
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in China Foods Limited (formerly known as COFCO International Limited), you should at once hand this circular together with the enclosed form of proxy to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer has been effected for transmission to the purchaser or transferee.

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CHINA FOODS LIMITED 中國食品有限公司

(formerly known as COFCO International Limited 中國糧油國際有限公司)
(Incorporated in Bermuda with limited liability)
(Stock Code: 506)

NOTICE OF ANNUAL GENERAL MEETING RE-ELECTION OF DIRECTORS AND GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES

The Annual General Meeting (the “AGM”) of China Foods Limited is scheduled to be held at Chairman Suite, World Trade Centre Club Hong Kong, 38/F, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong on Tuesday, 22 May 2007 at 3:30 p.m.. The notice of the AGM is set out on pages 5 to 8 in this circular.

Whether or not you are able to attend the AGM, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of China Foods Limited in Hong Kong, Progressive Registration Limited at 26/F Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time scheduled for holding the AGM. Completion and delivery of the form of proxy will not preclude you from attending and voting at the AGM should you so wish.

27 April 2007

CONTENTS

	<i>Page</i>
Definitions	1
 Letter from the Board	
1. Introduction	2
2. Annual General Meeting	3
3. Adoption of the Audited Financial Statements and the Reports of the Directors and the Auditors	3
4. Re-election of Directors	3
5. Re-appointment of Auditors	3
6. General Mandates to Issue Shares and Repurchase Shares	4
7. Recommendations	4
 Appendix 1 – Notice of Annual General Meeting	5-8
 Appendix 2 – Right to Demand Poll	9
 Appendix 3 – Particulars of Directors Subject to Re-election	10-13
 Appendix 4 – Explanatory Statement	14-16

DEFINITIONS

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

“Annual General Meeting” or “AGM”	the annual general meeting of the Company to be held at Chairman Suite, World Trade Centre Club Hong Kong, 38/F, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong on Tuesday, 22 May 2007 at 3:30 p.m., notice of which is set out in Appendix 1 to this circular
“Board”	the board of directors of the Company or a duly authorised committee thereof
“Bye-laws”	the Bye-laws of the Company, as amended from time to time
“Company”	China Foods Limited (formerly known as COFCO International Limited), a company incorporated in Bermuda whose shares are listed on the Stock Exchange
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries and associates
“Latest Practicable Date”	20 April 2007, being the latest practicable date for ascertaining certain information for inclusion in this circular before its printing
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“SFO”	The Securities and Futures Ordinance (Chapter 571) of the Laws of Hong Kong
“Shares”	shares of HK\$0.1 each in the capital of the Company
“Shareholders”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeover Code”	the Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars

LETTER FROM THE BOARD



CHINA FOODS LIMITED **中國食品有限公司**

(formerly known as COFCO International Limited 中國糧油國際有限公司)
(Incorporated in Bermuda with limited liability)
(Stock Code: 506)

Executive Directors:

Ning Gaoning (*Chairman*)
Qu Zhe (*Managing Director*)
Mak Chi Wing, William
Ma Jianping
Luan Xiujun
Zhang Zhentao

Non-executive Director:

Wu Wenting

Independent Non-executive Directors:

Stephen Edward Clark
Tan Man Kou
Yuen Tin Fan, Francis

Head Office:

33rd Floor, Top Glory Tower
262 Gloucester Road
Causeway Bay
Hong Kong

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

27 April 2007

To the Shareholders

Dear Sir or Madam,

NOTICE OF ANNUAL GENERAL MEETING **RE-ELECTION OF DIRECTORS** **AND** **GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES**

1. INTRODUCTION

The purpose of this circular is to provide you with information in connection with: (i) the notice to Shareholders regarding the convening of the AGM; (ii) the proposal to adopt the audited financial statements and the reports of Directors and the auditors; (iii) the proposal to re-elect Directors; (iv) the proposal to re-appoint auditors; and (v) the proposal to grant Directors general mandates to issue Shares and repurchase Shares.

LETTER FROM THE BOARD

2. ANNUAL GENERAL MEETING

A notice for convening the AGM is set out in Appendix 1 to this circular. At the AGM, proposals for, inter alia, the adoption of the audited financial statements and the reports of Directors and the auditors, the re-election of Directors, the re-appointment of auditors and the general mandates to issue Shares and repurchase Shares, will be put forth for Shareholders' approval.

The procedures by which Shareholders may demand a poll at any general meeting of the Company are set out in Appendix 2 to this circular.

A proxy form for your use at the AGM is enclosed. Whether or not you are able to attend the AGM, please complete the enclosed form of proxy in accordance with instructions printed thereon and return it to the Company's branch share registrars and transfer office in Hong Kong, Progressive Registration Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time scheduled for holding the AGM. Completion and delivery of the form will not preclude you from attending and voting at the AGM should you so wish.

3. ADOPTION OF THE AUDITED FINANCIAL STATEMENTS AND THE REPORTS OF THE DIRECTORS AND THE AUDITORS

The 2006 annual report including the audited financial statements and the reports of the Directors and auditors for the year ended 31 December 2006 will be sent together with this circular to Shareholders on the same date. The audited financial statements have been reviewed by the audit committee of the Board.

4. RE-ELECTION OF DIRECTORS

Pursuant to Bye-law 111(A) of the Company's Bye-laws, Mr. Qu Zhe, having been in office for three years since his last re-election, shall retire and, being eligible, offer himself for re-election at the AGM.

Pursuant to Bye-laws 94 of the Company's Bye-laws, any director appointed by the Board either to fill a casual vacancy or as an addition to the existing Board shall hold office until the next annual general meeting of the Company and shall then be eligible for re-election at that meeting. In this regard, Mr. Ma Jianping, Mr. Zhang Zhentao, Ms. Luan Xiuju and Ms. Wu Wenting who were appointed on 21 March 2007 shall retire and, being eligible, offer themselves for re-election at the AGM.

Particulars of the Directors who are to retire at the conclusion of the AGM and will be proposed to be re-elected at the AGM are set out in Appendix 3 to this circular.

5. RE-APPOINTMENT OF AUDITORS

The Board (which agreed with the view of the audit committee) recommended that, subject to the approval of Shareholders at the AGM, Ernst & Young be re-appointed as the auditors of the Company for the year 2007.

LETTER FROM THE BOARD

6. GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES

At the annual general meeting of the Company held on 25 May 2006, approval was given by Shareholders for the granting of, inter alia, the general mandates to the Directors (i) to allot, issue and otherwise deal with Shares not exceeding 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of passing relevant resolutions and Shares in an amount equal to the aggregate nominal amount of the share capital repurchased under the authority to repurchase shares; and (ii) to repurchase Shares on the Stock Exchange up to 10% of the aggregate nominal amount of the share capital of the Company in issue on the date of passing relevant resolutions. In accordance with the terms of approval, the general mandates will expire on 22 May 2007 upon the conclusion of the AGM. To keep in line with current corporate practice, the grant of fresh general mandates for the same purpose is being sought from Shareholders and a proposal for ordinary resolutions to grant these general mandates to the Directors will be put forth at the AGM.

The explanatory statement required by the Listing Rules to be sent to Shareholders in connection with the proposed Share repurchase resolution is set out in Appendix 4 to this circular.

7. RECOMMENDATIONS

The Directors consider that the above proposals are in the interests of the Company and its Shareholders and accordingly recommend that all Shareholders vote in favour of the resolutions to be proposed at the AGM.

Yours faithfully,
For and on behalf of
China Foods Limited
Qu Zhe
Managing Director



CHINA FOODS LIMITED
中國食品有限公司

(formerly known as COFCO International Limited 中國糧油國際有限公司)
(Incorporated in Bermuda with limited liability)
(Stock Code: 506)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Chairman Suite, World Trade Centre Club Hong Kong, 38/F, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong on Tuesday, 22 May 2007 at 3:30 p.m. for the purpose of considering and, if thought fit, passing the following resolutions:

AS ORDINARY BUSINESS

1. To consider and adopt the audited financial statements and the reports of the Directors and auditors of the Company for the year ended 31 December 2006.
2. (a) To re-elect the following Directors:
 - (i) Qu Zhe
 - (ii) Ma Jianping
 - (iii) Zhang Zhentao
 - (iv) Luan Xiuju
 - (v) Wu Wenting
- (b) and to authorise the Board to fix the Directors' remuneration for the ensuing year.
3. To re-appoint Ernst & Young as auditors for the ensuing year and to authorise the Board to fix their remuneration.

AS SPECIAL BUSINESS

As special business, to consider and, if thought fit, pass the following resolutions as ordinary resolutions:

AS ORDINARY RESOLUTIONS**4. “THAT:**

- (a) subject to paragraph (b), the exercise by the Directors during the Relevant Period of all the powers of the Company to allot and issue additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers either during or after the Relevant Period be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a), otherwise than pursuant to:
 - (i) a Rights Issue;
 - (ii) the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any securities which are convertible into shares of the Company;
 - (iii) the exercise of rights of subscription under any share option scheme or similar arrangement of the Company;
 - (iv) any scrip dividend or similar arrangement providing for allotment of shares in lieu of the whole or part of a dividend on shares in accordance with the Bye-laws of the Company;
 - (v) any adjustment, after the date of grant or issue of any options, warrants or other securities referred to above, in the price at which shares shall be subscribed, and/or in the number of shares which shall be subscribed, on exercise of relevant rights under such options, rights to subscribe, warrants or other securities, such adjustment being made in accordance with, or as contemplated by, the terms of such options, warrants or other securities; or
 - (vi) a specific authority granted by Shareholders of the Company in general meeting;

shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of this resolution and subject to the passing of Resolution 6 below, the aggregate nominal

amount of all those number of shares which may from time to time be repurchased by the Company pursuant to the general mandate granted under Resolution 5 below and this approval shall be limited accordingly; and

- (c) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and
- (iii) the date upon which the authority set out in this resolution is revoked or varied by way of ordinary resolution in general meeting;

“Rights Issue” means an offer of Shares open for a period fixed by the Directors to holders of Shares on the register on a fixed record date in proportion to their then holdings of such Shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognized regulatory body or any stock exchange).”

5. **“THAT:**

- (a) subject to paragraph (c), the exercise by the Directors during the Relevant Period of all the powers of the Company to repurchase Shares in the capital of the Company on the terms and subject to the conditions set out in the circular to Shareholders of the Company, a copy of which has been tabled at the AGM marked “A” and signed by the Chairman of the AGM for the purpose of identification, be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) shall be in addition to any other authorisation given to the Directors of the Company;
- (c) the aggregate nominal amount of Shares of the Company to be repurchased or agreed conditionally or unconditionally to be repurchased by the Directors pursuant to the approval in paragraph (a) shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue on the date of this resolution and the said approval shall be limited accordingly; and

(d) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and
- (iii) the date upon which the authority set out in this resolution is revoked or varied by way of ordinary resolution in general meeting.”

6. “**THAT** the Directors be and are hereby given a general mandate to add all those number of shares of HK\$0.10 each in the capital of the Company which may from time to time be purchased by the Company pursuant to the approval granted under Resolution 5 above (the “Repurchased Shares”) to the general mandate granted under Resolution 4 above, so that the aggregate nominal amount of share capital that may be allotted by the Directors pursuant to the said mandate granted under Resolution 4 above shall be the aggregate of (i) 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of this resolution and (ii) all the Repurchased Shares.”

By Order of the Board
China Foods Limited
Qu Zhe
Managing Director

Hong Kong, 27 April 2007

Notes:

1. Any member of the Company entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. A form of proxy for use at the AGM is enclosed. To be valid, the proxy form, together with any power of attorney or other authority (if any) under which it is signed, or a certified copy of that power of attorney or authority, must be deposited at the Company’s branch share registrar and transfer office in Hong Kong, Progressive Registration Limited at 26/F Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time scheduled for holding the AGM or any adjournment of it.
3. Where there are joint holders of any Share, any one of such holders may vote at the AGM, either in person or by proxy, in respect of such Share as if he were solely entitled to vote, but if more than one of such joint holders are present at the AGM in person or by proxy, the person so present whose name stands first in the register of members of the Company in respect of such Share shall alone be entitled to vote in respect of it.
4. Completion and return of the form of proxy will not preclude a member from attending the AGM and voting in person at the AGM or any adjourned meeting if he so desires. If a member attends the AGM after having deposited the form of proxy, his form of proxy will be deemed to have been revoked.
5. For good corporate governance practice, the chairman of the Board has indicated that he would direct that each of the resolutions set out in the Notice of Annual General Meeting be voted by poll.

Set out below are the procedures by which Shareholders may demand a poll provided by Bye-law 75 of the Company's Bye-laws:

At any general meeting a resolution put to the vote of a meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by:

- (i) the chairman of the meeting; or
- (ii) at least three members present in person or by proxy or by representative for the time being entitled to vote at the meeting; or
- (iii) any member or members present in person or by proxy or by representative and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (iv) a member or members present in person or by proxy or by representative and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

Unless a poll be so demanded and the demand is not withdrawn, a declaration by the chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour or against such resolution.

Particulars of retiring Directors subject to re-election at the AGM are set out below:

Mr. Qu Zhe

Managing Director

Mr. Qu, 44, has been an executive director of the Company since August 2000 and was re-designated as the managing director in January 2006. He is also a member of the Remuneration Committee of the Board. Mr. Qu is also a director of certain members of the Group. Mr. Qu graduated from the Shanghai Institute of Foreign Trade and has over 20 years of experience in foreign trade and investment. He joined COFCO Limited (formerly known as China National Cereals, Oils & Foodstuffs Corporation) (“COFCO”) in 1986 and worked in North America for years.

Save as disclosed above, Mr. Qu is not related to any Directors, senior management, or any other substantial Shareholders of the Company, and has not held any directorship in other listed companies in the last three years.

Mr. Qu’s appointment does not provide for a specified length of service period, but he is subject to the provisions on retirement by rotation and re-election of directors under the Bye-laws of the Company. After obtaining authorization from Shareholders at the AGM, the Board may fix Mr. Qu’s emoluments, subject to the approval of the Remuneration Committee, with reference to his job complexity, workload and responsibilities with the Company and the Company’s remuneration policy. His emoluments in 2006 were HK\$1,998,359.

As at the Latest Practicable Date, Mr. Qu is interested within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”) in 670,000 Shares of the Company.

Save as disclosed herein, the Board is not aware of any information that needs to be disclosed pursuant to any of the requirements set out in Rule 13.51(2)(h)-(v) of the Listing Rules, nor are there any other matters relating to Mr. Qu’s re-election that need to be brought to the attention of the Shareholders.

Mr. Ma Jianping

Executive Director

Mr. Ma, aged 43, was appointed as an executive director of the Company on 21 March 2007. Mr. Ma has been a deputy general manager of the Company since June 2003 and a director of certain members of the Group. He is currently also the director of the strategy division of COFCO. He is also a director of COFCO Property (Group) Co., Ltd., a subsidiary of COFCO, the shares of which are listed on the Shenzhen Stock Exchange, the PRC. Mr. Ma graduated from University of International Business and Economics in Beijing and joined COFCO in 1986. Mr. Ma has extensive experience in corporate finance and management and worked in Japan for over five years.

Save as disclosed above, Mr. Ma is not related to any Directors, senior management, or any other substantial Shareholders of the Company, and has not held any directorship in other listed companies in the last three years.

Mr. Ma's appointment does not provide for a specified length of service period, but he is subject to the provisions on retirement by rotation and re-election of directors under the Bye-laws of the Company. After obtaining authorization from Shareholders at the AGM, the Board may fix Mr. Ma's emoluments, subject to the approval of the Remuneration Committee, with reference to his job complexity, workload and responsibilities with the Company and the Company's remuneration policy. His emoluments in 2006 were HK\$1,080,000.

As at the Latest Practicable Date, Mr. Ma does not have any interest or short position in the Shares or underlying shares of the Company which is required to be disclosed under Part XV of the SFO.

Save as disclosed herein, the Board is not aware of any information that needs to be disclosed pursuant to any of the requirements set out in Rule 13.51(2)(h)-(v) of the Listing Rules, nor are there any other matters relating to Mr. Ma's re-election that need to be brought to the attention of the Shareholders.

Mr. Zhang Zhentao

Executive Director

Mr. Zhang, aged 44, was appointed as an executive director on 21 March 2007. Mr. Zhang is the general manager of COFCO Foods Sales and Distribution Co., Ltd. ("COFCO Foods"), a wholly-owned subsidiary of the Company. Mr. Zhang graduated from Peking University with a master's degree in business administration. He joined COFCO in 1984 and has more than 20 years of experience in oil trade and management.

Save as disclosed above, Mr. Zhang is not related to any Directors, senior management, or any other substantial Shareholders of the Company, and has not held any directorship in other listed companies in the last three years.

There is no written service contract between Mr. Zhang and the Company. Mr. Zhang has no fixed term of service with the Company but he is subject to the provisions on retirement by rotation and re-election of directors under the Bye-laws of the Company. No salary will be paid by the Company to Mr. Zhang. His remuneration received from COFCO Foods in 2006 was approximately RMB745,420.

As at the Latest Practicable Date, Mr. Zhang does not have any interest or short position in the Shares or underlying shares of the Company which is required to be disclosed under Part XV of the SFO.

Save as disclosed herein, the Board is not aware of any information that needs to be disclosed pursuant to any of the requirements set out in Rule 13.51(2)(h)-(v) of the Listing Rules, nor are there any other matters relating to Mr. Zhang's re-election that need to be brought to the attention of the Shareholders.

Ms. Luan Xiuju

Executive Director

Ms. Luan, aged 42, was appointed as an executive director on 21 March 2007. Ms. Luan has been the chief executive officer of COFCO Coca-Cola Beverages Limited ("CCCBL"), a 65% subsidiary of the Company, since 2003. Ms. Luan is currently a director of certain members of the Group. Ms. Luan graduated from Renmin University of China with a master's degree in economics. She joined COFCO in 1989 and has 17 years of experience in beverage production, trade and management.

Save as disclosed above, Ms. Luan is not related to any Directors, senior management, or any other substantial Shareholders of the Company, and has not held any directorship in other listed companies in the last three years.

There is no written service contract between Ms. Luan and the Company. Ms. Luan has no fixed term of service with the Company but she is subject to the provisions on retirement by rotation and re-election of directors under the Bye-laws of the Company. No salary will be paid by the Company to Ms. Luan. Her remuneration received from CCCBL in 2006 was approximately RMB1,747,873.

As at the Latest Practicable Date, Ms. Luan does not have any interest or short position in the Shares or underlying shares of the Company which is required to be disclosed under Part XV of the SFO.

Save as disclosed herein, the Board is not aware of any information that needs to be disclosed pursuant to any of the requirements set out in Rule 13.51(2)(h)-(v) of the Listing Rules, nor are there any other matters relating to Ms. Luan's re-election that need to be brought to the attention of the Shareholders.

Ms. Wu Wenting

Non-executive Director

Ms. Wu, aged 43, was appointed as a non-executive director on 21 March 2007. Ms. Wu is currently the director of the auditing division of COFCO. Ms. Wu graduated from Beijing Technology and Business University with a bachelor's degree in economics. She also holds Master of Professional Accounting degree from Central University of Finance Economics. She has extensive experience in auditing and finance management. She joined COFCO in 1992.

Save as disclosed above, Ms. Wu is not related to any Directors, senior management, or any other substantial Shareholders of the Company, and has not held any directorship in other listed companies in the last three years.

A letter of appointment for a term of three years has been entered into between the Company and Ms. Wu with retrospective effect from 21 March 2007. Ms. Wu is entitled to director's fee at a rate of HK\$100,000 per annum from the Company. The emolument of Ms. Wu is determined by the Board with reference to market trend.

As at the Latest Practicable Date, Ms. Wu does not have any interest or short position in the Shares or underlying shares of the Company which is required to be disclosed under Part XV of the SFO.

Save as disclosed herein, the Board is not aware of any information that needs to be disclosed pursuant to any of the requirements set out in Rule 13.51(2)(h)-(v) of the Listing Rules, nor are there any other matters relating to Ms. Wu re-election that need to be brought to the attention of the Shareholders.

The following contains the particulars that are required by the Listing Rules to be sent to Shareholders in connection with the proposed general mandate for repurchase of Shares:

- (a) As at the Latest Practicable Date, there were in issue an aggregate of 2,791,383,356 Shares. Based on the number of Shares in issue as of the Latest Practicable Date (and assuming that there is no change in respect of the issued share of the Company after the Latest Practicable Date and up to the date of AGM), 279,138,335 Shares are proposed for repurchase. In addition, Shareholders should note that the general mandate covers purchases made or agreed to be made only during the period ending on the earliest of the date of the next annual general meeting, the date by which the next annual general meeting of the Company is required to be held by Bermuda law and the Bye-laws and the date upon which such authority is revoked or varied. However, the Directors will ensure any such repurchase would not reduce the amount held by the public to less than 25% of the issued share capital of the Company.
- (b) The Directors have no present intention to repurchase any Shares and, whilst it is not possible to anticipate in advance any specific circumstances in which the Directors might think it appropriate to repurchase Shares, they believe that an ability to do so would give the Company additional flexibility that would be beneficial. The Directors believe that it is in the best interests of the Company and its Shareholders to have a general authority from Shareholders to enable the Company to repurchase securities of the Company on the market. Such repurchases may lead to an enhancement of the net assets and/or earnings per share. Shareholders can be assured that the Directors would only make such purchases in circumstances where they consider them to be in the best interests of the Company because they consider that the Shares can be purchased on favourable terms. The Directors do not expect there to be any material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the published audited financial statements for the year ended 31 December 2006) as a result of repurchases of Shares, even if the mandate were exercised in full. However, the Directors will ensure that no purchase would be made in circumstances that would have a material adverse impact on the working capital of the Company (as compared with the position disclosed in the latest published audited financial statements) unless the Directors consider that such purchases are in the best interests of the Company.
- (c) The Company is empowered under its Memorandum of Association to purchase its Shares pursuant to and in accordance with Section 42A of The Companies Act 1981 of Bermuda. The Bye-laws supplement the Company's Memorandum of Association by providing that this power is exercisable by the Directors upon such terms and subject to such conditions as they think fit. Bermuda law provides that the amount of capital repaid in connection with a share repurchase may only be paid out of either the capital paid up on the relevant shares, or the funds of the Company otherwise available for dividend or distribution or the proceeds of a fresh issue of Shares made for the purpose. The amount of premium payable on redemption may only be paid out of funds of the Company otherwise available for dividend or distribution or out of the share premium account of the Company.

Should the Directors consider it desirable, they would be able to finance the purchase out of funds borrowed against any of the above-mentioned accounts. In addition, under Bermuda law, in connection with any purchase of Shares, two Directors of the Company would be required to swear an affidavit on the date on which the repurchase takes effect to the effect that either the Company is solvent or that all creditors of the Company have agreed to the purchase or for so long as the Company is listed on the Stock Exchange, the affidavit may, at the option of the Company, be sworn within 30 days from the end of each calendar quarter giving details of the purchases made during each quarter. Under Bermuda law, the shares so repurchased will be treated as cancelled but the aggregate amount of authorised share capital would not be reduced. The Company is required by the Listing Rules to cancel and destroy all documents of title representing the repurchased Shares as soon as reasonably practicable after settlement of any such repurchase. The listing of all Shares which are purchased by the Company shall be automatically cancelled upon purchase.

- (d) Repurchase of shares will be funded entirely from the Company's available cash or working capital facilities and will, in any event, be made out of funds legally available for such purpose in accordance with the Company's Memorandum of Association and Bye-laws and Bermuda law.
- (e) None of the Directors nor, to the best of the knowledge and belief of the Directors having made all reasonable enquiries, any of the associates of any of the Directors have any present intention, in the event that the proposal is approved by the Shareholders, to sell Shares to the Company.
- (f) No persons who are connected persons of the Company have notified the Company that they have a present intention to sell Shares to the Company nor have they undertaken not to sell any of the Shares held by them to the Company in the event that the Company is authorised to make purchases of Shares. In accordance with the Listing Rules, the Company shall not knowingly purchase Shares from a connected person on the Stock Exchange.
- (g) The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make purchases pursuant to the proposed resolution in accordance with the Listing Rules and all applicable laws of Bermuda, the jurisdiction in which the Company is incorporated, and in accordance with the provisions set out in the Memorandum of Association and Bye-laws.
- (h) If as a result of a Share repurchase, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code and, if such increase results in a change of control, may in certain circumstances give rise to an obligation to make a general offer for shares under Rules 26 and 32 of the Takeovers Code.
- (i) As at the Latest Practicable Date, COFCO Limited (formerly known as China National Cereals, Oils & Foodstuffs Corporation) through its three wholly-owned subsidiaries, COFCO (Hong Kong) Limited, COFCO (BVI) No. 108 Limited and

Wide Smart Holdings Limited, (the “Controlling Shareholders”) was beneficially interested in 2,072,688,331 Shares representing approximately 74.25% of the issued share capital of the Company. In the event that the Directors exercise in full the power to repurchase Shares which is proposed to be granted pursuant to the resolution, the aggregate shareholding of the Controlling Shareholders in the Company would be increased to approximately 82.50% of the issued share capital of the Company. Such an increase would not give rise to any obligation to make a mandatory offer under Rules 26 or 32 of the Takeovers Code.

- (j) During each of the six months preceding the date of this circular, no Shares have been repurchased by the Company.
- (k) During each of the twelve months preceding the Latest Practicable Date, the highest and lowest traded prices for Shares on the Stock Exchange were as set out as follows:

Month	Per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2006		
April	5.200	4.475
May	5.000	4.200
June	4.450	3.800
July	4.670	4.025
August	5.310	4.450
September	5.590	4.920
October	7.150	5.240
November	7.700	6.650
December	7.170	6.960
2007		
January	8.580	7.390
February	10.020	5.950
March	6.710	5.200
April (up to 20 April 2007)	5.890	5.040