

H E C T S
w w

H

If ou are in an doubt

If ou have sold or transferred
w

C H
w w



CO

CONTENTS

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|--|-------------|
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| LETTER FROM THE BOARD | 4 |
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In this circular, unless the context otherwise requires, the following expressions have the following meanings:

A

☒
C

E ↓

⌈

A

☒

25 2017

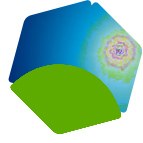
w

A

⌈D☒()6(S 11352.4(9566310(⌈)7917)☒⌈ 4.7()-290.1(')54D☒)-290.1 S 11352 2017

DEFINITIONS

E G G A
C
E ↓ 100% C F
C † FC † F S & D C , † .
G C
↓FA † C † ,
† 1 (†), † 4 (†)
) † 6 (†)
† , † S † F
↓ B C † B C
A - w A
A C C † FC †
()
‡ † D 14 2017,
‡ † C † F † † 25 2017 ,
F † † C
‡ E G H † † S † S
- † C - F † 25 2017
‡ † C F † †
†E † (. . .)



中糧
COFCO

S w
C :

Before the Completion

COFCO

the Company

Target Company

Consideration

☒ . T C A w , C w , A B1,050 w
☒ w : . ↓ C , D

(1) 31 D 2015 2016; T B

(2) w A ;

(3) ;

(4) T B w w C w w

LETTER FROM THE BOARD

(6) T D w A

Pa ment

T C w B1,050 w

T B315 (30% C)
 w , w
 A , w
 B315 . T
 31 2017.

T w w w
 C , . . . B315) (30%
 B315 (30% C) ; (2)

- (1) T A ;
- (2) T T C A ;
- (3) T A - () ;

(4) T C F C A ;

(5) T - C f C f A ;

(6) T A T C . T T C
 w

A D , (1) (5)

LETTER FROM THE BOARD

Termination

That A, A, w
 A, A, w
 S

3. UNDERTAKINGS BY CHINA FOODS

C F () - ()
 25 2017.

(i) Non-competition Undertaking

That B, C :
 (1) C F w w T
 B T C ;
 (2) C F , w
 B T C ; w T
 (3) C F ()
 10% , w T B
 T C , C F , w
 C
 F - , C F
 C F ; () w , ()
 (50%) 50% , w
 w ,

(ii) Letter of Undertaking

C w , , T ,
 C , T

LETTER FROM THE BOARD

4. RELEVANT FORTUNE (E W ~) BRAND TRADEMARKS

The Registered Trademark License Contract

1. The Licensee shall pay to the Licensor a fee of $\text{CNY } 100,000.00$ (one hundred thousand RMB) for the use of the Fortune (E W ~) Brand Trademarks.

- (1) The Licensee shall pay to the Licensor a fee of $\text{CNY } 100,000.00$ (one hundred thousand RMB) for the use of the Fortune (E W ~) Brand Trademarks.
- (2) The Licensee shall pay to the Licensor a fee of $\text{CNY } 100,000.00$ (one hundred thousand RMB) for the use of the Fortune (E W ~) Brand Trademarks.

2. The Licensee shall pay to the Licensor a fee of $\text{CNY } 100,000.00$ (one hundred thousand RMB) for the use of the Fortune (E W ~) Brand Trademarks.

- (1) The Licensee shall pay to the Licensor a fee of $\text{CNY } 100,000.00$ (one hundred thousand RMB) for the use of the Fortune (E W ~) Brand Trademarks.
- (2) The Licensee shall pay to the Licensor a fee of $\text{CNY } 100,000.00$ (one hundred thousand RMB) for the use of the Fortune (E W ~) Brand Trademarks.

3. The Licensee shall pay to the Licensor a fee of $\text{CNY } 100,000.00$ (one hundred thousand RMB) for the use of the Fortune (E W ~) Brand Trademarks.

4. The Licensee shall pay to the Licensor a fee of $\text{CNY } 100,000.00$ (one hundred thousand RMB) for the use of the Fortune (E W ~) Brand Trademarks.

The Trademarks Option Agreement

1. The Licensee shall pay to the Licensor a fee of $\text{CNY } 100,000.00$ (one hundred thousand RMB) for the use of the Fortune (E W ~) Brand Trademarks.

- (1) The Licensee shall pay to the Licensor a fee of $\text{CNY } 100,000.00$ (one hundred thousand RMB) for the use of the Fortune (E W ~) Brand Trademarks.
- (2) The Licensee shall pay to the Licensor a fee of $\text{CNY } 100,000.00$ (one hundred thousand RMB) for the use of the Fortune (E W ~) Brand Trademarks.

(iii) Product overview

The Group's revenue is derived from the sale of products and services. The Group's revenue is broken down by product line as follows:

| Product Line | 2016 (€ million) | 2015 (€ million) | Change (%) |
|--------------|------------------|------------------|--------------|
| Construction | 1,300 | 1,200 | +8.3% |
| Energy | 1,200 | 1,100 | +9.1% |
| Services | 1,100 | 1,000 | +10.0% |
| Other | 100 | 100 | 0.0% |
| Total | 3,700 | 3,400 | +8.8% |

The Group's revenue is broken down by geographical region as follows:

| Region | 2016 (€ million) | 2015 (€ million) | Change (%) |
|--------------|------------------|------------------|--------------|
| Germany | 1,800 | 1,700 | +5.9% |
| Other Europe | 1,200 | 1,100 | +9.1% |
| Other | 700 | 600 | +16.7% |
| Total | 3,700 | 3,400 | +8.8% |

The Group's revenue is broken down by customer segment as follows:

| Customer Segment | 2016 (€ million) | 2015 (€ million) | Change (%) |
|------------------|------------------|------------------|--------------|
| Government | 1,800 | 1,700 | +5.9% |
| Non-Government | 1,900 | 1,700 | +11.8% |
| Total | 3,700 | 3,400 | +8.8% |

(iv) Distribution channels

The Group's revenue is derived from the sale of products and services through various distribution channels. The Group's revenue is broken down by distribution channel as follows:

| Distribution Channel | 2016 (€ million) | 2015 (€ million) | Change (%) |
|----------------------|------------------|------------------|--------------|
| Direct sales | 1,800 | 1,700 | +5.9% |
| Indirect sales | 1,900 | 1,700 | +11.8% |
| Total | 3,700 | 3,400 | +8.8% |

(v) **Financial information**

| | 31 D 2015 | 31 D 2016 | For the year ended 31 December 2016 (<i>approximately</i> RMB thousand) | For the year ended 31 December 2015 (<i>approximately</i> RMB thousand) |
|--|-----------|-----------|---|---|
| <p> <input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> </p> | | | | |
| | | | 9,279,253 | 8,199,298 |
| | | | 1,041,438 | 1,003,358 |
| | | | 80,055 | 93,341 |
| | | | 80,055 | 93,341 |
| Note: | | | | |

(vi) **Employees**

,

- . E

LETTER FROM THE BOARD

7. GENERAL INFORMATION ON THE PARTIES

The Group

The Group
 C. ↓ C
w , , w

The Purchaser

↑ w - w C

China Foods

C F H - (: 506). ↑
w , -

The Vendor

↑ C
w - w C F ↓
w , ↑ C , ↑ B , w
↑ B C

8. LISTING RULES IMPLICATIONS

The Acquisition

A w
A 5%
25%, A
C C 14

A , C & FC 58.02%
C C
w - w C F , w 74.1%
w C & FC ↑
A , A C
C 14A

LETTER FROM THE BOARD

Registered Trademark License Contract

B C A , T C
C F , C C FC T
C C 14A
A C A , T C
C , C FC ,
T C w C (C),
C 14A H w , C
0.1% F (E W) B
T w w C FC . A ,
T C w ,
C 14A

Trademarks Option Agreement

14A.24(2), T C FC (
) w C
C A
14A.79(2),
w
A T w C FC
T w C ,
0.1% T
C w ,
C 14A

9. EXTRAORDINARY GENERAL MEETING

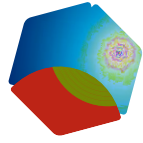
T EG w
A A
EG w w
A C FC A A D , w
C A 58.02% C C FC
A A A , - D
A A T

A EG C B B3, H ↓ G
H , 50 , T , w , H F , 7 2017
10:00 . . 45 46 .



EG (),
w

H w C , 183 , E , H C , 22,



中糧
COFCO

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

... B... C... H, A...
D...
C...
w... A...
w... A... G... C...
S... w... B...
C...
w... C...
A... A...
w... w... w... C...
w... w... w... C...
w... w... w... C...

BASIS OF OUR OPINION

... w... w... 31
A... C... C... F...
D... 2015 (**FY2015**)... 2016 (**FY2016**),
T... B... F 2015... F 2016, C... D...
G... D...
w... w... w... w... w... w...
G... T... C...

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

↓ , w w
:

A. INFORMATION ON THE GROUP

1. Principal business of the Group

↑ G ,
w :

() , . ↑ G ,
,
,
F (E []), \$ (,) ,
(®®) G (€) (**Upstream Oilseeds Processing Business**);

() , w
(, , w) ,
(\$^G), ,
w (**Biochemical and
Biofuel Business**);

() (**Rice Business**);

() (**Wheat Processing
Business**);

() (**Brewing Materials Business**).

↑ G w C F (**China Foods
Group**) 2007 C F 2016,

↑ , w , w , C. ↑
↑ , B G

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. Financial performance of the Group

| F 2016 (FY2016 Annual Report) | w F 2016 | C | G F 2015 | | | | | | | | | | | | | | | | | | |
|---|-------------|-------------------------|-------------------------|--|--------|--------|---|--------|--------|----------------------|-------|-------|----------------------------------|-------|-------|-----------------------------------|-------|-------|-----------------------------|-------|-------|
| | | FY2016 HK\$' million | FY2015 HK\$' million | | | | | | | | | | | | | | | | | | |
| | | 89,163 | 82,548 | | | | | | | | | | | | | | | | | | |
| <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 2px;"><i>Upstream Oilseeds Processing Business</i></td> <td style="text-align: right; padding: 2px;">50,434</td> <td style="text-align: right; padding: 2px;">41,053</td> </tr> <tr> <td style="padding: 2px;"><i>Biochemical and Biofuel Business</i></td> <td style="text-align: right; padding: 2px;">11,526</td> <td style="text-align: right; padding: 2px;">14,622</td> </tr> <tr> <td style="padding: 2px;"><i>Rice Business</i></td> <td style="text-align: right; padding: 2px;">9,196</td> <td style="text-align: right; padding: 2px;">9,986</td> </tr> <tr> <td style="padding: 2px;"><i>Wheat Processing Business</i></td> <td style="text-align: right; padding: 2px;">8,946</td> <td style="text-align: right; padding: 2px;">8,528</td> </tr> <tr> <td style="padding: 2px;"><i>Brewing Materials Business</i></td> <td style="text-align: right; padding: 2px;">2,685</td> <td style="text-align: right; padding: 2px;">2,617</td> </tr> <tr> <td style="padding: 2px;"><i>Corporate and others</i></td> <td style="text-align: right; padding: 2px;">6,376</td> <td style="text-align: right; padding: 2px;">5,742</td> </tr> </table> | | | | <i>Upstream Oilseeds Processing Business</i> | 50,434 | 41,053 | <i>Biochemical and Biofuel Business</i> | 11,526 | 14,622 | <i>Rice Business</i> | 9,196 | 9,986 | <i>Wheat Processing Business</i> | 8,946 | 8,528 | <i>Brewing Materials Business</i> | 2,685 | 2,617 | <i>Corporate and others</i> | 6,376 | 5,742 |
| <i>Upstream Oilseeds Processing Business</i> | 50,434 | 41,053 | | | | | | | | | | | | | | | | | | | |
| <i>Biochemical and Biofuel Business</i> | 11,526 | 14,622 | | | | | | | | | | | | | | | | | | | |
| <i>Rice Business</i> | 9,196 | 9,986 | | | | | | | | | | | | | | | | | | | |
| <i>Wheat Processing Business</i> | 8,946 | 8,528 | | | | | | | | | | | | | | | | | | | |
| <i>Brewing Materials Business</i> | 2,685 | 2,617 | | | | | | | | | | | | | | | | | | | |
| <i>Corporate and others</i> | 6,376 | 5,742 | | | | | | | | | | | | | | | | | | | |
| | | 6,243 | 4,286 | | | | | | | | | | | | | | | | | | |
| | | 1,530 | 1,675 | | | | | | | | | | | | | | | | | | |
| | | (6,284) | (6,177) | | | | | | | | | | | | | | | | | | |
| | | 296 | 162 | | | | | | | | | | | | | | | | | | |
| | | (253) | (323) | | | | | | | | | | | | | | | | | | |
| | | 1,532 | (377) | | | | | | | | | | | | | | | | | | |
| | | 1,419 | (333) | | | | | | | | | | | | | | | | | | |
| | | 0.270 | (0.063) | | | | | | | | | | | | | | | | | | |
| | | 56.6% | 49.7% | | | | | | | | | | | | | | | | | | |
| | | 21.2% | 8.0% | | | | | | | | | | | | | | | | | | |
| | | 22.9% | | | | | | | | | | | | | | | | | | | |
| | | 11.0% | | | | | | | | | | | | | | | | | | | |

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

A F 2016 A , G w
 5.2% 7.0% w w
 F 2016.

B 45.7%
 , G w C
 H \$333 F 2015 w C
 H \$1,419 F 2016. T E S G F 2016 w
 H \$0.270.

3. Financial position of the Group

| | As at 31 December 2016 <i>HK\$' million</i> |
|-------------------------------|--|
| S w G 31 D 2016 F 2016 A : | |
| Non-current assets | 28,576 |
| ☒ , | 21,790 |
| r - | 6,786 |
| Current assets | 43,550 |
| ↓ | 17,887 |
| C | 7,586 |
| A | 2,903 |
| r | 15,174 |
| Current liabilities | 39,193 |
| ↓ - w | 21,594 |
| A | 3,308 |
| r | 14,291 |
| Non-current liabilities | 2,621 |
| ↓ - w | 1,596 |
| r - | 1,025 |
| Total equity | 30,312 |
| E w C (NAV) | 26,249 |
| - | 4,063 |
| A S (HK\$) | 5.0 |

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Products

TT B - , , S^G,
 . T - (. . . , , w) - (. . . ,
).

The Relevant Fortune (EW) Brand Trademarks

TT B F (EW) B
 T 1993. C , - ,
 F (EW) B T . 25 2017,
 , T C CFC T
 C w CFC T C
 F (EW) B T (Licence)
 T C 31 D 2020. CFC
 T C w T C . T T
 C w T C CFC T B .
 T F (EW) B T
 C , CFC w T C w
 C CFC F (EW) B T
 () w T C
 ; () CFC C
 T B CFC ,

Distribution network

T w T B , w 550,000
 C , -C
 , w , .

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

| Class of markets | Number of markets identified | Number of markets where the Target Company has presence through its sales outlets | Percentage of coverage of the Target Company |
|------------------------|------------------------------|---|--|
| Class A market: | | | |
| 2 | 41 | 41 | 100% |
| Class B market: | | | |
| C | 278 | 278 | 100% |
| Class C market: | | | |
| C | 2,000 | 1,600 | 80% |
| Class D market: | | | |
| w | 34,872 | 19,180 | 55% |

2. Financial information of the Target Business

(i) *Financial performance*

| | FY2016 RMB' million | FY2015 RMB' million |
|---|------------------------|------------------------|
| G | 9,279.3 | 8,199.3 |
| | 1,041.4 | 1,003.4 |
| | 80.0 | 93.3 |

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

B (. . .) w w T
 C F 25 2017. B
 C w H
 F S T B C F . A w
 F 2015 F 2016
 , w T C B .
 D - F (E W
 ~) , , , ,
 T B F 2016 13.2% F 2015. H w ,
 T B 3.8% F 2016
 T B -F
 (E W ~) - w w , w w
 F 2016.
 F 2015, B18.6
 w . T C w C F ' ,
 T
 B . S , T B F 2016,
 w B1.0 .
 T T B F 2016
 14.3% B93.3 B80.0 , w -
 B18.1 F 2016 w w
 T C (
One-off Reorganisation Expense) . ↓ - E
 w
 A , T B w
 B98.1 (**FY2016 Adjusted Profit**) ,
 5.1% T B F 2015. T
 T B F 2016 w .

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(ii) *Financial position*

| | As at | | 31 December | | 2016 |
|-----------------------------------|-------|--|-------------|--|---------------------|
| | | | | | <i>RMB' million</i> |
| Non-current assets | | | | | 3.8 |
| ☑ | | | | | 3.2 |
| ↓ | | | | | 0.6 |
| Current assets | | | | | 2,287.2 |
| ↓ | | | | | 1,286.0 |
| A | | | | | 307.0 |
| ↓ | | | | | 414.2 |
| C | | | | | 188.6 |
| ↓ | | | | | 91.4 |
| Current liabilities | | | | | 2,248.3 |
| A | | | | | 1,568.0 |
| ↓ | | | | | 680.3 |
| Non-current liabilities | | | | | |
| NAV of the Target Business | | | | | 42.7 |

As at 31 December 2016, the NAV of the Target Business was RMB42.7 million, which is 4.3% of the market capitalization of the Company as at 31 December 2016, based on the closing price of the Company's shares on the Hong Kong Stock Exchange of HK\$49.30 per share.

The NAV of the Target Business as at 31 December 2016 is RMB42.7 million, which is 4.3% of the market capitalization of the Company as at 31 December 2016, based on the closing price of the Company's shares on the Hong Kong Stock Exchange of HK\$49.30 per share.

D. REASONS FOR AND BENEFITS OF THE ACQUISITION

A
 C F G 2007. S , G , G w
 B r G B T
 w - C 30%
 F (E W ~). T C w .
 / 70% w .

A B , B w A
 C S w w
 w:

1. Transformational integration of the edible oil business: T A w
 G ,
 w w
 T C , w ()
 , w , ,
 , ; () E G

2. Extensive distribution network: A , E G w
 550,000
 C, w w G w

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(ii) *Payment and conditions precedent*

The Company will with

 :

 () The Company B315 (30%

 C) , w

 A .

 () The Company B315 (30%

 C) w C (

) w

 A ,

 T C ,

 A A

 C r F C ,

 C F C ,

 A .

 () The Company B420 (40%

 C) w w

 A ,

 w - w

 T C A , w

 T C A ,

 ,

 .

(iii) *Consideration*

A , C w B1,050 . D

 C

 A C w.

(iv) *Undertakings b China Foods*

A B , C F
T C w T
B T C (**Competing Business**) C T
C , C F G
C B . C F
C F G 10%
10%
C B , C
,

(v) *Completion*

T C w T C
A
w
↓ A A w
, A ,
, A w
, T w
w

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Companies) (PE Ratio)
w (Comparable

C . H w
w , - w -
;
E C C
H C
B
T B ; ()
S T B ,
w
w

(w)
E , w 50%
S w C . H . B , w
C H T B C, w
S S E (SZSE) S S E S (SGX)
50% C' S w C
w T C
w w T B

B , w C C
E , S S E G . T
C C
() 0.8274,
13.9 S S E C
B S E C D ; () 0.5129,
27.1
S S E C (SZSE Factor); () 1.0451,
13.3
D (SGX Factor),
C C
S T B
C w
G -A

16.8 H S
B H S
B H S
A

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

| Compan name | Stock code | Businesses | Market Capitalisation (Note 1) HK\$' million | PE Ratio (Note 2) Times | Adjusted PE Ratio (Note 2) Times |
|-------------------|------------|------------|--|-------------------------------|--|
| 15 (H) | 411.H | | 2,633.1 | 9.9 | 9.9 |
| C F | 1006.H | | 2,282.8 | 7.6 | 7.6 |
| w F C (Note 3) | 000639.S | | 9,875.9 | 56.7 | 29.1 |
| D G C (Note 4) | 002852.S | | 9,172.5 | 29.0 | 14.9 |
| H C C (Note 5) | 600127.S | | 4,127.0 | 474.4 | 392.5 |
| (Note 6) | | | 125,826.2 | 14.7 | 15.4 |
| | | | (Note 5) | 23.6 | 15.4 |
| | | | (Note 5) | 14.7 | 14.9 |
| | | | (Note 5) | 56.7 | 29.1 |
| | | | | 7.6 | 7.6 |

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

| | Market Capitalisation (Note 1) HK\$' million | PE Ratio (Note 2) Times | Adjusted PE Ratio (Note 2) Times |
|---|---|-------------------------------|---|
| ↓ C F 2016 | B1,050 | 13.1 | 13.1 |
| ↓ C F 2016 A (Implied PE Ratio) | B1,050 | 10.7 | 10.7 |

Source: Bloomberg and the Stock Exchange

Notes:

1. The market capitalisation of the Company is based on the closing price of the Company's shares on the Hong Kong Stock Exchange on 31 December 2016.
 2. The PE Ratio is calculated based on the market capitalisation of the Company divided by the net profit attributable to the shareholders of the Company for the period ended 31 December 2016. The Adjusted PE Ratio is calculated based on the market capitalisation of the Company divided by the adjusted net profit attributable to the shareholders of the Company for the period ended 31 December 2016.
 3. The Adjusted PE Ratio is calculated based on the market capitalisation of the Company divided by the adjusted net profit attributable to the shareholders of the Company for the period ended 31 December 2016. The Adjusted PE Ratio is calculated based on the market capitalisation of the Company divided by the adjusted net profit attributable to the shareholders of the Company for the period ended 31 December 2016.
 4. The Adjusted PE Ratio is calculated based on the market capitalisation of the Company divided by the adjusted net profit attributable to the shareholders of the Company for the period ended 31 December 2016.
 5. The Adjusted PE Ratio is calculated based on the market capitalisation of the Company divided by the adjusted net profit attributable to the shareholders of the Company for the period ended 31 December 2016.
 6. The Adjusted PE Ratio is calculated based on the market capitalisation of the Company divided by the adjusted net profit attributable to the shareholders of the Company for the period ended 31 December 2016.
- A comparison of the PE Ratio and Adjusted PE Ratio of the Company with those of its peers is set out in the following table:
- | Company | PE Ratio | Adjusted PE Ratio |
|---------|----------|-------------------|
| Company | 10.7 | 10.7 |
| Peer 1 | 12.4 | 12.4 |
| Peer 2 | 15.4 | 15.4 |
| Peer 3 | 14.9 | 14.9 |
| Peer 4 | 7.6 | 7.6 |
| Peer 5 | 29.1 | 29.1 |
- (Comparable Range), with a range of PE Ratio from 7.6 to 29.1 and Adjusted PE Ratio from 7.6 to 29.1.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

G. FINANCIAL EFFECT OF THE ACQUISITION

1. Earnings

For the period from 1 January 2016 to 31 December 2016, the Group's earnings were \$113.3 million, compared with \$98.1 million for the corresponding period in 2015. This increase of 15.3% is primarily due to the acquisition of the Group's subsidiary, B, on 1 January 2016. The Group's earnings per share for the period from 1 January 2016 to 31 December 2016 were \$0.270, compared with \$0.288 for the corresponding period in 2015.

The Group's earnings were \$113.3 million, compared with \$98.1 million for the corresponding period in 2015.

2. Effect on gearing

The Group's gearing ratio at 31 December 2016 was 70%, compared with 59.2% at 31 December 2015. This increase is primarily due to the acquisition of the Group's subsidiary, B, on 1 January 2016. The Group's gearing ratio at 31 December 2016 was 70%, compared with 62.4% at 31 December 2015.

3. NAV

The Group's net asset value (NAV) at 31 December 2016 was \$1,154.5 million, compared with \$1,100 million at 31 December 2015. This increase is primarily due to the acquisition of the Group's subsidiary, B, on 1 January 2016. The Group's NAV at 31 December 2016 was \$1,154.5 million, compared with \$1,100 million at 31 December 2015.

The Group's net asset value (NAV) at 31 December 2016 was \$1,154.5 million, compared with \$1,100 million at 31 December 2015.

4. Working capital

As at 31 December 2016, the Group's working capital was HK\$23,190,000 (2015: HK\$23,190,000). The Group's working capital is primarily composed of cash and bank balances, trade receivables, trade payables, and other receivables. The Group's working capital is sufficient to meet its current and foreseeable requirements.

RECOMMENDATION

The Board recommends that the shareholders of the Company approve the proposed dividend of HK\$0.05 per share, which is subject to the approval of the shareholders at the general meeting. The dividend is payable to the shareholders who are registered as of the record date.

Unless the context requires otherwise, all amounts in RMB are translated into HK\$ at an exchange rate of RMB1:HK\$1.1545. Such translation should not be construed as a representation that the amount in question has been, could have been or could be converted at an particular rate at all.

OPTIMA CAPITAL LIMITED
Ng Ka Po
Senior Director

Mr. Ng Ka Po is licensed person and responsible officer of Optima Capital Limited registered with the SFC to carry out type 1 (dealing in securities) and type 2 (dealing in derivatives) regulated activities under the Securities and Futures Ordinance (SFO) (Chapter 406 of the Laws of Hong Kong) and the Securities and Futures Commission (SFC) Rules (Chapter 1 of the Securities and Futures Commission Rules) (collectively, the "SFC Rules").

1. RESPONSIBILITY STATEMENT

The Board of Directors, with the assistance of the Audit Committee, is responsible for the preparation and the fair presentation of the financial statements in accordance with the applicable financial reporting framework. The Board of Directors is also responsible for the preparation and the fair presentation of the non-financial information in the annual report in accordance with the applicable reporting framework.

2. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at 31 December 2023, the interests of the Directors and the Chief Executive in the shares and underlying shares of the Company are as follows:

Mr. [Name], Director, has a beneficial interest in 235,364 shares of the Company, representing 0.02% of the issued shares of the Company as at 31 December 2023. Mr. [Name] also has a beneficial interest in 636,000 underlying shares of the Company, representing 0.02% of the underlying shares of the Company as at 31 December 2023.

Ms. [Name], Director, has a beneficial interest in 1,197,000 shares of the Company, representing 0.02% of the issued shares of the Company as at 31 December 2023.

Ms. [Name], Director, has a beneficial interest in 136,500 shares of the Company, representing 0.03% of the issued shares of the Company as at 31 December 2023.

Ms. [Name], Director, has a beneficial interest in 48,000 shares of the Company, representing 0.03% of the issued shares of the Company as at 31 December 2023.

Ms. [Name], Director, has a beneficial interest in 100,000 shares of the Company, representing 0.00% of the issued shares of the Company as at 31 December 2023.

Interests in the Shares and underlying shares of the Company

| Name | Capacity | Number of Shares held in long position | Number of underlying Shares held in long position (Note 1) | Percentage (Note 2) |
|------------|----------|--|--|---------------------|
| Mr. [Name] | Director | 235,364 | 636,000 | 0.02% |
| | | (Note 3) | | |
| Ms. [Name] | Director | | 1,197,000 | 0.02% |
| Ms. [Name] | Director | 136,500 | 1,680,000 | 0.03% |
| Ms. [Name] | Director | 48,000 | 1,680,000 | 0.03% |
| Ms. [Name] | Director | 100,000 | | 0.00% |

Interests in shares of associated corporation

| Name | Name of associated corporation | Capacity | Number of shares held in long position | Percentage (Note 4) |
|------|--------------------------------|----------|--|---------------------|
| A GH | C | B w | 10,000 | 0.00% |

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1. T w 47 50 C 2016 C
 2. T D , 5,249,880,788 C
 3. 235,364 w
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3. SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS

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| Name | Capacity | Number of shares held (Note 1) | Percentage (Note 2) |
|-------------|----------|--------------------------------|---------------------|
| V S H | B w | 2,681,315,430 | 51.07% |
| C F C (H) | B w | 364,790,827 | 6.95% |
| | ↓ | 2,681,315,430 | 51.07% |
| | | (Note 3) | |
| C F C C | ↓ | 3,046,106,257 | 58.02% |
| | | (Note 4) | |

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4. DIRECTORS' SERVICE CONTRACTS

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5. DIRECTORS' INTERESTS IN ASSETS OR CONTRACTS OR ARRANGEMENT

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6. LITIGATION

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7. COMPETING INTERESTS

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8. MATERIAL ADVERSE CHANGE

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9. EXPERT'S QUALIFICATION AND CONSENT

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Name **Qualification**

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11. DOCUMENTS AVAILABLE FOR INSPECTION

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As at the date of this notice, the Board comprises: Mr. YU Xubo as chairman of the Board and non-executive director; Mr. DONG Wei, Ms. YANG Hong and Mr. SHI Bo as executive directors; Mr. LI Jian and Mr. JIA Peng as non-executive directors; and Mr. LAM Wai Hon, Ambrose, Mr. Patrick Vincent VIZZONE and Mr. ONG Teck Ch e as independent non-executive directors.