汴住建預(銷)售證字2014第026號至第028號), the total gross floor area of 28,149.68 sq.m. has been permitted for pre-sale.
5. As advised by the Company, Kaifeng Hong-Jin is in the process of obtaining the title certificates of the property with a total gross floor area of approximately 61,770.62 sq.m.. According to the Group’s PRC legal adviser, Guangdong Zhuo Ying Law Firm (廣東卓盈律師事務所), there is no legal impediments for Kaifeng Hong-Jin to obtain such title certificates and upon obtaining such relevant certificates, Kaifeng Hong-Jin is entitled to transfer, lease, mortgage or dispose of such portion of the property freely in the market.

6. As advised by the Company, portion of the property is held for investment purpose while the remaining portion is held for sale with details as follows:

Classification of Property	Approximate GFA	Market Value (RMB)
Properties held for sale	9,686.48 sq.m.	27,000,000
Properties held for investment purpose	<u>98,230.75 sq.m.</u>	<u>234,000,000</u>
Total:	<u><u>107,991.72 sq.m.</u></u>	<u><u>261,000,000</u></u>

7. We have been provided with a legal opinion by the Group's PRC legal adviser, Guangdong Zhuo Ying Law Firm (廣東卓盈律師事務所), regarding the legal title of the property, which contains, inter alia, the followings:

- i. the property is legally held by Kaifeng Hong-Jin;
- ii. Kaifeng Hong-Jin is entitled to transfer, lease, mortgage or dispose of the property as a whole freely in the market;

Kaifeng Hong-jin is entitled to lease temporary structures and canopies freely in the market;

There is no legal impediment for portions under construction to obtain valid title certificate after completion and qualified the construction work completion requirement.
- iii. all land premium of the property has been fully settled by Kaifeng Hong-Jin;
- iv. the property is free from any mortgage or third parties' encumbrance;
- v. the parties to the Tenancy Agreements have completed necessary filing and registration process for the agreement. It is legally binding to and enforceable against both parties to the agreement; and
- vi. there will be no impediments for Kaifeng Hong-Jin to obtain all the necessary permits/approvals for the construction works of any future development of the property.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value as at 10 October 2019 RMB
7. Panjin Hong-Jin Agri-Products International Trade City, Xihu Village, Hujia Town, Panshan County, Panjin City, Liaoning Province, the PRC (中華人民共和國遼寧省盤錦市盤山縣胡家鎮西胡村盤錦宏進農副產品國際商貿城)	<p>The property comprises a wholesale market mainly consisting of various one-storey to two-storey buildings and structures erected on 3 parcels of contiguous land with a total site area of approximately 159,774.00 sq.m. (1,719,793 sq.ft.).</p> <p>The property comprises various buildings with a total gross floor area of approximately 49,263.25 sq.m. (530,265 sq.ft.). And the remaining portions are vacant site and various temporary structures and canopies erected thereon with a total construction area of approximately 1,491.85 sq.m. (16,058 sq.ft.). The property is completed in about 2016 for commercial use.</p> <p>The land use rights of the property have been granted for terms expiring on 19 March 2054 for commercial use and 9 March 2084 for residential use.</p>	<p>As advised by the Company, the property is under development.</p> <p>The completed portion of the property is mainly operated by the owner as an agricultural products and by-products wholesale market.</p> <p>Portion of the property with a total gross floor area of about 30,127.52 sq.m. is subject to various tenancy agreements (the “Tenancy Agreements”) with a total annual rental income of approximately RMB1,683,411 whilst the remaining portion is vacant or owner-occupied.</p>	<p>103,000,000 (ONE HUNDRED AND THREE MILLION ONLY)</p> <p>100% interest attributed to the Group: RMB103,000,000</p>

Notes:

1. Pursuant to two State Land Use Rights Contracts – State-owned Land Use Rights Grant Contract No.2111222014002 and No.2111222014003 (國有建設用地使用權出讓合同編號2111222014002及2111222014003), the land use rights of the property with a total site area of approximately 120,061 sq.m. have been granted to Panjin Hong-Jin Agricultural By-Products Wholesale Marketplace Limited (盤錦宏進農副產品批發市場有限公司) (“**Panjin Hong-Jin**”), an indirect wholly-owned subsidiary of the Company with details as follows:

Restricted Items	Parameters
Plot Ratio	No more than 1.5
Site Coverage	No more than 60%
Building Height Restriction	n/a
Ratio of Green Space	<u>No less than 15%</u>
Maximum Gross Floor Area	<u><u>180,091.50 sq.m.</u></u>

2. Pursuant to a State Land Use Rights Contract – State-owned Land Use Rights Grant Contract No.2111222014004 (國有建設用地使用權出讓合同編號2111222014004), the land use rights of the property with a total site area of approximately 39,713 sq.m. have been granted to Panjin Hong-Jin with details as follows:

Restricted Items	Parameters
Plot Ratio	Between 1.0 and 2.0 (both inclusive)
Site Coverage	No more than 35%
Building Height Restriction	n/a
Ratio of Green Space	<u>No less than 30%</u>
Maximum Gross Floor Area	<u><u>79,426.00 sq.m.</u></u>

3. Pursuant to three State-owned Land Use Rights Certificates, the land use rights of the property with a total site area of approximately 259,518 sq.m. have been granted to Panjin Hong-Jin with details as follows:

State-owned Land Use Rights Certificates – Pan Shan Guo Yong (2014) Di No. (盤山國用(2014)第號)	Land Use Rights Expiring Date	Permitted Usage	Approximate Land Area (sq.m.)
000015	19 March 2054	Commercial Service	78,816.00
000016	19 March 2054	Commercial Service	41,245.00
000017	19 March 2084	Residential	31,770.00
	19 March 2054	Commercial	<u>7,943.00</u>
		Total:	<u><u>159,774.00</u></u>

4. As advised by the Company, Panjin Hong-Jin is in the process of obtaining the title certificates of completed portion of the property with a total gross floor area of approximately 49,263.25 sq.m.. According to the Group's PRC legal adviser, Guangdong Zhuo Ying Law Firm (廣東卓盈律師事務所), there is no legal impediments for Panjin Hong-Jin to obtain such title certificates and upon obtaining such relevant certificates, Panjin Hong-Jin is entitled to transfer, lease, mortgage or dispose of such portion of the property freely in the market.
5. Pursuant to a Pre-sale Permits – Pan Fang Xu Zi Di No.2015104 (盤房許字2015104號), the total gross floor area of 39,437.71 sq.m. has been permitted for pre-sale.
6. As advised by the Company, portion of the property with a total gross floor area of approximately 889.09 sq.m. has been pre-sold and not yet delivered at a total consideration of about RMB3,311,000. We have taken such consideration into our valuation.
7. As advised by the Company, portion of the property is held for investment purpose while the remaining portion is held for sale with details as follows:

Classification of Property	Approximate GFA	Market Value (RMB)
Properties held for sale	38,423.04 sq.m.	55,000,000
Properties held for investment purpose	<u>12,352.06 sq.m.</u>	<u>48,000,000</u>
Total:	<u><u>50,775.10 sq.m.</u></u>	<u><u>103,000,000</u></u>

8. We have been provided with a legal opinion by the Group's PRC legal adviser, Guangdong Zhuo Ying Law Firm (廣東卓盈律師事務所), regarding the legal title of the property, which contains, inter alia, the followings:
- i. the property is legally held by Panjin Hong-Jin;
 - ii. Panjin Hong-Jin is entitled to transfer, lease, mortgage or dispose of the property as a whole freely in the market;
Panjin Hong-jin is entitled to lease temporary structures and canopies freely in the market;
 - iii. all land premium of the property has been fully settled by Panjin Hong-Jin;
 - iv. the property is free from any mortgage or third parties' encumbrance;
 - v. the parties to the Tenancy Agreements have completed necessary filing and registration process for the agreement. It is legally binding to and enforceable against both parties to the agreement; and
 - vi. there will be no impediments for Panjin Hong-Jin to obtain all the necessary permits/approvals for the construction works of any future development of the property.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value as at 10 October 2019 RMB
8.	The Construction-in-progress of Henan Puyang Hong-Jin Agri-Products International Logistics Centre, Area No.033, No.112 Street, Puyang City, Henan Province, the PRC (中華人民共和國河南省濮陽市112街道033街坊濮陽宏進農副產品國際物流中心在建工程)	The property comprises a parcel of land with a total site area of approximately 87,344.23 sq.m. (940,166 sq.ft.). The land use rights of the property have been granted for terms expiring on 17 March 2057 for commercial use.	The property is under construction. 102,000,000 (ONE HUNDRED AND TWO MILLION ONLY) 75% interest attributed to the Group: RMB76,500,000

Notes:

1. Pursuant to a State Land Use Rights Contracts – State-owned Land Use Rights Grant Contract GF-2008–2601 (國有建設用地使用權出讓合同編號 GF-2008–2601), the land use rights of the property with a total site area of approximately 87,344.23 sq.m. have been granted to Puyang Hong-Jin Agricultural By-Products Wholesale Marketplace Limited (濮陽宏進農副產品批發市場有限公司) (“**Puyang Hong-Jin**”), a 75%-owned subsidiary of the Company with details as follows:

Restricted Items	Parameters
Plot Ratio	No more than 1.2
Site Coverage	No less than 30% and no more than 50%
Building Height Restriction	No more than 30m
Ratio of Green Space	<u>No less than 10%</u>
Maximum Gross Floor Area	<u>104,813.08 sq.m.</u>

2. Pursuant to a State-owned Land Use Rights Certificate -Pu Yang Shi Bu Dong Chan Quan Di No. 0003857 (濮陽市不動產權第0003857號), the land use rights of the property with a total site area of approximately 87,344.23 sq.m. have been granted to Puyang Hong-Jin for a term expiring on 17 March 2057 for commercial use. As advised by the Company, the subject land parcels were acquired on 3 November 2016 at a total land grant premium of RMB24,893,100.
3. As advised, as at the Valuation Date, the incurred construction cost of the property is approximately RMB51,300,000. We have considered such construction cost in our valuation.
4. As advised, the property is under development.
5. We have been provided with a legal opinion by the Group's PRC legal adviser, Guangdong Zhuo Ying Law Firm (廣東卓盈律師事務所), regarding the legal title of the property, which contains, inter alia, the followings:
 - i. the property is legally held by Puyang Hong-Jin;
 - ii. Puyang Hong-Jin is entitled to transfer, lease, mortgage or dispose of the property freely in the market;
 - iii. all land premium of the property has been fully settled by Puyang Hong-Jin;
 - iv. the property is free from any mortgage or third parties' encumbrance; and
 - v. there will be no impediments for Puyang Hong-Jin to obtain all the necessary permits/approvals for the construction works of any future development of the property.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value as at 10 October 2019 RMB
9. Huai'an Hong-Jin Agri-Products International Logistics Centre, north of Bei Huan Lu and east of Hai Nan Lu, Qing Pu District, Huai'an City, Jiangsu Province, the PRC	<p>The property comprises a wholesale market mainly consisting of various one-storey to two-storey buildings and structures erected on 2 parcels of adjacent land with a total site area of approximately 101,630.60 sq.m. (1,093,943 sq.ft.).</p>	<p>As advised by the Company, the property is currently vacant.</p>	<p>145,000,000 (ONE HUNDRED AND FORTY FIVE MILLION ONLY)</p> <p>100% interest attributed to the Group: RMB145,000,000</p>
<p>(中華人民共和國江蘇省淮安市清浦區北環路南側及海南路東側淮安宏進農副產品國際物流中心)</p>	<p>The property comprises various buildings with a total gross floor area of approximately 14,067.55 sq.m. (151,422 sq.ft.). And the remaining portions are vacant site and various temporary structures and canopies erected thereon with a total construction area of approximately 2,048.52 sq.m. (22,050 sq.ft.). The property is completed in about 2016 for commercial use.</p>		
	<p>The land use rights of the property have been granted for a term expiring latest on 23 October 2054 for wholesale and retail uses.</p>		

Notes:

1. Pursuant to a State Land Use Rights Contract – State-owned Land Use Rights Grant Contract No.3208012013CR0045 (國有建設用地使用權出讓合同編號3208012013CR0045), the land use rights of the property with a total site area of approximately 53,178.00 sq.m. have been granted to Huai'an Hong-Jin Agricultural By-Products Wholesale Marketplace Limited (淮安宏進農副產品批發市場有限公司) (“**Huai'an Hong-Jin**”), an indirect wholly-owned subsidiary of the Company, with details as follows:

Restricted Items	Parameters
Plot Ratio	No more than 1.2
Site Coverage	No more than 50%
Building Height Restriction	100m
Ratio of Green Space	<u>No less than 20%</u>
Maximum Gross Floor Area	<u><u>63,813.60 sq.m.</u></u>

2. Pursuant to a State Land Use Rights Contract – State-owned Land Use Rights Grant Contract No.3208012014CR0447 (國有建設用地使用權出讓合同編號3208012014CR0447), the land use rights of the property with a total site area of approximately 48,452.60 sq.m. have been granted to Huai'an Hong-Jin with details as follows:

Restricted Items	Parameters
Plot Ratio	No more than 1.2
Site Coverage	No more than 50%
Building Height Restriction	n/a
Ratio of Green Space	<u>No less than 20%</u>
Maximum Gross Floor Area	<u><u>58,143.12 sq.m.</u></u>

3. Pursuant to State-owned Land Use Rights Certificates – Huai Guo Yong (2014) Di No. 11012 (淮國用(2014)第11012號), the land use rights of the property with a total site area of approximately 53,178.00 sq.m. was granted to Huai'an Hong-Jin for a term expiring on 20 June 2054 for wholesale and retail uses. As advised by the Company, the subject land parcels were acquired on 29 January 2013 at a total land grant premium of RMB42,000,000.

4. Pursuant to State-owned Land Use Rights Certificates – Huai Guo Yong (2014) Di No. 17295 (淮國用(2014)第17295號), the land use rights of the property with a total site area of approximately 48,452.60 sq.m. was granted to Huai'an Hong-Jin for a term expiring on 23 October 2054 for wholesale and retail uses. As advised by the Company, the subject land parcels were acquired on 4 September 2014 at a total land grant premium of RMB44,000,000.

5. As at the valuation date, portions of the property, known as Blocks A5-A7, and A9-A12, were completed while the remaining portion is vacant and pending for future development.
6. Pursuant to 6 Pre-sale Permits – Huai Fang Yu Shou Zheng Hao No.2014575 to No.2014580 (准房預售證號2014575號至2014580號), the property (Block A5-A7, A10-A12) with a the total gross floor area of 18,046.86 sq.m. has been permitted for pre-sale, 4,557.38 sq.m. has been sold and delivered to various buyers, the remaining property has a total gross floor area of approximately 13,489.48 sq.m..
7. Pursuant to various Building Ownership Certificates, the building ownership with a total gross floor area of approximately 112.18 sq.m. has been vested in Huai'an Hong-Jin.

As advised by the Company, Huai'an Hong-Jin is in the process of obtaining the title certificates of remaining building portion of the property with a total gross floor area of approximately 13,955.37 sq.m.. According to the Group's PRC legal adviser, Guangdong Zhuo Ying Law Firm (廣東卓盈律師事務所), there is no legal impediments for Huai'an Hong-Jin to obtain such title certificates and upon obtaining such relevant certificates, Huai'an Hong-Jin is entitled to transfer, lease, mortgage or dispose of such portion of the property freely in the market.

8. We have noticed that Huai'an Hong-Jin has built various additional structures on the adjacent site beyond the subject land parcels. As advised by the Company, the additional structures have a total gross floor area of approximately 36,592.36 sq.m.. Such portion is not within our valuation scope. In the course of our valuation, we have ignored the market value as well as possible demolition costs of such structures.
9. As advised by the Company, portion of the property is held for investment purpose while the remaining portion is held for sale with details as follows:

Classification of Property	Approximate	
	GFA	Market Value (RMB)
Properties held for sale	13,191.25 sq.m.	44,000,000
Properties held for investment purpose	2,934.82 sq.m.	101,000,000
Total:	<u>16,116.07 sq.m.</u>	<u>145,000,000</u>

10. We have been provided with a legal opinion by the Group's PRC legal adviser, Guangdong Zhuo Ying Law Firm (廣東卓盈律師事務所), regarding the legal title of the property, which contains, inter alia, the followings:
- i. the property is legally held by Huai'an Hong-Jin;
 - ii. Huai'an Hong-Jin is entitled to transfer, lease, mortgage or dispose of the property as a whole freely in the market;
Huai'an Hong-jin is entitled to lease temporary structures and canopies freely in the market;
There is no legal impediment for portions under construction to obtain valid title certificate after completion and qualified the construction work completion requirement.
 - iii. all land premium of the property has been fully settled by Huai'an Hong-Jin;
 - iv. the property is free from any mortgage or third parties' encumbrance; and
 - v. there will be no impediments for Huai'an Hong-Jin to obtain all the necessary permits/approvals for the construction works of any future development of the property.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value as at 10 October 2019 RMB
10. China – ASEAN (Qinzhou) Agri-Products Market, north of Jinhaiwan West Avenue (Entrance of North and South Highway), Qinzhou City, Guangxi Zhuang Autonomous Region, the PRC (中華人民共和國廣西壯族自治區欽州市金海灣西大街北側(南北高速出入口)中國 – 東盟(欽州)農產品大市場)	<p>The property comprises a wholesale market mainly consisting of various one-storey to two-storey buildings and structures erected on two parcels of adjoining land with a total site area of approximately 266,630.15 sq.m. (2,869,983 sq.ft.).</p> <p>The property comprises various buildings with a total gross floor area of approximately 136,010.84 sq.m. (1,464,009 sq.ft.). And the remaining portions are vacant site and various temporary structures and canopies erected thereon with a total construction area of approximately 13,136.68 sq.m. (141,402 sq.ft.). The property is completed in about 2015 for commercial use.</p> <p>The land use rights of the property have been granted for a term expiring on 13 November 2051 and 29 October 2052 for wholesale and retail uses (agri-products market).</p>	<p>As at valuation date, the property is mainly operated as an agricultural products and by-products wholesale market.</p> <p>Completed portion of the property with a total gross floor area of about 89,576.69 sq.m. is subject to various tenancy agreements (the “Tenancy Agreements”) with a total annual rental income of approximately RMB12,535,537 while the remaining portion is currently vacant or owner-occupied.</p>	<p>481,000,000 (FOUR HUNDRED AND EIGHTY ONE MILLION ONLY)</p> <p>100% interest attributed to the Group: RMB481,000,000</p>

Notes:

1. Pursuant to two State Land Use Rights Contract – Qin Shi Tu Chu Zi (2011) No. 47 (欽市土出字(2011)47號) and Qin Shi Tu Chu Zi (2012) No. 45 (欽市土出字(2012)45號), the land use rights of the property with a total site area of approximately 266,630.15 sq.m. have been granted to Qinzhou Hong-Jin Agricultural By-products Wholesale Market Company Limited (欽州宏進農副產品批發市場有限公司) (“**Qinzhou Hong-Jin**”), a wholly-owned subsidiary of the Company, for wholesale and retail uses (agri-products market) with details as follows:

Restricted Items	Parameters
Plot Ratio	No more than 1.5
Site Coverage	No more than 50%
Building Height Restriction	No higher than 24m
Ratio of Green Space	<u>No less than 20%</u>
Maximum Gross Floor Area	<u>399,945.23 sq.m.</u>

2. Pursuant to State-owned Land Use Rights Certificate – Qin Guo Yong (2011) Di No. A1932 (欽國用(2011)第A1932號), the land use rights of the property with a site area of approximately 149,814.97 sq.m. have been granted to Qinzhou Hong-Jin for a term expiring on 13 November 2051 for wholesale and retail uses (agri-products market). As advised by the Company, the subject land was acquired on 30 October 2012 at a land grant premium of RMB21,600,000.
3. Pursuant to State-owned Land Use Rights Certificate – Qin Guo Yong (2013) Di No. A1215 (欽國用(2013)第A1215號), the land use rights of the property with a site area of approximately 116,815.18 sq.m. have been granted to Qinzhou Hong-Jin for a term expiring on 29 October 2052 for wholesale and retail uses (agri-products market). As advised by the Company, the subject land was acquired on 30 October 2012 at a land grant premium of RMB17,050,000.
4. Pursuant to State-owned Land Use Rights Certificate – Qin Guo Yong (2016) Di No. A0347 (欽國用(2016)第A0347號), the land use rights of the property with a site area of approximately 28,194.01 sq.m. have been granted to Qinzhou Hong-Jin for a term expiring on 13 November 2051 for wholesale and retail uses (agri-products market). As advised, site area registered in No. A0347 has been contained in No. A1932.
5. Pursuant to various Building Ownership Certificates, the building ownership of portions of the property with a total gross floor area of approximately 136,010.84 sq.m. has been vested in Qinzhou Hong-Jin.
6. As advised, portion of the completed properties with a total gross floor area of 28,650.65 sq.m. has been sold and delivered, therefore, we have excluded such portion in the valuation.
7. As advised, the property with a total area of approximately 149,147.52 sq.m. is held by the Company for sale.
8. The property with a total gross floor area of approximately 128,360.49 sq.m. is subject to mortgage with a lump sum of RMB108,000,000. However, we have not taken into account such mortgage in our valuation.
9. We have been provided with a legal opinion by the Group’s PRC legal adviser, Guangdong Zhuo Ying Law Firm (廣東卓盈律師事務所), regarding the legal title of the property, which contains, inter alia, the followings:
- i. the property is legally held by Qinzhou Hong-Jin;
 - ii. Qinzhou Hong-Jin is entitled to transfer, lease, mortgage or dispose of the property as a whole freely in the market;
Qinzhou Hong-jin is entitled to lease temporary structures and canopies freely in the market;
 - iii. all land premium of the property has been fully settled by Qinzhou Hong-Jin;
 - iv. except for the aforesaid mortgage mentioned in Note 8, the property is free from any mortgage or third parties’ encumbrance; and
 - v. there will be no impediments for Qinzhou Hong-Jin to obtain all the necessary permits/approvals for the construction works of any future development of the property.

1. RESPONSIBILITY STATEMENT

The Composite Document includes particulars given in compliance with the Takeovers Code for the purpose of providing information to the Shareholders and Convertible Noteholders with respect to the Offeror, the Group and the Partial Offers.

The directors of the Offeror, namely Mr. Chan Chun Hong, Ms. Tang Mui Fun and Ms. Tang Wai Man, jointly and severally accept full responsibility for the accuracy of the information contained in the Composite Document (other than the information relating to the Group or the WYT Group), and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in the Composite Document (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement contained in the Composite Document misleading.

The directors of WYT, namely Mr. Tang Ching Ho, Mr. Chan Chun Hong, Thomas, Ms. Tang Mui Fun, Ms. Tang Wai Man, Mr. Leung Wai Ho, Mr. Siu Man Ho, Simon, Mr. Cho Wing Mou and Mr. Li Ka Fai, David, jointly and severally accept full responsibility for the accuracy of the information contained in the Composite Document (other than the information relating to the Group), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Composite Document (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement in the Composite Document misleading.

2. DISCLOSURE OF INTERESTS AND DEALINGS BY THE OFFEROR

During the Relevant Period, the Offeror, parties acting in concert with the Offeror and the directors of the Offeror have not dealt in any Shares, convertible securities, warrants, options or derivatives of the Company.

As at the Latest Practicable Date, the Offeror confirms that:

- (a) EOG, which is held as to approximately 29.06% by WYT indirectly and a party acting in concert with the Offeror, held indirectly 2,007,700,062 Shares, representing approximately 20.17% of the Shares in issue;
- (b) Kingston Securities, the agent making the Partial Offers on behalf of the Offeror and a party presumed to be acting in concert with the Offeror, held 793,254,588 Shares, representing approximately 7.97% of the Shares in issue;
- (c) EOG held indirectly the Convertible Notes in the principal amount of HK\$103.0 million;
- (d) save as disclosed above, none of the Offeror, directors of the Offeror and parties acting in concert with the Offeror had any interests in, owned or controlled any Shares, convertible securities, warrants, options or derivatives of the Company;
- (e) save for the EOG Irrevocable Undertaking and the Kingston Irrevocable Undertaking, none of the Offeror and parties acting in concert with it had received any irrevocable commitment to accept or reject the Partial Offers;

- (f) none of the Offeror and parties acting in concert with it had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with any person; and
- (g) none of the Offeror and parties acting in concert with it had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the Relevant Period.

3. ARRANGEMENTS IN CONNECTION WITH THE PARTIAL OFFERS

The Offeror confirmed that as at the Latest Practicable Date:

- (a) there was no agreement, arrangement, or understanding (including any compensation arrangement) existed between the Offeror or any person acting in concert with it and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Partial Offers;
- (b) there was no agreement or arrangement to which the Offeror is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Partial Offers;
- (c) there was no agreement, arrangement or understanding that any securities acquired in pursuance of the Partial Offers would be transferred, charged or pledged to any other persons;
- (d) no benefit (other than statutory compensation) was or will be given to any Directors as compensation for loss of office or otherwise in connection with the Partial Offers;
- (e) save for the EOG Irrevocable Undertaking and the Kingston Irrevocable Undertaking, there was no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between any CAP Shareholder and the Offeror and any party acting in concert with it; and
- (f) there was no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between any CAP Shareholder on the one hand, and CAP, its subsidiaries or associated companies on the other hand.

4. MARKET PRICES

The table below shows the closing price of the Shares as quoted on the Stock Exchange on (a) the last day on which trading took place in each of the calendar months during the Relevant Period; (b) the Last Trading Day; and (c) the Latest Practicable Date.

Date	Closing price of the Shares HK\$
29 March 2019	0.04
30 April 2019	0.055
31 May 2019	0.059
28 June 2019	0.051
31 July 2019	0.044
30 August 2019	0.048
11 September 2019 (being the last Business Day immediately preceding the date of commencement of the Offer Period)	0.055
12 September 2019 (being the last Business Day immediately preceding the date of the Company's announcement made under Rule 3.7 of the Takeovers Code)	0.071
25 September 2019 (being the last Business Day immediately preceding the date of the Joint Announcement)	0.066
26 September 2019 (being the Last Trading Day)	0.063
30 September 2019	0.068
31 October 2019	0.066
29 November 2019	0.064
31 December 2019	0.065
3 January 2020 (being the Latest Practicable Date)	0.071

During the Relevant Period:

- (a) the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.071 per Share on 12 September 2019 and 3 January 2020; and
- (b) the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.038 per Share on 6 August 2019.

5. EXPERTS AND CONSENTS

The following are the qualifications of the experts whose letters or opinions are contained in the Composite Document:

Name	Qualifications
Kingston CF	A corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the financial adviser to the Offeror in respect of the Partial Offers
Kingston Securities	A corporation licensed to carry out Type 1 (dealing in securities) regulated activity under the SFO, being the agent making the Partial Offers on behalf of the Offeror

Each of Kingston CF and Kingston Securities has given and has not withdrawn its written consent to the issue of the Composite Document with the inclusion of the text of its letter or report and/or opinion and references to its name in the form and context in which they are respectively included.

6. FINANCIAL INFORMATION OF THE WYT GROUP

Summary of Financial Information of the WYT GROUP

Set out below is a summary of the audited financial information of the WYT Group for the financial years ended 31 March 2017, 2018 and 2019, which is extracted from the published annual reports of WYT for each of the years ended 31 March 2017, 2018 and 2019.

	Year ended 31 March		
	2019 (HK\$'000)	2018 (HK\$'000)	2017 (HK\$'000)
Revenue	751,443	845,781	738,440
Profit/(loss) before taxation	81,694	(114,887)	(96,359)
Reversal of impairment losses/(impairment losses) on financial assets, net	82,767	(2,327)	–
Income tax credit/(expenses)	(7,448)	(2,281)	2,432
Profit/(loss) attributable to:			
– owners of the parent	74,627	(115,581)	(93,303)
– non-controlling interests	(381)	(1,587)	(624)
Total comprehensive income/(loss) attributable to:			
– owners of the parent	(88,025)	(87,834)	(71,364)
– non-controlling interests	(1,538)	(1,587)	(624)
Dividend	–	–	–
Earnings/(loss) per share attributable to ordinary equity holders of the parent:			
– Basic and diluted (HK\$ cents)	5.98	(9.14)	(10.57)

Audited Consolidated Financial Statements of the WYT Group for the financial years ended 31 March 2017, 2018 and 2019

WYT is required to set out or refer to in the Composite Document the consolidated statement of profit or loss, the consolidated statement of financial position, the consolidated statement of cash flows and any other primary statement as shown in (i) the audited consolidated financial statements of the WYT Group for the year ended 31 March 2017 (the “**WYT 2017 Financial Statements**”); (ii) the audited consolidated financial statements of the WYT Group for the year ended 31 March 2018 (the “**WYT 2018 Financial Statements**”); and (iii) the audited consolidated financial statements of the WYT Group for the year ended 31 March 2019 (the “**WYT 2019 Financial Statements**”), together with the significant accounting policies and notes to the relevant published accounts which are of major relevance to the appreciation of the above financial information.

The WYT 2017 Financial Statements are set out from pages 74 to 163 in the annual report of WYT for the year ended 31 March 2017 (the “**WYT 2017 Annual Report**”) which was published on 27 July 2017 on the websites of WYT (<http://www.wyth.net>) and the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2017/0727/ltn20170727599.pdf>).

The WYT 2018 Financial Statements are set out from pages 72 to 144 in the annual report of WYT for the year ended 31 March 2018 (the “**WYT 2018 Annual Report**”) which was published on 26 July 2018 on the websites of WYT (<http://www.wyth.net>) and the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0726/ltn20180726494.pdf>).

The WYT 2019 Financial Statements are set out from pages 118 to 274 in the annual report of WYT for the year ended 31 March 2019 (the “**WYT 2019 Annual Report**”) which was published on 30 July 2019 on the websites of WYT (<http://www.wyth.net>) and the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0730/ltn20190730531.pdf>).

The WYT 2017 Financial Statements, the WYT 2018 Financial Statements and the WYT 2019 Financial Statements (but not any other part of the WYT 2017 Annual Report, the WYT 2018 Annual Report and the WYT 2019 Annual Report in which they respectively appear) are incorporated by reference into the Composite Document and form part of the Composite Document.

The WYT 2017 Financial Statements, the WYT 2018 Financial Statements and the WYT 2019 Financial Statements did not contain any qualified opinion expressed by the auditors of WYT, Ernst & Young, for the financial years ended 31 March 2017, 2018 and 2019.

Material Change

As of the Latest Practicable Date, save as disclosed below, the directors of WYT confirmed that there had been no material change in the financial or trading position or outlook of the WYT Group since 31 March 2019, being the date to which the latest audited financial statements of the WYT Group were made up and up to the Latest Practicable Date.

As disclosed in the latest published unaudited consolidated financial statements of the WYT Group for the six months ended 30 September 2019, WYT had recorded (i) a decrease in the revenue for the six months ended 30 September 2019, as compared the corresponding period in 2018, which was primarily due to the significant decrease in revenue from Chinese Pharmaceutical and Health Food Products segment which was deeply affected by the economic uncertainty and weak consumer sentiment; (ii) an increase in other income for the six months ended 30 September 2019, as compared the corresponding period in 2018, which was mainly attributable to the net gain in fair value of investment properties due to gain on the sale of five properties. Furthermore, the WYT Group had also recorded a decrease in financial assets as at 30 November 2019 as compared to that as at 31 March 2019 which was mainly due to the realisation of financial assets.

7. MISCELLANEOUS

- (a) The principal members of the Offeror's concert group are the Offeror, WYT, WOG and EOG.
- (b) The directors of the Offeror are Mr. Chan Chun Hong, Ms. Tang Mui Fun and Ms. Tang Wai Man. As at the Latest Practicable Date, the Offeror is indirectly wholly-owned by WYT. The registered office of the Offeror is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. The correspondence address of the Offeror in Hong Kong is at Suite 3101, 31/F., Skyline Tower, 39 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong.
- (c) The directors of WYT are Mr. Tang Ching Ho, Mr. Chan Chun Hong, Thomas, Ms. Tang Mui Fun and Ms. Tang Wai Man as executive directors, and Mr. Leung Wai Ho, Mr. Siu Man Ho, Simon, Mr. Cho Wing Mou and Mr. Li Ka Fai, David as independent non-executive directors. The registered office of WYT is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of WYT in Hong Kong is at Suite 3101, 31/F., Skyline Tower, 39 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong.
- (d) The directors of WOG are Mr. Tang Ching Ho, Ms. Yau Yuk Yin and Mr. Chan Chun Hong, Thomas as executive directors, and Dr. Lee Peng Fei, Allen, Mr. Wong Chun, Justein and Mr. Siu Kam Chau as independent non-executive directors. The registered office of WOG is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of WOG in Hong Kong is at Suite 3202, 32/F., Skyline Tower, 39 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong.
- (e) The directors of EOG are Mr. Chan Chun Hong, Thomas, Mr. Cheung Wai Kai and Ms. Stephanie as executive directors, and Mr. Sin Ka Man, Mr. Cheung Sau Wah, Joseph and Mr. Wong Hung Tak as independent non-executive directors. The registered office of EOG is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of EOG in Hong Kong is at Suite 3202, 32/F., Skyline Tower, 39 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong.
- (f) As at the Latest Practicable Date, WOG was the controlling shareholder of WYT holding approximately 58.08% equity interest in WYT and the ultimate controlling shareholder of WOG was Mr. Tang Ching Ho.

- (g) Kingston CF is the financial adviser to the Offeror in respect of the Partial Offers. The address of the registered office of Kingston CF is 72/F., The Center, 99 Queen's Road Central, Central, Hong Kong.
- (h) Kingston Securities is the agent making the Partial Offers on behalf of the Offeror. The address of the registered office of Kingston Securities is 72/F., The Center, 99 Queen's Road Central, Central, Hong Kong.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) on the websites of the SFC at www.sfc.hk and WYT at www.wyth.net; and (ii) during normal business hours from 9:00 a.m. to 5:00 p.m. on any Business Day at the head office and principal place of business of the Company in Hong Kong at Suite 3101, 31/F., Skyline Tower, 39 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong during the period from the date of the Composite Document up to as long as the Partial Offers remain open for acceptance:

- (a) the memorandum and articles of association of the Offeror;
- (b) the annual reports of WYT for the two years ended 31 March 2018 and 2019;
- (c) the letter from Kingston Securities, the text of which is set out on pages 7 to 22 of the Composite Document;
- (d) the written consents as referred to under the paragraph headed "5. EXPERTS AND CONSENTS" in this appendix;
- (e) the EOG Irrevocable Undertaking; and
- (f) the Kingston Irrevocable Undertaking.

1. RESPONSIBILITY STATEMENT

The Composite Document includes particulars given in compliance with the Takeovers Code for the purpose of providing information to the Shareholders and the Convertible Noteholders with regard to the Offeror, the Group and the Partial Offers.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Composite Document (other than that relating to the Offeror and parties acting in concert with it) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Composite Document (other than those expressed by the directors of the Offeror and WYT) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statements in the Composite Document misleading.

2. SHARE CAPITAL

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$300,000,000 divided into 30,000,000,000 Shares of HK\$0.01 each. The number of issued and paid-up Shares as at the Latest Practicable Date was 9,953,067,822 Shares. All the Shares in issue rank *pari passu* in all respects with each other, including as to rights in respect of capital, dividends and voting.

The Company has not issued any Shares since 31 December 2018, being the date to which the latest audited financial statements of the Company were made up, and up to the Latest Practicable Date.

As at the Latest Practicable Date, there were 9,953,067,822 Shares in issue, of which the Offeror and parties acting in concert with it held 2,800,954,650 Shares, representing 28.14% of the issued share capital of the Company.

As at the Latest Practicable Date, other than the Convertible Notes, the Company had no other outstanding share options, warrants, derivatives or other securities that are convertible or exchangeable into Shares or other types of equity interest.

3. DISCLOSURE OF INTERESTS

(a) *Directors' and chief executive's interests and short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations*

As at the Latest Practicable Date, none of the Directors and the chief executive of the Company, including their respective associates, had any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required (a) 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 they were deemed or taken to have under the provisions of the SFO); (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange.

(b) *Interests and short positions of the Offeror and parties acting in concert with it and other substantial Shareholders*

As at the Latest Practicable Date, according to the register kept by the Company pursuant to Section 336 of the SFO and, so far as is known to the Directors, the following table sets out the persons or entities who had an interest or a short position in the Shares or the underlying Shares 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 5% or more of the voting power at general meetings of the Company.

Name	Capacity	Number of Shares/ underlying Shares	Approximate percentage of interest in the Company's issued share capital
Onger Investments	Beneficial owner	2,007,700,062 <i>(note 1)</i>	20.17%
Peony Finance	Beneficial owner	257,500,000 <i>(note 1)</i>	2.59%
Loyal Fame International Limited	Interest in controlled corporation	2,265,200,062 <i>(note 1)</i>	22.76%
EOG	Interest in controlled corporation	2,265,200,062 <i>(note 1)</i>	22.76%
Kingston Securities	Beneficial owner	793,254,588 <i>(note 2)</i>	7.97%
Galaxy Sky Investments Limited	Interest in controlled corporation	793,254,588 <i>(note 2)</i>	7.97%
Kingston Capital Asia Limited	Interest in controlled corporation	793,254,588 <i>(note 2)</i>	7.97%
Kingston Financial Group Limited	Interest in controlled corporation	793,254,588 <i>(note 2)</i>	7.97%
Active Dynamic Limited	Interest in controlled corporation	793,254,588 <i>(note 2)</i>	7.97%
Chu Yuet Wah	Interest in controlled corporation	793,254,588 <i>(note 2)</i>	7.97%
Hung Hon Man	Beneficial owner	475,000,000 <i>(note 3)</i>	4.77%
	Interest in controlled corporation	475,000,000 <i>(note 3)</i>	4.77%

Notes:

- (1) Peony Finance was the registered holder of the Convertible Notes in the principal amount of HK\$103.0 million as at the Latest Practicable Date, which is convertible into 257,500,000 Shares pursuant to the terms of the Convertible Notes. EOG is interested in the Shares/underlying Shares through its indirect 100% ownership in Onger Investments and Peony Finance via Loyal Fame International Limited.
- (2) Pursuant to the disclosure of interests forms published on the website of the Stock Exchange, the 793,254,588 Shares were held by Kingston Securities Limited, which is directly wholly owned by Galaxy Sky Investments Limited (a direct wholly-owned subsidiary of Kingston Capital Asia Limited which is directly wholly owned by Kingston Financial Group Limited). Kingston Financial Group Limited was owned as to 74.6% by Active Dynamic Limited which is directly wholly owned by Chu Yuet Wah. In the circumstance, each of Chu Yuet Wah, Active Dynamic Limited, Galaxy Sky Investments Limited, Kingston Capital Asia Limited and Kingston Financial Group Limited were deemed to be interested in those 793,254,588 Shares under the SFO.
- (3) Pursuant to the relevant disclosure of interests form published on the website of the Stock Exchange, Mr. Hung Hon Man was beneficially interested in 475,000,000 Shares. He was also interested in 475,000,000 Shares held by Asia Smart Group Limited, an entity stated to be controlled by him as to 100%.

4. FURTHER DISCLOSURE ON INTERESTS AND DEALINGS

As at the Latest Practicable Date:

- (i) no arrangement was in place for any benefit to be given to any Director as compensation for loss of office or otherwise in connection with the Partial Offers;
- (ii) none of the Company and any of the Directors was interested in or owned or controlled any shares, convertible securities, warrants, options or other derivatives of shares of the Offeror or WYT and none of them had dealt for value in any shares, convertible securities, warrants, options or other derivatives of shares of the Offeror or WYT during the Relevant Period;
- (iii) none of the Directors held any Shares, convertible securities, warrants, options or derivatives of any Shares and none of them had dealt for value in any Shares, convertible securities, warrants, options or other derivatives of Shares during the Relevant Period;
- (iv) there were no Shares, convertible securities, warrants, options or derivatives of any Shares which the Company or any of the Directors had borrowed or lent;
- (v) none of the subsidiaries of the Company and pension fund of the Company or of a subsidiary of the Company, or a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” or who is an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code (excluding exempt principal traders and exempt fund managers) owned or controlled any Shares, convertible securities, warrants, options or derivatives of any Shares and none of them had dealt for value in any Shares, convertible securities, warrants, options or other derivatives of Shares during the Relevant Period;
- (vi) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code and no such person had dealt for value in any Shares, convertible securities, warrants, options or other derivatives of Shares during the Relevant Period;

- (vii) no Shares, convertible securities, warrants, options or derivatives of any Shares were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company and none of them had dealt for value in any Shares, convertible securities, warrants, options or other derivatives of Shares during the Relevant Period;
- (viii) there was no agreement or arrangement between any Director and any other person which was conditional on or dependent upon the outcome of the Partial Offers or otherwise connected with the Partial Offers; and
- (ix) no material contracts have been entered into by the Offeror in which any Director has a material personal interest.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into a service contract with any member of the Group or the associated companies of the Company which:

- (i) have been entered into or amended (including both continuous and fixed term contracts) within 6 months prior to the commencement of the Offer Period;
- (ii) are continuous contracts with a notice period of 12 months or more; or
- (iii) are fixed term contracts with more than 12 months to run irrespective of the notice period.

None of the Directors will be or has been given any benefits (save for any statutory compensation required under appropriate laws) as compensation for loss of office or otherwise in connection with the Partial Offers.

6. EXPERTS AND CONSENTS

In addition to the Offeror's experts listed in paragraph 5 of Appendix IV, the following are the qualifications of the experts who have given opinions or advice which are contained or referred to in the Composite Document:

Name	Qualification
Pelican Financial	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
RHL Appraisal Limited	independent property valuer

Each of Pelican Financial and RHL Appraisal Limited has given and has not withdrawn its written consent to the issue of the Composite Document with the inclusion of the text of its letter, report, recommendation, opinion, and/or references to its name in the form and context in which it appears.

7. LITIGATION

(A) Writ issued in the PRC by Ms. Wang Xiu Qun and Wuhan Tian Jiu Industrial and Commercial Development Co., Ltd. against the Company (“PRC Action No.1”)

The Company received a writ (the “**Writ**”) issued by Ms. Wang Xiu Qun (“**Ms. Wang**”) and Wuhan Tian Jiu Industrial and Commercial Development Co., Ltd. (“**Tian Jiu**”) (as plaintiffs) in December 2010 against the Company (as defendant) and the same was filed with the Higher People’s Court of Hubei Province (the “**Hubei Court**”) of the PRC, together with the related court summons dated 4 January 2011 (the “**Summons**”). The Writ also joined Wuhan Baisazhou Agricultural By-Product Grand Market Company Limited (“**Baisazhou Agricultural**”) as third party to such civil proceeding.

Major allegations of Ms. Wang and Tian Jiu as set out in the Writ are as follows:

- (a) it is alleged that Baisazhou Agricultural forged a share transfer agreement (the “**Contended Agreement**”) in relation to the acquisition of Baisazhou Agricultural (the “**Acquisition**”) wherein the consideration for the Acquisition was understated and the manner of settlement of the consideration was inaccurately described;
- (b) it is alleged that Baisazhou Agricultural forged the related documentation for filing with the PRC Ministry of Commerce (“**MOFCOM**”) and the Hubei Administration For Industry and Commerce (the “**Hubei AIC**”), and that such documentation and the Contended Agreement involved forged signatures; and
- (c) it is alleged that MOFCOM and the Hubei AIC approved the Acquisition and processed the related filings on the basis of the above documents that are allegedly forged.

On 18 November 2011, the Hubei Court granted (among other things) an order to freeze the 8% equity interest in Baisazhou Agricultural held by the Company.

Subsequently, the Company received judgment dated 31 May 2014 (the “**Hubei Court Judgment**”) from the Hubei Court in relation to PRC Action No. 1. In the Hubei Court Judgment, the Hubei Court dismissed the claims of Ms. Wang and Tian Jiu, and they were ordered to bear the legal costs of the matter.

The Company then received the notice of appeal to the Supreme People’s Court of the PRC (the “**Supreme People’s Court**”) from Ms. Wang and Tian Jiu regarding PRC Action No. 1 (the “**Appeal**”). In the Appeal, Ms. Wang and Tian Jiu sought an order from the Supreme People’s Court that the Contended Agreement was void.

The Company received the judgment dated 31 December 2014 handed down from the Supreme People’s Court in relation to the Appeal (the “**Beijing Judgment**”). In the Beijing Judgment, the Supreme People’s Court ordered (among other things) that (a) the Hubei Court Judgment be revoked; and (b) the Contended Agreement was void.

As advised by the PRC legal adviser of the Company:

- (a) The Supreme People's Court only ordered the Contended Agreement void, but it did not make any ruling regarding the Acquisition itself.
- (b) The Beijing Judgment will not directly lead to any immediate change of ownership of Baisazhou Agricultural. The Company continues to be the legal owner of Baisazhou Agricultural until and unless the revocation of:
 - (i) the approval of the Acquisition from MOFCOM; and
 - (ii) the registration of the transfer of shareholding by the Hubei AIC.

On 23 June 2015, the Company submitted an application to the Supreme People's Court for a retrial, requesting that the Beijing Judgment be set aside.

On 22 December 2015, the Supreme People's Court dismissed the Company's petition (the "**December 2015 Judgment**").

(B) Writ issued in the PRC by the Company and Baisazhou Agricultural against Ms. Wang, Tian Jiu and others

In 2011, the Company and Baisazhou Agricultural commenced court proceedings at the Hubei Court against, inter alia, Ms. Wang and Tian Jiu for the return of assets and operating profits of Baisazhou Agricultural which were unlawfully misappropriated etc.

On 16 October 2014 the Company applied to the Hubei Court to withdraw its claim in the proceedings. The Company's application was granted on 22 October 2014. Baisazhou Agricultural remains as plaintiff of the proceedings.

On 12 January 2016, the Hubei Court issued a notice to the parties, informing the parties that the composition of the judges for the proceedings would be changed.

On 27 March 2017, the Hubei Court made an order that since the outcome of the legal proceedings against MOFCOM by Ms. Wang and Tian Jiu (see Section (D) below) would affect the trial of these proceedings, these proceedings should be stayed.

On 20 March 2019, the Hubei Court issued a notice to the parties stating that the proceedings would be resumed on 10 April 2019.

(C) Writ issued by the Company against Ms. Wang and Tian Jiu in Hong Kong

On or about 24 October 2011, the Company issued a Writ of Summons in the Hong Kong Court of First Instance (the “**Court**”) against Ms. Wang and Tian Jiu. The Company (as purchaser) sought damages from Ms. Wang and Tian Jiu (as vendors) for their breach of various provisions of the sale and purchase agreement (the “**SPA**”) for the Acquisition.

On 5 October 2012, the Company obtained a court order from the Court to the effect that undertakings (the “**Undertakings**”) were given by Ms. Wang and Tian Jiu not to (i) indorse, assign, transfer or negotiate the two instruments (purportedly described as promissory notes in the SPA) (the “**Instruments**”); and (ii) enforce payment by presentation of the Instruments until the final determination of the court action or further court order. Pursuant to the Undertakings, the Instruments will no longer fall due for payment by the Company on 5 December 2012.

On 9 June 2017, upon the parties’ joint application to the Court, the Court varied the Undertakings to the effect that the Undertakings shall stand save that Ms. Wang and Tian Jiu can make a counterclaim under the present action as per the draft attached to the Consent Summons filed by the parties on 2 June 2017.

The trial took place in February, March and June 2019 for 23 days. The parties are waiting for the Court to hand down judgment.

(D) Legal proceedings against MOFCOM by Ms. Wang and Tian Jiu

On 4 May 2015 and 5 May 2015, Ms. Wang and Tian Jiu had jointly commenced two separate legal proceedings against MOFCOM alleging that MOFCOM failed to discharge its statutory duties for handling their application submitted in January 2015 for revoking the certificate of approval and letter of approval in relation to the Contended Agreement (the “**Application**”). The cases have been accepted by the Beijing Second Intermediate People’s Court (the “**Beijing Court**”).

On 20 May 2015, MOFCOM had filed its defence and each of the Company and Baisazhou Agricultural has then made an application to join the cases as third party.

On 25 May 2015, the Beijing Court issued a notice to the Company regarding submission of evidence.

On 8 January 2016, the Company received a judgment dated 31 December 2015 issued by the Beijing Court, by which the Beijing Court demanded MOFCOM to handle the Application again within 30 days.

On 15 February 2016, an inquiry was held by MOFCOM where the relevant parties to the legal proceedings were invited to attend and make submissions.

On 23 May 2016, the Company received a decision issued by MOFCOM dated 19 May 2016 (the “**MOFCOM Decision**”) to the effect, inter alia, that its approval issued in November 2007 in relation to the Contended Agreement shall not be revoked and shall remain to be in force.

According to a writ dated 3 August 2016, Ms. Wang and Tian Jiu requested the Beijing Court to revoke the MOFCOM Decision and to order MOFCOM to make a decision to revoke the approval. According to a notice issued by the Beijing Court, each of the Company and Baisazhou Agricultural has been added as a third party to the proceedings by the Beijing Court.

The Company subsequently received the judgment of the Beijing Court dated 31 March 2017 (the “**31 March Judgment**”) stating that the request made by Ms. Wang and Tian Jiu to revoke the MOFCOM Decision lacked both legal and factual basis and was not supported by the Beijing Court. Accordingly, the Beijing Court dismissed the application of Ms. Wang and Tian Jiu.

On 10 May 2017, the Company received a Notice of Appeal dated 8 May 2017. By the Notice of Appeal, Ms. Wang and Tian Jiu appealed against the 31 March Judgment and requested for an order that (a) the 31 March Judgment be set aside and that (b) MOFCOM to make a decision to revoke the approval issued in 2007 in relation to the Contended Agreement.

On 24 December 2018, the Company received the judgment of the Beijing Higher People’s Court dated 20 December 2018 dismissing the appeal of Ms. Wang and Tian Jiu and upholding the ruling of the Beijing Court as set out in the 31 March Judgment. In other words, the approval issued by MOFCOM in November 2007 in relation to the Contended Agreement shall not be revoked and shall remain to be in force.

(E) Writ issued by the Company against Ms. Wang and Tian Jiu in Hubei

On 22 May 2015, in view of the Beijing Judgment (as disclosed in Section (A) above), the Company issued a writ against Ms. Wang and Tian Jiu. The Company seeks an order from the Hubei Court that Ms. Wang and Tian Jiu shall assist Baisazhou Agricultural to discharge its contractual duties under the SPA to make the necessary filing with MOFCOM.

On 15 June 2015, Ms. Wang and Tian Jiu brought a jurisdiction objection to the Hubei Court.

On 25 August 2015, the Hubei Court dismissed the jurisdiction objection.

On 6 September 2015, Ms. Wang and Tian Jiu appealed to the Supreme People’s Court regarding the dismissal of jurisdiction objection.

On 30 October 2015, the Supreme People’s Court dismissed the appeal of Ms. Wang and Tian Jiu.

On 20 July 2016, the Hubei Court issued a notice to the parties for attendance at the pre-trial review on 11 August 2016.

According to the counterclaim filed by Ms. Wang and Tian Jiu dated 6 August 2016, they sought for a declaration from the Hubei Court that the SPA no longer have any force.

On 11 August 2016, the Company submitted an application to modify its claims. The modified claims include: (1) to confirm that the SPA has been legally made; (2) to seek an order from the Hubei Court that Ms. Wang and Tian Jiu shall assist the Company and Baisazhou Agricultural to discharge its contractual duties under the SPA to make the necessary filing with MOFCOM; (3) to seek an order from the Hubei Court that if Ms. Wang and Tian Jiu fail to assist as abovementioned then the Company and Baisazhou Agricultural shall have the right to make the necessary filing with MOFCOM on their own; and (4) to seek an order from the Hubei Court that Ms. Wang and Tian Jiu shall bear the costs of the proceedings.

On 27 March 2017, the Hubei Court made an order that since the outcome of the legal proceedings against MOFCOM by Ms. Wang and Tian Jiu (see Section (D) above) would affect the trial of these proceedings, these proceedings should be stayed.

On 26 April 2017, Ms. Wang and Tian Jiu applied to the Hubei Court for a freezing order in respect of the Company's 70% interest in Baisazhou Agricultural. The Hubei Court refused the application by Ms. Wang and Tian Jiu on that occasion.

On 10 May 2017, Ms. Wang and Tian Jiu applied to the Hubei Court again for a freezing order in respect of the Company's 70% interest in Baisazhou Agricultural. According to the order of the Hubei Court dated 26 May 2017 (the "**26 May Order**"), the Hubei Court granted the freezing order as against the Company's 70% interest in Baisazhou Agricultural.

On 26 May 2017, Ms. Wang and Tian Jiu applied to add a counterclaim for return of the Company's 90% interest in Baisazhou Agricultural (70% for Ms. Wang and 20% for Tian Jiu).

On 5 June 2017, the Company applied to the Hubei Court for review of the 26 May Order. According to the order of the Hubei Court dated 12 June 2017, the application by the Company was dismissed.

On 10 April 2019, in light of the outcome of the legal proceedings against MOFCOM by Ms. Wang and Tian Jiu (see section (D) above), the Company applied to the Hubei Court for withdrawal of the Company's claim. The application of the Company was granted on 11 April 2019. The counterclaim made by Ms. Wang and Tian Jiu on 26 May 2017 is still being heard by the Hubei Court.

(F) Writ issued by Luoyang Hongjin Agricultural and By-Product Exchange Market Company Limited against Mr. Cui Zhanjun

On 3 April 2017, Luoyang Hongjin Agricultural and By-Product Exchange Market Company Limited ("**Luoyang Hongjin**"), an indirect wholly-owned subsidiary of the Company, issued a writ against Mr. Cui Zhanjun ("**Mr. Cui**") seeking an order from the Laocheng District People's Court ("**Laocheng Court**") for return of security deposit in relation to the construction works in the sum of RMB2,721,500 with interests by Mr. Cui.

Upon mediation between the parties, the Laocheng Court made a mediation order that (1) Mr. Cui shall pay RMB2,721,500 to Luoyang Hongjin by 31 December 2017 and (2) in the event of default by Mr. Cui, interest shall accrue on the said sum of RMB2,721,500 at the benchmark interest rate of the People's Bank of China.

By 31 December 2017, Mr. Cui had failed to pay the sum of RMB2,721,500 to Luoyang Hongjin. Luoyang Honjin applied to the Laocheng Court for enforcement action against Mr. Cui. As at the Latest Practicable Date, the enforcement action is still ongoing.

(G) Writ issued in the PRC by Jiangsu Shenglong Zhengtai Trade and Commercial Development Co., Ltd against Huai'an Mingyuan Agricultural Development Company Ltd and Mr. Wang Yong Gang

On 4 November 2018, Jiangsu Shenglong Zhengtai Trade and Commercial Development Co., Ltd (“**Jiangsu Shenglong**”), an indirect wholly-owned subsidiary of the Company, issued a writ against Huai'an Mingyuan Agricultural Development Company Ltd (“**Huai'an Mingyuan**”) and Mr. Wang Yong Gang (“**Mr. Wang**”), seeking an order from the Nanjing Xuanwu District People's Court, inter alia, that (1) the Business Cooperation Agreement and Supplemental Business Cooperation Agreement signed by the parties shall be terminated; (2) Huai'an Mingyuan shall pay Jiangsu Shenglong RMB30,000,000 as compensation for breach of the Business Cooperation Agreement; (3) Huai'an Mingyuan shall pay Jiangsu Shenglong RMB2,029,250 and RMB5,795,000 as compensation for breaches of the Supplemental Business Cooperation Agreement; (4) Mr. Wang shall be held responsible for Huai'an Mingyuan's aforementioned compensations to Jiangsu Shenglong; and (5) the defendants shall be jointly liable for the costs of the proceedings and Huai'an Mingyuan shall be liable for the legal fees of Jiangsu Shenglong.

On 16 December 2018, Huai'an Mingyuan issued counterclaim against Jiangsu Shenglong, seeking an order from Nanjing Xuanwu District People's Court, inter alia, that (1) the Termination of Cooperation Notice issued by Jiangsu Shenglong dated 17 September 2018 does not have any force against Huai'an Mingyuan; and (2) Jiangsu Shenglong shall be liable for the legal fees of Huai'an Mingyuan.

As at the Latest Practicable Date, the case is still ongoing.

Save as disclosed above, as at the Latest Practicable Date, none of the Company and its subsidiaries was engaged in any litigation or arbitration or claim of material importance and no litigation or claim of importance is pending or threatened by or against the Company or any member of the Group.

8. MATERIAL CONTRACTS

Within the two years immediately preceding the date of the commencement of the Offer Period and up to the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business of the Group) have been entered into by the members of the Group which are or may be material:

- (a) a loan agreement dated 26 September 2019 entered into between the Company, as the borrower, and Winning Rich Investments Limited, an indirect wholly-owned subsidiary of WYT, as the lender, in relation to the grant of an unsecured credit facility of not exceeding a sum of HK\$621.0 million at an interest rate of 10.0% per annum for a term of 36 months, the details of which were set out in the Joint Announcement;
- (b) a loan agreement dated 26 September 2019 entered into between the Company, as the borrower, and Double Leads Investments Limited, an indirect wholly-owned subsidiary of WOG, as the lender, in relation to the grant of an unsecured credit facility of not exceeding a sum of HK\$89.0 million at an interest rate of 10.0% per annum for a term of 36 months, the details of which were set out in the Joint Announcement;
- (c) a sale and purchase agreement dated 23 August 2018 entered into between Super Treasure Holdings Limited, an indirect wholly-owned subsidiary of the Company, as the vendor, and Liang Rong, as the purchaser, in relation to the disposal of the entire issued share capital of, and the assignment of the shareholder loan of, Jackmax Investment Limited holding a parcel of land at a consideration of RMB78.0 million (equivalent to approximately HK\$89.6 million), the details of which were set out in the announcement of the Company dated 23 August 2018; and
- (d) a conditional underwriting agreement dated 4 October 2017 entered into between the Company and Kingston Securities in relation to the underwriting by Kingston Securities of not less than 6,621,139,800 rights shares and not more than 8,643,639,800 rights shares proposed to be issued by the Company at an underwriting commission of 2.5% of the total subscription price (at HK\$0.088 per rights share) in respect of the maximum number of rights shares to be underwritten by Kingston Securities.

9. GENERAL

- (i) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the principal place of business of the Company in Hong Kong is at Suite 3202, 32/F., Skyline Tower, 39 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong.
- (ii) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (iii) The English texts of the Composite Document and the Forms of Acceptance shall prevail over the Chinese texts, in case of any inconsistency.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection (i) on the websites of the SFC at www.sfc.hk and the Company at www.cnagri-products.com; and (ii) during normal business hours from 9:00 a.m. to 5:00 p.m. on any Business Day at the head office and principal place of business of the Company in Hong Kong at Suite 3202, 32/F., Skyline Tower, 39 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong during the period from the date of the Composite Document up to as long as the Partial Offers remain open for acceptance:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the annual reports of the Company for the three financial years ended 31 December 2016, 2017 and 2018, respectively, and the interim report of the Company for the six months ended 30 June 2019;
- (c) the letter from the Board, the text of which is set out in the Composite Document;
- (d) the letter from the Independent Board Committee, the text of which is set out in the Composite Document;
- (e) the letter from the Independent Financial Adviser, the text of which is set out in the Composite Document;
- (f) the letter and valuation certificate dated Tuesday, 7 January 2020 from RHL Appraisal Limited;
- (g) the written consents referred to in the paragraph headed “6. EXPERTS AND CONSENTS” in this appendix; and
- (h) the material contracts referred to in the paragraph headed “8. MATERIAL CONTRACTS” in this appendix.