
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this Prospectus or as to the action you should take, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisor.

If you have sold or transferred all your shares in China Agri-Products Exchange Limited 中國農產品交易有限公司, you should at once hand the Prospectus Documents to the purchaser or the transferee or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

A copy of each of the Prospectus Documents, together with the written consent referred to in the paragraph headed “Expert and Consent” in Appendix III to this Prospectus, have been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance. The Registrar of Companies in Hong Kong and the SFC take no responsibility as to the contents of any of the Prospectus Documents or any other documents referred to above. You should read the whole of the Prospectus Documents including the discussions of certain risks and other factors as set out in the section headed “Warning of the risks of dealings in Shares, the Company’s 1 per cent notes due 2024 (Stock Code: 5755), Adjusted Shares and/or Rights Shares in nil-paid form” of the “Letter from the Board” in this Prospectus.

Subject to the granting of listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the Rights Shares in both nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from their respective commencement dates of dealings on the Stock Exchange or such other date as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Hong Kong Exchanges and Clearing Limited, the Stock Exchange and HKSCC take no responsibility for the contents of the Prospectus Documents, 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 Prospectus Documents.

This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, any securities (including the Adjusted Shares and the Rights Shares (in their nil-paid or fully-paid forms)) or to take up any entitlements to the Rights Shares (in their nil-paid or fully-paid forms) in any jurisdiction in which such an offer, solicitation or sale is unlawful. Neither this Prospectus nor anything in this Prospectus forms the basis of any contract or commitment whatsoever.



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)

PROPOSED RIGHTS ISSUE IN THE PROPORTION OF EIGHT (8) ADJUSTED SHARES FOR EVERY ONE (1) ADJUSTED SHARE HELD ON THE RECORD DATE AT HK\$0.30 PER RIGHTS SHARE

Underwriters of the Rights Issue



KINGSTON SECURITIES LTD.



The latest time for acceptance of and payment for the Rights Shares is 4:00 p.m. on Wednesday, 6 May 2015. The procedures for subscription of the Rights Shares are set out on pages 41 to 43 of this Prospectus.

The Rights Issue is conditional upon the fulfillment of the conditions as set out in the section headed “Conditions of the Rights Issue” of the “Letter from the Board” in this Prospectus.

The Underwriting Agreement in respect of the Rights Issue contains provisions entitling any of the Underwriters by notice in writing to the Company and the other Underwriters to terminate the Underwriting Agreement on the occurrence of certain events including force majeure. These events are set out in the section headed “Termination of the Underwriting Agreement” on pages 10 to 11 of this Prospectus.

The Adjusted Shares have been dealt in on an ex-rights basis from 9:00 a.m. on Monday, 13 April 2015. Dealings in the Rights Shares in their nil-paid form will take place from 9:00 a.m. on Thursday, 23 April 2015 to 4:00 p.m. on Thursday, 30 April 2015. If the conditions of the Rights Issue are not fulfilled on or before 4:00 p.m. on Tuesday, 12 May 2015 (or such other time and/or date specified therein) or such other time and/or date as the Company and the Underwriters may agree in writing, the Underwriting Agreement shall be terminated and the Rights Issue will not proceed. Any persons contemplating buying or selling the Adjusted Shares from the date of this Prospectus up to the date on which all the conditions of the Rights Issue are fulfilled, and any dealings in the Rights Shares in their nil-paid form between 9:00 a.m. on Thursday, 23 April 2015 to 4:00 p.m. on Thursday, 30 April 2015 (both days inclusive), will bear the risk that the Rights Issue may not become unconditional or may not proceed. Rights Shares in their nil-paid and fully-paid forms will be traded in board lots of 5,000 Adjusted Shares. Any Shareholders or other persons contemplating dealing in the Adjusted Shares or nil-paid Rights Shares are recommended to consult their own professional advisers.

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EXPECTED TIMETABLE

The expected timetable for the Rights Issue set out below is indicative only:

Event	Timeline
Designated broker starts to stand in the market to provide matching service for the sale and purchase of odd lots of the Adjusted Shares	9:00 a.m. on 23 April 2015, Thursday
Original counter for trading in the Adjusted Shares in board lots of 5,000 Adjusted Shares (in the form of new certificates) re-opens.....	9:00 a.m. on 23 April 2015, Thursday
Parallel trading in the Adjusted Shares (in the form of both existing certificates in board lots of 500 Adjusted Shares and new certificates in board lots of 5,000 Adjusted Shares) commences.....	9:00 a.m. on 23 April 2015, Thursday
First day of dealings in nil-paid Rights Shares.....	9:00 a.m. on 23 April 2015, Thursday
Latest time for splitting nil-paid Rights Shares	4:30 p.m. on 27 April 2015, Monday
Last day of dealings in nil-paid Rights Shares	4:00 p.m. on 30 April 2015, Thursday
Latest time for acceptance of, and payment for, the Rights Shares and the applications for excess Rights Shares	4:00 p.m. on 6 May 2015, Wednesday
Latest time to terminate the Underwriting Agreement and for the Rights Issue to become unconditional.....	4:00 p.m. on 12 May 2015, Tuesday
Announcement of results of the Rights Issue	13 May 2015, Wednesday
Temporary counter for trading in Adjusted Shares in board lots of 500 Adjusted Shares (in the form of existing certificates) closes.....	4:00 p.m. on 14 May 2015, Thursday
Parallel trading in the Adjusted Shares (represented by both existing certificates in board lots of 500 Adjusted Shares and new certificates in board lots of 5,000 Adjusted Shares) ends	4:00 p.m. on 14 May 2015, Thursday
Refund cheques to be despatched in relation to wholly or partially unsuccessful applications for excess Rights Shares on or before	14 May 2015, Thursday

EXPECTED TIMETABLE

Certificates for fully paid Rights Shares to be despatched on or before.....	14 May 2015, Thursday
Commencement of dealings in fully-paid Rights Shares	9:00 a.m. on 15 May 2015, Friday
Last day of free exchange of existing certificates for the new certificates	18 May 2015, Monday
Designated broker ceases to stand in the market to provide matching service	4:00 p.m. on 27 May 2015, Wednesday

All references to time in this Prospectus are references to Hong Kong time.

Dates or deadlines specified in this Prospectus are indicative only and may be varied by agreement between the Company and the Underwriters. Any consequential changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND FOR APPLICATION AND PAYMENT FOR EXCESS RIGHTS SHARES

The Latest Time For Acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will not take place if there is:

1. a tropical cyclone warning signal number 8 or above, or
2. a “black” rainstorm warning
 - (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Latest Time For Acceptance. Instead the Latest Time For Acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
 - (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time For Acceptance. Instead the Latest Time For Acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m..

If the Latest Time For Acceptance and application and payment for excess Rights Shares does not take place, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event as soon as practicable.

DEFINITIONS

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

“8 January Joint Announcement”	the joint announcement dated 8 January 2015 issued by the Company, PNG, WYT and WOG in relation to, among others, the Capital Reorganisation, the change in board lot size, the PNG Irrevocable Undertaking, the Underwriting Agreement, the Rights Issue, the Special Deal and the Whitewash Waiver
“29 January Joint Announcement”	the joint announcement dated 29 January 2015 issued by the Company, PNG, WYT and WOG in relation to, among others, the extension of the time limit for despatch of the Circular and the Revised Timetable
“2019 CAP Bonds”	the unsecured five-year 10.0% coupon bonds issued by the Company on 28 November 2014 to Winning Rich
“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“Adjusted Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company upon the Capital Reorganisation becoming effective
“Application Forms”	collectively, the PAL(s) and the EAF(s)
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday or a day on which typhoon signal no. 8 or above or black rainstorm warning is hoisted in Hong Kong at 9:00 a.m.) on which banks are generally open for business in Hong Kong
“Bye-Laws”	the bye-laws of the Company
“Capital Reduction”	the proposed reduction of the issued share capital of the Company whereby: (i) the nominal value of all the issued Consolidated Shares shall be reduced from HK\$0.08 each to HK\$0.01 each and the issued share capital of the Company shall accordingly be reduced to the extent of HK\$0.07 per Consolidated Share in issue, and (ii) any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation shall be cancelled

DEFINITIONS

“Capital Reorganisation”	the proposed reorganisation of the issued share capital of the Company which comprises: (i) the Share Consolidation, (ii) the Capital Reduction, and (iii) applying the credit arising from the Capital Reduction to set-off the accumulated loss of the Company
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Circular”	the circular of the Company dated 13 March 2015 in relation to, among other things, the Capital Reorganisation, the change in board lot size, the Rights Issue, the Special Deal and the Whitewash Waiver
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	China Agri-Products Exchange Limited 中國農產品交易所有限公司, an exempted company incorporated in Bermuda with limited liability whose shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 0149)
“Companies Act”	Companies Act 1981 of Bermuda
“Concert Group”	means, as at the Latest Practicable Date, Mr. Tang’s Associates, PNG, WOG, WYT and parties acting in concert with any one of them, including their respective subsidiaries (including WYT Underwriter and Onger Investments (the wholly-owned subsidiary of PNG that holds the Shares))
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consolidated Share(s)”	means ordinary share(s) of HK\$0.08 each in the issued share capital of the Company immediately upon the Share Consolidation becoming effective
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“EAF(s)”	the form of application for excess Rights Shares

DEFINITIONS

“Excluded Shareholder(s)”	the Overseas Shareholder(s) whose registered addresses in the Company’s register of members as at the Record Date are in places where the Directors, after making enquiries, consider it necessary or expedient on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place not to offer the Rights Shares to such Shareholders, as further explained in the section headed “Overseas Shareholders” of the “Letter from the Board” in this Prospectus
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of its delegate(s)
“February 2015 WOG Loan”	the loan agreement with an unsecured facility of not exceeding HK\$110 million dated 13 February 2015 entered into between the Company and Double Leads Investments Limited, an indirect wholly-owned subsidiary of WOG at the annual interest rate of 12% for a term of 1 year
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all of the three independent non-executive Directors formed for the purpose of advising the Independent Shareholder(s) on the Rights Issue (including the Underwriting Agreement), the Special Deal and the Whitewash Waiver
“Independent Financial Adviser”	Beijing Securities Limited, a corporation licensed under the SFO to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities and the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue (including the Underwriting Agreement), the Special Deal and the Whitewash Waiver

DEFINITIONS

“Independent Shareholder(s)”	the Shareholder(s), other than: (i) the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates, and (ii) members of the Concert Group and Shareholders who are involved in, or interested in, the PNG Irrevocable Undertaking, the Underwriting Agreement, the Rights Issue, the Special Deal and the Whitewash Waiver
“Independent Third Party”	a person who: <ul style="list-style-type: none">(i) is not (and will not become as a result of the consummation of the Rights Issue) a connected person of the Company and it will not be deemed a connected person of the Company pursuant to Rules 14A.19 to 14A.21 of the Listing Rules;(ii) is not financing the subscription of the Rights Shares directly or indirectly by a connected person of the Company;(iii) is not accustomed to taking instructions from a connected person of the Company in relation to the acquisition, disposal, voting or other disposition of securities of the Company registered in its name or otherwise held by it; and(iv) would not result in its aggregate holding (direct and indirect) in the total issued share capital of the Company being 10% or more of the Company’s entire issued share capital at any time
“Joint Announcements”	the 8 January Joint Announcement and the 29 January Joint Announcement
“Kingston”	Kingston Securities Limited, a corporation licensed by the SFC to carry out business in Type 1 regulated activity (dealing in securities) under the SFO
“Last Trading Day”	23 December 2014, being the last trading day for the Shares on the Stock Exchange before the release of the 8 January Joint Announcement
“Latest Practicable Date”	16 April 2015, being the latest practicable date prior to the printing of this Prospectus for the purpose of ascertaining certain information for the inclusion in this Prospectus

DEFINITIONS

“Latest Time For Acceptance”	4:00 p.m. on Wednesday, 6 May 2015, or such later time or date as may be agreed between the Underwriters and the Company in writing, being the latest time for acceptance of, and payment for, the Rights Shares as described in the Prospectus Documents
“Latest Time For Termination”	4:00 p.m. on the fourth Business Day after the Latest Time For Acceptance or such later time or date as may be agreed between the Underwriters and the Company in writing, being the latest time to terminate the Underwriting Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mailful Investments”	Mailful Investments Limited, a wholly-owned subsidiary of WOG and a company incorporated in the British Virgin Islands with limited liability
“Mr. Tang’s Associates”	together, (i) Mr. Tang Ching Ho, an executive director of WOG and WYT, (ii) Ms. Yau Yuk Yin, the spouse of Mr. Tang Ching Ho and also an executive director of WOG, (iii) Accord Power Limited as trustee for the Tang’s Family Trust, a discretionary trust founded by Mr. Tang Ching Ho, and (iv) Caister Limited, a company incorporated in the British Virgin Islands with limited liability and which is wholly-owned by Mr. Tang Ching Ho
“Onger Investments”	Onger Investments Limited, a wholly-owned subsidiary of PNG and a company incorporated in the British Virgin Islands which is principally engaged in investment holding
“Overseas Shareholder(s)”	the Shareholder(s) whose address(es) on the register of members of the Company on the Record Date are outside Hong Kong
“Original Timetable”	the timetable of the Rights Issue as set out in the section headed “10. Expected timetable for the Rights Issue” of Part B of the 8 January Joint Announcement
“PAL(s)”	provisional allotment letter(s) for the Rights Issue
“PNG”	PNG Resources Holdings Limited PNG資源控股有限公司, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 221)
“PNG Group”	PNG and its subsidiaries

DEFINITIONS

“PNG Irrevocable Undertaking”	an irrevocable undertaking dated 23 December 2014 (as varied on 28 January 2015) granted by Onger Investments in favour of the Company as described in the section headed “The PNG Irrevocable Undertaking” in this Prospectus
“PNG SGM”	the special general meeting of PNG held on Wednesday, 8 April 2015 in which the PNG Shareholders approved, among other things, the subscription of up to 516,192,728 Rights Shares under the Rights Issue pursuant to the PNG Irrevocable Undertaking and the transactions contemplated thereunder
“PNG Shareholder(s)”	the holder(s) of the PNG Share(s)
“PNG Share(s)”	the ordinary share(s) of HK\$0.01 each in the issued share capital of PNG
“PRC”	the People’s Republic of China, which for the purpose of this Prospectus, shall exclude Hong Kong, Taiwan and the Macau Special Administrative Region of the People’s Republic of China
“Prospectus”	this prospectus
“Prospectus Documents”	the Prospectus, the PAL(s) and the EAF(s)
“Prospectus Posting Date”	Tuesday, 21 April 2015, being the date of despatch of the Prospectus Documents
“Qualifying Shareholder(s)”	the Shareholder(s), whose names appear on the register of members of the Company as at the Record Date, other than the Excluded Shareholders
“Record Date”	Monday, 20 April 2015, being the date by reference to which entitlements to the Rights Issue will be determined
“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, which is Tricor Investor Services Limited of Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Revised Timetable”	the revised Original Timetable as stated in the Circular
“Rights Issue”	the issue of the Rights Shares by way of rights to the Qualifying Shareholders for subscription pursuant to the Underwriting Agreement and on the terms to be set out in the Prospectus Documents

DEFINITIONS

“Rights Share(s)”	1,724,168,248 Adjusted Shares proposed to be offered to the Qualifying Shareholders for subscription on the basis of eight (8) Adjusted Shares for every one (1) Adjusted Share held on the Record Date pursuant to the Rights Issue
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company held on Wednesday, 8 April 2015 in which the Shareholders (or where applicable, the Independent Shareholders) approved, among other things, the proposed Capital Reorganisation, the Underwriting Agreement, the Rights Issue, the Special Deal and the Whitewash Waiver
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company prior to the implementation of the Capital Reorganisation
“Share Consolidation”	the consolidation of share(s) in the issued share capital of the Company whereby every eight (8) Shares of nominal value of HK\$0.01 each will be consolidated into one (1) Consolidated Share of nominal value of HK\$0.08 each
“Shareholder(s)”	the holder(s) of the Share(s), the Consolidated Share(s) or the Adjusted Share(s) (as the case may be)
“Special Deal”	the repayment by the Company of indebtedness owed to the PNG Group and the WOG Group, using a portion of the aggregate net proceeds from the Rights Issue as more particularly set out in the section headed “The Special Deal” in the Circular, which constitutes a “special deal” under Note 5 to Rule 25 of the Takeovers Code
“Specified Event”	an event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time For Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Subscription Price”	the subscription price of HK\$0.30 per Rights Share
“subsidiaries”	has the meaning ascribed thereto under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	The Code on Takeovers and Mergers promulgated by the SFC
“Underwriters”	WYT Underwriter and Kingston
“Underwriting Agreement”	the underwriting agreement dated 23 December 2014 (as varied on 8 January 2015 and 28 January 2015) entered into between the Company, WYT and the Underwriters in relation to the Rights Issue
“Underwritten Shares”	all the Rights Shares in excess of the aggregate of: (i) 346,192,728 Rights Shares that will be provisionally allotted to and subscribed for by Onger Investments (or its associates) pursuant to the PNG Irrevocable Undertaking, and (ii) 170,000,000 Rights Shares for which Onger Investments (or its associates) will subscribe by way of excess application pursuant to the PNG Irrevocable Undertaking, which are fully underwritten by the Underwriters pursuant to the terms and subject to the conditions of the Underwriting Agreement
“Untaken Shares”	all those Underwritten Shares for which duly completed Application Forms (accompanied by cheques or banker’s cashier order for the full amount payable on the applications which are honoured on first, or at the option of the Company, subsequent presentation) have not been lodged for acceptance by Qualifying Shareholders, or received, as the case may be, on or before the Latest Time For Acceptance
“Whitewash Waiver”	a waiver granted by the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the obligation of the Concert Group to make a general offer for all the issued Adjusted Shares not already owned or agreed to be acquired by the Concert Group which may otherwise arise as a result of the subscription of the Rights Shares by members of the Concert Group pursuant to the PNG Irrevocable Undertaking and the Underwriting Agreement
“Winning Rich”	Winning Rich Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of WYT

DEFINITIONS

“WOG”	Wang On Group Limited (宏安集團有限公司)*, an exempted company incorporated in Bermuda with limited liability and the 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 and the shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 897)
“WYT Group”	WYT and its subsidiaries
“WYT SGM”	the special general meeting of WYT held on Wednesday, 8 April 2015 in which the WYT Shareholders approved, among other things, the underwriting of the Underwritten Shares by WYT Underwriter under the Rights Issue pursuant to the Underwriting Agreement
“WYT Shareholder(s)”	the holder(s) of the WYT Share(s)
“WYT Share(s)”	the ordinary share(s) of HK\$0.01 each in the issued share capital of WYT
“WYT Underwriter”	Jade Range Limited (翠嶺有限公司), a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of WYT which is principally engaged in investment holding
“WYT Underwriter Subscription Amount”	the aggregate Subscription Price payable by WYT Underwriter to the Company for the Untaken Shares which WYT Underwriter is required to subscribe under the Underwriting Agreement, less any amounts payable to WYT Underwriter under the Underwriting Agreement
“%”	per cent.

* For identification purpose only

TERMINATION OF THE UNDERWRITING AGREEMENT

If, prior to the Latest Time For Termination:

- (i) in the absolute opinion of any of the Underwriters, the success of the Rights Issue would be materially and adversely affected by:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of any of the Underwriters materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of any of the Underwriters materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (ii) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction on trading in securities) occurs which in the absolute opinion of any of the Underwriters is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (iii) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of any of the Underwriters will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (iv) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (v) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not of the same kind or nature with any of the foregoing; or

TERMINATION OF THE UNDERWRITING AGREEMENT

- (vi) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of any of the Underwriters, a material omission in the context of the Rights Issue; or
- (vii) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than 10 consecutive Business Days, excluding any halt or suspension in connection with the clearance of the Joint Announcements, the Circular, the Prospectus Documents or other announcements or circulars in connection with the Rights Issue; or
- (viii) any moratorium, suspension or material restriction on trading of the Shares or Adjusted Shares on the Stock Exchange due to exceptional financial circumstances or otherwise,

any of the Underwriters shall be entitled by notice in writing to the Company and the other Underwriters, served prior to the Latest Time For Termination, to terminate the Underwriting Agreement.

Any of the Underwriters shall also be entitled by notice in writing to rescind the Underwriting Agreement if, prior to the Latest Time For Termination:

- (i) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of any of the Underwriters; or
- (ii) any Specified Event comes to the knowledge of any of the Underwriters.

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 HM11
Bermuda

Independent non-executive Directors:

Mr. Ng Yat Cheung, JP
Ms. Lam Ka Jen, Katherine
Mr. Lau King Lung

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

5/F., Wai Yuen Tong Medicine Building
9 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

21 April 2015

*To the Qualifying Shareholders and,
for information purposes only, to the Excluded Shareholders*

Dear Sir or Madam,

**PROPOSED RIGHTS ISSUE IN THE PROPORTION OF EIGHT (8) ADJUSTED SHARES
FOR EVERY ONE (1) ADJUSTED SHARE HELD ON
THE RECORD DATE AT HK\$0.30 PER RIGHTS SHARE**

INTRODUCTION

As stated in the Joint Announcements and the Circular, on 23 December 2014, the Company entered into the Underwriting Agreement (as varied on 8 January 2015 and 28 January 2015) with, among others, the Underwriters, whereby the Company proposed to raise gross proceeds of approximately HK\$517.3 million before expenses, by way of the Rights Issue. Pursuant to the Rights Issue, the Company shall allot and issue 1,724,168,248 Rights Shares at the Subscription Price of HK\$0.30 per Rights Share, on the basis of eight (8) Adjusted Shares for every one (1) Adjusted Share held on the Record Date. All the relevant resolutions approving, among others, the Capital Reorganisation, the Rights Issue, the Special Deal and the Whitewash Waiver were duly passed by way of poll at the SGM held on Wednesday, 8 April 2015.

LETTER FROM THE BOARD

The Capital Reorganisation has become effective at 9:00 a.m. Thursday, 9 April 2015. As at the Latest Practicable Date, there were 215,521,031 Adjusted Shares in issue.

The purpose of this Prospectus is to provide you with further information in relation to the Rights Issue, including procedures for the acceptance of and payment for the Rights Shares and certain financial information and other information in respect of the Company.

THE RIGHTS ISSUE

Issue Statistics

Basis of the Rights Issue	:	Eight (8) Adjusted Shares for every one (1) Adjusted Share held on the Record Date
Subscription Price	:	HK\$0.30 per Rights Share payable in full on acceptance
Net price to the Company per Rights Share	:	Approximately HK\$0.29
Number of Adjusted Shares in issue as at the Latest Practicable Date	:	215,521,031 Adjusted Shares
Number of Rights Shares pursuant to the Rights Issue	:	1,724,168,248 Adjusted Shares
Total number of issued Adjusted Shares upon completion of the Rights Issue	:	1,939,689,279 Adjusted Shares

The total number of 1,724,168,248 Adjusted Shares issued pursuant to the Rights Issue represents:

- (i) approximately 800% of the number of the Adjusted Shares in issue as at the Latest Practicable Date; and
- (ii) approximately 88.89% of the Company's issued share capital as enlarged by the issue of the Rights Shares.

LETTER FROM THE BOARD

Subscription Price

The Subscription Price is HK\$0.30 per Rights Share, payable in full on acceptance. The Subscription Price represents:

- (i) a discount of approximately 82.48% to the adjusted closing price of HK\$1.712 per Adjusted Share, based on the closing price of HK\$0.214 per Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Capital Reorganisation;
- (ii) a discount of approximately 82.31% to the adjusted average closing price of approximately HK\$1.696 per Adjusted Share, based on the average closing price of approximately HK\$0.212 as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day and adjusted for the effect of the Capital Reorganisation;
- (iii) a discount of approximately 34.35% to the theoretical ex-entitlement price of approximately HK\$0.457 per Adjusted Share after the Rights Issue, based on the closing price of HK\$0.214 per Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Capital Reorganisation;
- (iv) a discount of approximately 95.45% to the audited total equity attributable to the owners of the Company per Adjusted Share of approximately HK\$6.60 as at 31 December 2014 as adjusted for the effect of the Capital Reorganisation; and
- (v) a discount of approximately 58.33% to the adjusted closing price of HK\$0.72 per Adjusted Share as quoted on the Stock Exchange on the Latest Practicable Date.

Basis of determining the Subscription Price and subscription ratio

The Subscription Price and the subscription ratio were determined, among others, as a result of arm's length negotiations between the Company and the Underwriters, and reflects the best commercial deal that the Company could negotiate with the Underwriters on terms commercially acceptable to both the Company and the Underwriters. The determination was also driven by:

- (i) the capital needs of the Group, in light of its ongoing construction costs and land acquisition expenses to support the continued growth of the Group (please see the section headed "Use of proceeds of the Rights Issue" in this Prospectus for further details);
- (ii) the financial position of the Group, in light of a significant part of its present net assets consisting of property, particularly stock of properties, which have relatively lower liquidity and are not as readily realisable into cash that could otherwise be used to repay the Group's outstanding and upcoming indebtedness (please see the section headed "Use of proceeds of the Rights Issue" in this Prospectus for further details);
- (iii) the market price of the Shares;

LETTER FROM THE BOARD

- (iv) previous fund-raising activities of the Group (please see the section headed “Previous fund-raising exercises in the prior 12-month period” in this Prospectus for further details); and
- (v) the prevailing market conditions.

In particular, the Board considered and noted the following key aspects of the Rights Issue:

- (i) **strengthening of capital base** — the Rights Issue, if successful, would enable the Company to raise net proceeds of approximately HK\$501.7 million, subject to the possible set-off against the outstanding aggregate principal amount owing by the Company to Winning Rich under the 2019 CAP Bonds, as outlined in scenarios (ii) and (iii) of the section headed “Use of proceeds of the Rights Issue” in this Prospectus. Based on the Company’s audited total equity attributable to the owners of the Company of approximately HK\$1,423.3 million as of 31 December 2014 (as disclosed in the annual report of the Company for the year ended 31 December 2014), the Rights Issue is intended to strengthen the Company’s equity base by approximately 35.25%;
- (ii) **costs of fund-raising through debt** — had the Company raised HK\$501.7 million in the form of debt rather than equity, assuming the debt carried an interest of 8.6% per year (being the weighted average of the interest rate payable by the Company on its debt as of 31 December 2014), the Company would have to pay approximately HK\$43.1 million per year in interest. The equity raised through the Rights Issue would not be interest-bearing and hence the Company would have a notional savings in interest payable of approximately HK\$43.1 million per year compared with incurring debt of the same amount;
- (iii) **safeguards for the Shareholders** — the relatively high subscription ratio and deep discount structure of the Rights Issue is a commercial decision of the Company which is required to be approved, as part of the terms of the Rights Issue, by the Independent Shareholders at the SGM. The Shareholders’ interests are safeguarded by the fact that the Independent Shareholders, before exercising their respective voting rights, would be advised by the Independent Board Committee (comprising all independent non-executive Directors) and the Independent Financial Adviser. The Independent Shareholders could then make an informed decision as to whether to vote in favour of the Rights Issue on the terms proposed. If the Rights Issue is approved at the SGM, it is unlikely that those Independent Shareholders voting in favour of the Rights Issue would subsequently choose not to subscribe for their provisional entitlement of Rights Shares;
- (iv) **previous use of similar structure for the Rights Issue** — the subscription ratio and the theoretically large potential dilution effect of approximately 88.9% under the Rights Issue (using the extreme case assumption that the Independent Shareholders have approved the Rights Issue at the SGM but no Qualifying Shareholders take up their provisional entitlements under the Rights Issue) are also highly unlikely to be adverse to the interests of, or be of material concern to, the Company and the Shareholders, based on the Company’s recent track record of fund raising activities. On the contrary, the Board considers that it is necessary, when determining the subscription ratio and

LETTER FROM THE BOARD

discount under the Rights Issue, to make reference to the rights issue completed by the Company in March 2014 (please see the section headed “Previous fund-raising exercises in the prior 12-month period” of this Prospectus for further details), which shared similar characteristics to the Rights Issue and proved to be successful and attractive for both the Company and the Shareholders, thereby providing a compelling precedent for how the Rights Issue could be structured in the interests of the Company and the Shareholders as a whole. As demonstrated by the Company’s rights issue in March 2014, the comparatively higher subscription ratio of fifteen (15) for one (1) in that case was conducive to being oversubscribed, with the Company receiving valid acceptances and applications for approximately 107.42% of the total number of rights shares then available and issued. In view of this previous successful fund-raising exercise which was approved by the Independent Shareholders and oversubscribed by the Shareholders, the Board considers that the similar structure adopted for the Rights Issue, which has an even lower subscription ratio and a lesser theoretical potential dilution impact on the Shareholders, would be an effective fund-raising option for the Company; and

- (v) **Subscription Price to encourage participation** — the deep discount of 82.48% to the adjusted closing price per Adjusted Share based on the closing price per Share on the Last Trading Day (and adjusted for the effect of the Capital Reorganisation) represented by the Subscription Price is made with a view to encouraging the Qualifying Shareholders to participate in the Rights Issue and accordingly maintain their shareholdings in the Company and participate in the future growth of the Company. In addition, as has been indicated to the Company during the negotiation of the Underwriting Agreement, given the high subscription ratio, the theoretically large potential dilution effect and the structure of the Rights Issue which is similar to the rights issue completed by the Company in March 2014, a subscription price with a deep discount to the adjusted closing price is necessary to induce the Underwriters to participate in the underwriting of the Underwritten Shares, which is an essential part of the Rights Issue. The Board considers that this discount is acceptable and in line with market practices for a company listed on the Stock Exchange with similar characteristics, i.e. a market capitalisation of less than HK\$1 billion (being a threshold which the Independent Financial Adviser considers is representative of companies listed on the Stock Exchange which are small in size and are therefore comparable to the Company) as at the date of its relevant rights issue announcement, in light of (a) the letter from the Independent Financial Adviser showing that the discount of the Subscription Price falls within the range (i.e. discounts of between 6.02% and 83.33% — please see the letter from the Independent Financial Adviser as set out in the Circular for further details) of selected comparable companies with a market capitalisation of less than HK\$1 billion as at the last trading date of their shares before the date of their respective rights issue announcements, which have conducted similar rights issue transactions (i.e. where no bonus shares or bonus warrants were offered) during the six months immediately before the date of the Underwriting Agreement; (b) the comparatively larger discount of the subscription price under the rights issue completed by the Company in March 2014 (which had a very high take-up rate by the then public shareholders of the Company), and (c) the prevailing market conditions of the capital markets in Hong Kong as at the Latest Practicable Date.

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Furthermore, in view of (i) the market understanding from the Directors that there are only few independent underwriters in Hong Kong market who are willing to underwrite for listed companies of, or having a similar market capitalisation to, the Company's small market capitalization, (ii) the overall historical and ongoing litigation matters of the Company when the Underwriting Agreement was being negotiated as set out in the section headed "8. LITIGATION" of Appendix III to this Prospectus, which the Directors believe would make it even more difficult to secure other independent underwriters unless additional costs are incurred by the Company or the terms of the Rights Issue are altered, and thus may not be favourable to both the Company and the Shareholders (please see further on pages 14 and 15 of this section headed "Basis of determining the Subscription Price and subscription ratio"), (iii) the material uncertainty as disclosed on the second page the independent auditors' report enclosed in the Company's annual report for the year ended 31 December 2013 (i.e. please see page 38 of that annual report), (iv) the Subscription Price and subscription ratio under the Rights Issue being negotiated on an arm's length commercial basis between the Company and the Underwriters, and (v) the extended period of the matching service being provided by the Company to match the purchase and sale of odd lots of the Adjusted Shares to assist the Shareholders with the resulting odd board lots situation arising from the Rights Issue (please see the section headed "Arrangements for trading of odd lots" in this Prospectus for further details), the agreed Subscription Price, subscription ratio, the deep discount structure and resulting odd board lots situation is the best commercial deal that the Company could negotiate with the Underwriters which reflects a commercially acceptable position to both the Company and the Underwriters.

Upon taking into account all of the above factors equally and the alternative financing methods that the Company had considered (which are referred to under the section headed "Reasons for the Rights Issue" in this Prospectus), the Board (excluding the independent non-executive Directors whose opinion has been set out in the Circular after having been advised by the Independent Financial Adviser) is of the view that the structure and terms of the Rights Issue, including its Subscription Price, subscription ratio and its theoretical large potential dilution effect are: (i) necessary and commercially unavoidable to attract the Underwriters to participate in the Rights Issue on terms acceptable to both the Company and the Underwriters, and therefore necessary for the Company to successfully complete the Rights Issue, and (ii) in light of the resulting benefits to the Company from completion of the Rights Issue and mechanisms in place to sufficiently safeguard the Shareholders' interests, in the interests of the Company and the Shareholders as a whole.

The Company has not approached any other independent underwriters to consider underwriting the Rights Issue, for the following reasons:

- (i) the Company is a company with a small market capitalisation, being approximately HK\$369.0 million immediately before the Shares were suspended from trading before the publication of the 8 January Joint Announcement. There are few underwriters in the market who work with small companies of this size and given the overall historical and ongoing litigation status and the financial condition of the Company, the Directors believe that the Company's ability to secure other independent underwriters without incurring additional costs or altering terms of the Rights Issue is limited;

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- (ii) the Company has a long standing relationship with Kingston whom it believes is a reputable securities firm that is willing to engage with companies of the small size of the Company and has a track record of completing capital market deals successfully with the Company; and
- (iii) the Company is mindful of the laws and regulations in Hong Kong pertaining to the need to keep inside information confidential pending an announcement and not putting any person in a privileged dealing position. As the Rights Issue is a piece of highly material and price sensitive information, the Company did not consider approaching multiple potential underwriters with whom it does not have a prior business relationship to be conducive to compliance with the relevant laws and regulations.

Conditions of the Rights Issue

The Rights Issue is subject to the following conditions:

- (i) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) in accordance with section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance as having been approved by resolutions of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules, the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Prospectus Posting Date;
- (ii) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus to the Excluded Shareholders, if any, for information purposes only, on or before the Prospectus Posting Date;
- (iii) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and the permission to deal in, the Adjusted Shares and the Rights Shares (in both nil-paid and fully-paid forms) by no later than the first day of their dealings;
- (iv) the Underwriting Agreement not being terminated by any of the Underwriters pursuant to the terms thereof prior to the Latest Time For Termination;
- (v) the passing of the necessary resolution(s) by the Shareholders (or, where applicable, the Independent Shareholders) at the SGM approving and confirming: (a) the Capital Reorganisation, (b) the Rights Issue and the transactions contemplated thereunder (including the Underwriting Agreement) and authorising the Directors to allot and issue the Rights Shares (in their nil-paid and fully-paid forms) (to be voted on by the Independent Shareholders), (c) the Special Deal (to be voted on by the Independent Shareholders), and (d) the Whitewash Waiver (to be voted on by the Independent Shareholders), each in accordance with the Bye-Laws, the Listing Rules and the Takeovers Code on or before the Record Date;

LETTER FROM THE BOARD

- (vi) the passing of the necessary resolution(s) by the PNG Shareholders at the PNG SGM to approve, among others, the subscription of Rights Shares (including by way of excess application) under the Rights Issue pursuant to the PNG Irrevocable Undertaking and the transactions contemplated thereunder;
- (vii) the Executive granting to the Concert Group the Whitewash Waiver and the satisfaction of all conditions (if any) attached thereto and such other necessary waiver or consent (including for the Special Deal) as may be required to be obtained from the Executive for the transactions contemplated under the Rights Issue;
- (viii) the Capital Reorganisation having become effective;
- (ix) the compliance with and performance of all undertakings and obligations of Onger Investments, or any of its respective associates, under the PNG Irrevocable Undertaking;
- (x) the passing of the necessary resolution(s) by the WYT Shareholders at the WYT SGM to approve, among others, the underwriting of the Underwritten Shares by WYT Underwriter under the Rights Issue pursuant to the Underwriting Agreement and the transactions contemplated thereunder;
- (xi) if necessary, the obtaining of the consent or permission from the Bermuda Monetary Authority in respect of the issue of the Rights Shares; and
- (xii) there being no Specified Event occurring prior to the Latest Time For Termination.

The conditions are incapable of being waived. If any of the above conditions is not satisfied in whole by Tuesday, 12 May 2015 (or such other time and/or date specified therein) or such other time and/or date as the Company and the Underwriters may agree in writing, the Underwriting Agreement shall be terminated accordingly and the Rights Issue will not proceed. In such circumstance, no party will have any claim against the other parties for costs, damages, compensation or otherwise save for any antecedent breaches.

As at the Latest Practicable Date, conditions (v), (vi), (vii), (viii) and (x) have been satisfied.

LETTER FROM THE BOARD

Changes in the shareholding structure of the Company arising from the Rights Issue and maintenance of public float

The changes in the shareholding structure of the Company arising from the Rights Issue are as follows:

	As at the Latest Practicable Date		Immediately after completion of the Rights Issue, assuming all the Rights Shares are subscribed by the Qualifying Shareholders other than the WOG Group (Note 3)		Immediately after completion of the Rights Issue, assuming all Rights Shares are subscribed by the PNG Group pursuant to the PNG Irrevocable Undertaking and the Underwriters pursuant to the Underwriting Agreement (Notes 1, 2 and 3)	
	Number of Adjusted Shares	Approximate %	Number of Adjusted Shares	Approximate %	Number of Adjusted Shares	Approximate %
<i>Concert Group</i>						
PNG Group	43,274,091	20.08	389,466,819	20.08	559,466,819	28.84
WOG Group	58,437	0.03	58,437	0.003	58,437	0.003
WYT Group	—	—	—	—	660,000,000	34.03
Sub-total	43,332,528	20.11	389,525,256	20.08	1,219,525,256	62.87
<i>Other Shareholders</i>						
Kingston (including subscribers procured by it) (Note 4)	31	—	248	—	547,975,551	28.25
Other public Shareholders	172,188,472	79.89	1,550,163,775	79.92	172,188,472	8.88
Total	215,521,031	100.00	1,939,689,279	100.00	1,939,689,279	100.00

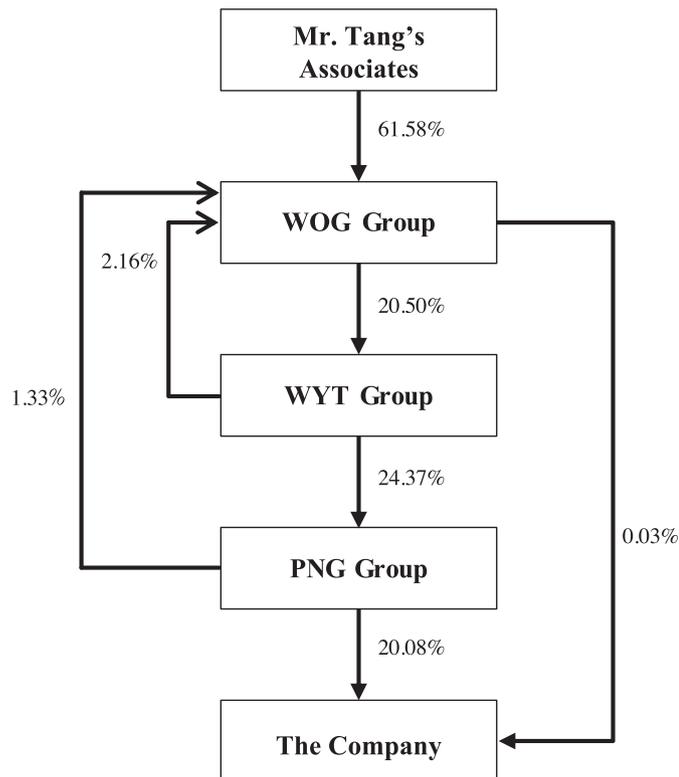
Notes:

- Assuming all 170,000,000 Rights Shares applied for by Onger Investments by way of excess application pursuant to the PNG Irrevocable Undertaking are allocated to it.
- This scenario is for illustration purpose only and is unlikely to occur since it assumes that: (i) the Independent Shareholders have voted in favour of the Rights Issue at the SGM, but (ii) no Qualifying Shareholder other than Onger Investments would take up their provisional entitlements under the Rights Issue, which is a complete misalignment between the voting behaviour of the Independent Shareholders and their subscription for Rights Shares.

LETTER FROM THE BOARD

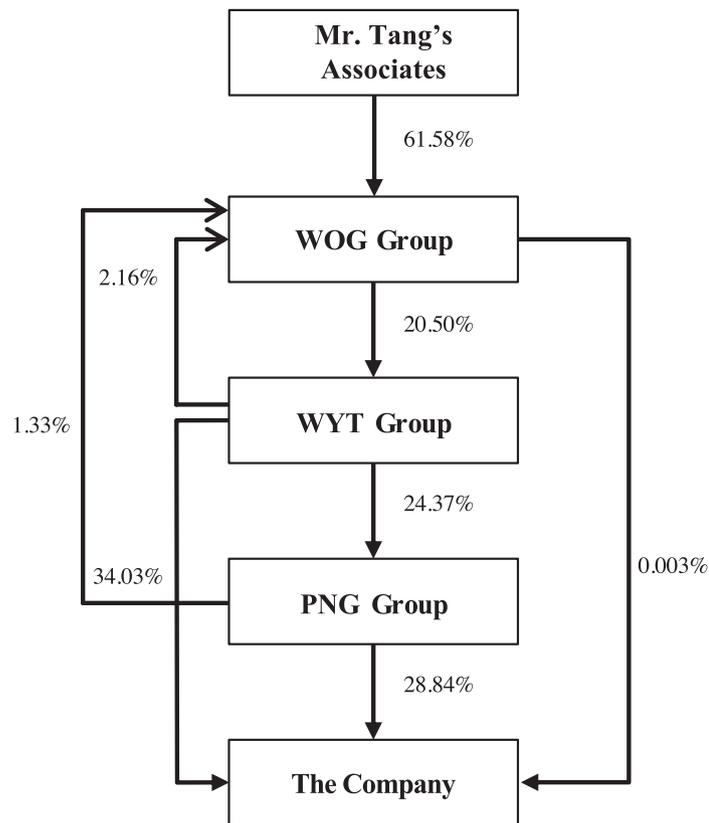
3. The WOG Group will not subscribe for its provisional allotment of Rights Shares under the Rights Issue.
4. Kingston will use its best endeavours to ensure that (i) such subscribers and/or sub-underwriters are Independent Third Parties, and (ii) such sub-underwriters will not hold 10.0% or more of the equity interest in the Company upon completion of the Rights Issue. As at the Latest Practicable Date, Kingston has procured four subscribers who are Independent Third Parties for an aggregate of 315,000,000 Underwritten Shares and none of them will hold 10.0% or more of equity interest in the Company upon completion of the Rights Issue. Please see below on page 22 for further details about these four subscribers.

The following chart shows the Concert Group's shareholding in the Company as at the Latest Practicable Date:



On 31 December 2014, Mailful Investments, a wholly-owned subsidiary of WOG, irrevocably undertook to the Company that it will not subscribe, nor procure its associates to subscribe, for any of its provisional entitlement of Rights Shares under the Rights Issue. The following chart shows the Concert Group's shareholding in the Company immediately after completion of the Rights Issue, assuming all Rights Shares are subscribed by Onger Investments (including by way of excess application) and the Underwriters and the WOG Group do not subscribe for its provisional entitlement of Rights Shares under the Rights Issue, and no other changes to the share capital of the Company in the meantime:

LETTER FROM THE BOARD



Under the Underwriting Agreement, in the event that Kingston is called upon to subscribe for or procure subscription for the Untaken Shares, Kingston shall use its best endeavours to ensure that (i) each of the subscribers of the Untaken Shares procured by it shall be an Independent Third Party and not acting in concert with any members of the Concert Group, and (ii) the public float requirements under Rule 8.08 of the Listing Rules be fulfilled by the Company upon completion of the Rights Issue. To the extent that Kingston enters into any sub-underwriting arrangements, (i) Kingston shall use its best endeavours to ensure that each sub-underwriter is an Independent Third Party and will not hold 10.0% or more of the equity interest and voting rights in the Company upon completion of the Rights Issue, and (ii) a further announcement will be issued by the Company regarding the details of the sub-underwriting arrangement(s). As at the Latest Practicable Date, Kingston has procured four subscribers who are Independent Third Parties for an aggregate of 315,000,000 Underwritten Shares and none of them will hold 10.0% or more of equity interest in the Company upon completion of the Rights Issue. Of the four subscribers procured by Kingston: (a) two are individuals and each of them has agreed to take up a maximum of 90,000,000 Underwritten Shares; and (b) the other two are entities and each of them has agreed to take up a maximum of 90,000,000 Underwritten Shares and 45,000,000 Underwritten Shares respectively. Each of these subscribers will be allocated Underwritten Shares on a pro-rata basis.

Underwriting activities are (i) within the ordinary course of Kingston's business activities, and (ii) not within the ordinary course of the WYT Group's business activities.

LETTER FROM THE BOARD

Principal terms of the Underwriting Agreement

- Date : 23 December 2014 (as varied on 8 January 2015 and 28 January 2015)
- Parties : (i) The Company;
(ii) WYT Underwriter;
(iii) WYT; and
(iv) Kingston.
- Total number of Underwritten Shares : 1,207,975,520 Rights Shares, being the total number of Rights Shares to be issued by the Company minus the maximum aggregate number of Rights Shares to be subscribed and paid for by Onger Investments pursuant to the PNG Irrevocable Undertaking
- Underwriting obligation of each Underwriter : WYT Underwriter has agreed to underwrite the first 660,000,000 Underwritten Shares. The WYT Underwriter Subscription Amount, rounded down to the nearest HK\$500,000, will be set-off, on a dollar-for-dollar basis, in accordance with the terms of the Underwriting Agreement, against the outstanding aggregate principal amount owing by the Company to Winning Rich under the 2019 CAP Bonds.
- To the extent that the WYT Underwriter Subscription Amount exceeds the amount set-off as mentioned above, WYT Underwriter shall pay to the Company such excess in cash.
- Kingston has agreed to fully underwrite, in cash, all remaining Underwritten Shares that have not been taken up by WYT Underwriter, being 547,975,520 Rights Shares.
- No sub-underwriting arrangement will be made by WYT Underwriter.

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- Commission : 2.5% of the aggregate Subscription Price in respect of the respective maximum number of Underwritten Shares agreed to be underwritten by each of the Underwriters, payable to each of the Underwriters. The commission rates were determined after arm's length negotiations between the Company and the Underwriters with reference to, among other things, the scale of the Rights Issue and the market rate, and the Board (excluding the independent non-executive Directors whose opinion has been set out in the Circular, after having been advised by the Independent Financial Adviser) considers that the underwriting commission rate is fair and reasonable and in the interests of the Company and the Shareholders as a whole.
- Conditions : Please refer to the section headed "Conditions of the Rights Issue" of the "Letter from the Board" in this Prospectus.
- Other undertakings : In consideration of the Company proceeding with the Rights Issue, WYT irrevocably undertakes to the Company that it will procure the due and punctual performance, observance and compliance by the WYT Underwriter of all of its obligations under the Underwriting Agreement.
- Latest Time For Termination : 4:00 p.m. on the fourth Business Day after the Latest Time For Acceptance or such later time or date as may be agreed between the Underwriters and the Company in writing, being the latest time to terminate the Underwriting Agreement.
- Termination : If, prior to the Latest Time For Termination:
- (i) in the absolute opinion of any of the Underwriters, the success of the Rights Issue would be materially and adversely affected by:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of any of the Underwriters materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or

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- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic or other nature (whether or not of the same kind or nature with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of any of the Underwriters materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (ii) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of any of the Underwriters is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (iii) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of any of the Underwriters will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (iv) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or

LETTER FROM THE BOARD

- (v) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not of the same kind or nature with any of the foregoing; or
- (vi) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of any of the Underwriters, a material omission in the context of the Rights Issue; or
- (vii) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than 10 consecutive Business Days, excluding any halt or suspension in connection with the clearance of the Joint Announcements, the Circular, the Prospectus Documents or other announcements or circulars in connection with the Rights Issue; or
- (viii) any moratorium, suspension or material restriction on trading of the Shares or Adjusted Shares on the Stock Exchange due to exceptional financial circumstances or otherwise,

any of the Underwriters may by notice in writing to the Company and the other Underwriter, served prior to the Latest Time For Termination, to terminate the Underwriting Agreement.

Any of the Underwriters may by notice in writing to rescind the Underwriting Agreement if, prior to the Latest Time For Termination:

- (i) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of any of the Underwriters; or
- (ii) any Specified Event comes to the knowledge of any of the Underwriters.

LETTER FROM THE BOARD

If any one of the Underwriters terminates or rescinds the Underwriting Agreement pursuant to the terms therein, the Rights Issue will not proceed. In such circumstance, (i) the underwriting commission shall not be payable by the Company to each of the Underwriters, (ii) no party shall have any claim against the other parties for costs, damages, compensation or otherwise save for any antecedent breaches, and (iii) to the extent that, prior to the termination of the Underwriting Agreement, any of the Underwriters has paid or procured payment to the Company of the aggregate Subscription Price in respect of the Untaken Shares for which the respective Underwriter is obliged to subscribe or procure subscription under the Underwriting Agreement, the Company shall remit to each of the Underwriters respectively such amount of the aggregate Subscription Price which it has received from the Underwriters.

The PNG Irrevocable Undertaking

As at the Latest Practicable Date, PNG, through its wholly-owned subsidiary, Onger Investments, is interested in 346,192,728 Shares, representing approximately 20.08% of the issued share capital of the Company.

On 23 December 2014, Onger Investments has granted the PNG Irrevocable Undertaking in favour of the Company under which it agreed, among other things:

- (i) to subscribe, or procure its associates to subscribe, for 346,192,728 Rights Shares which comprise the full acceptance of its provisional entitlements;
- (ii) that the Shares or the Adjusted Shares (as the case may be) comprising its current shareholding in the Company will remain beneficially owned by it on the Record Date;
- (iii) to procure that its acceptance of the 346,192,728 Rights Shares which will be provisionally allotted to it nil-paid under the Rights Issue be lodged with the Registrar, with payment in full thereof, by no later than 4:00 p.m. at the Latest Time For Acceptance or otherwise in accordance with the instructions printed on the PAL(s);
- (iv) to apply, or procure its associates to apply, by way of excess application, for 170,000,000 Rights Shares; and
- (v) to procure that the EAF(s) for 170,000,000 Rights Shares be lodged with the Registrar, with payment in full thereof, by no later than 4:00 p.m. at the Latest Time For Acceptance or otherwise in accordance with the instructions printed on the EAF(s).

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Reasons for the Rights Issue

The Group is currently engaged in the management and sales of agricultural produce exchanges in the PRC. The audited total value of the Group's investment properties and stock of properties as at 31 December 2014 (as disclosed in the audited annual result announcement of the Company for the year ended 31 December 2014) is approximately HK\$6,270.0 million and its property portfolio includes a total land reserve of approximately 2.1 million square meters as at 31 December 2014.

The Board is optimistic about the future growth and development of the Company, largely because of the continuing support of the agricultural sector by the PRC government.

The agricultural sector has historically been an important component of China's economy and for the China's Twelfth Five Year Plan (2011-2015), the PRC government aims to enhance the industry based on the national modern agriculture development plan. Under the plan, the PRC government will: (i) establish a mechanism to ensure steady increase in agricultural investment, including the continual increase in investment to boost agricultural production, rural development and farmers' well-being, improving the rural financial services, as well as guiding social resources into agriculture, (ii) strengthen support and protection for agriculture by improving its agricultural reward and subsidy policy and reforming the regulatory mechanism for agricultural markets, and (iii) further liberalise and open-up the PRC's agriculture sector to the outside world by promoting international cooperation in agriculture and enhancing agricultural trade.

Against the backdrop of (i) continued robust growth in the overall PRC economy, (ii) favourable government policy in respect of the agricultural industry (which has led to an increase in property values of and rental income from agricultural produce exchanges), and (iii) optimistic market sentiment, the Board expects that the value of the Group's investments in PRC agricultural produce exchanges will continue to grow, thereby continuing to bring a positive economic return to the Company and the Shareholders as a whole.

In view of the optimistic future prospects of the business of the Group, the Rights Issue will strengthen the capital base of the Company and bolster its ability to capitalise upon greater business opportunities associated with its principal business engagements.

The expenses in relation to the Rights Issue, including financial, legal and other professional advisory fees, underwriting commissions, printing and translation expenses, will be borne by the Company. Having sought financing in various ways such as equity placements, as well as bank and other borrowings, and having considered the costs of such fund-raising alternatives, the Board (excluding the independent non-executive Directors whose opinion has been set out in the Circular, after having been advised by the Independent Financial Adviser) presently considers the Rights Issue as the most commercially viable option for the Company in the prevailing circumstances. This is for the following reasons:

- (i) **benefits of a rights issue** — the Rights Issue affords all Shareholders equal opportunity to subscribe for their pro-rata provisional entitlement of the Rights Shares and hence avoids dilution, and participate as fully as they wish in the growth opportunity of the Company by way of applying for excess Rights Shares. It also allows the Qualifying

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Shareholders who decide not to take up their entitlements under the Rights Issue to sell the nil-paid Rights Shares in the market for economic benefit. By comparison, had the Company raised equity of similar size in the form of a placing, then such an exercise would not have allowed all Shareholders to participate in the capital exercise and they would be diluted without being given an opportunity to maintain their percentage interests;

- (ii) **costs of other fund-raising alternatives** — as of 31 December 2014, the Group has the following outstanding interest-bearing bank and other borrowings:

Type of Borrowings	Approximate Outstanding Amount <i>(in HK\$ millions)</i>	Approximate Effective Interest Rate <i>(% per annum)</i>
Bank loans	1,111.2	2.7%-7.8%
Related party loans	1,354.4	10.3%-10.9%
Third party loans	<u>579.7</u>	5%-12%
Total	<u><u>3,045.3</u></u>	

This represented a gearing ratio of approximately 146.7% as of 31 December 2014, which is calculated by dividing the total outstanding loan amount of approximately HK\$3,045.3 million net of pledged bank deposits and cash and cash equivalents of totally approximately HK\$293.3 million, by total shareholders' funds in the amount of approximately HK\$1,876.3 million. The Company notes that an issuance of convertible bonds would increase the gearing of the Company without strengthening the Company's equity base until the bond is converted, at which time the existing Shareholders will still suffer a dilution. As for additional bank borrowings, such would further increase the Company's gearing ratio without strengthening its equity base and there is no assurance that such borrowings of this size can be obtained. Please also refer to the section headed "Basis of determining the Subscription Price and subscription ratio" in this Prospectus for a calculation of the notional interest savings of Rights Issue over borrowings; and

- (iii) **efforts in seeking other financing alternatives** — while the Company has considered, and is still actively searching for, other financing alternatives including equity and debt financing, it is uncertain as to when and on what terms these financing alternatives will be made available. In particular, during the past 12 months, the Company has undertaken (A) separate placements of Shares on 3 September 2014 and 6 November 2014, (B) an issue of unsecured bonds on 28 November 2014 to PNG, WYT and WOG (please see below), (C) a placing of unsecured bonds via a medium term note program, (D) a placing of five-year, 7.3% per annum coupon unlisted bonds, and (E) a rights issue. The Company has also approached certain financial institutions and obtained certain loan facilities. Among the options that the Company has considered is a long term bond with an effective interest rate ranging from approximately 10.3% to approximately 11.6% per annum and borrowings from PRC banks and financial institutions with effective interest rates of approximately 2.7% to approximately 8.4%.

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On 28 November 2014, PNG, WYT and WOG, through their wholly-owned subsidiaries, subscribed for unsecured bonds newly-issued by the Company, the net proceeds of which were fully applied by the Company towards repayment of outstanding indebtedness of the Company owed to PNG, WYT and WOG, respectively.

The details of the bonds are as follows:

Lender	Parent of Lender	Principal amount of subscription <i>(in HK\$ million)</i>	Interest Rate <i>(per annum)</i>	Maturity Date
Double Leads Investments Limited	WOG	200	8.5%	28 November 2016
		330	10.0%	28 November 2019
		530		
Peony Finance Limited	PNG	150	10.0%	28 November 2019
Winning Rich	WYT	720	10.0%	28 November 2019
		1,400		

The Rights Issue will allow the Company to strengthen its capital base and liquidity without incurring interest costs. The Rights Issue will also allow the Company materially reduce its gearing ratio, thereby improving the financial health of the Group. Taking into account the capital needs of the Group, the benefits of the Rights Issue and the costs of other fund-raising alternatives, the Board (excluding the independent non-executive Directors whose opinion has been set out in the Circular, after having been advised by the Independent Financial Adviser) is of the view that the Rights Issue is in the interests of the Company and the Shareholders as a whole.

To reiterate, the Shareholders' interests are safeguarded by the following: (i) the Rights Issue is subjected to the approval by the Independent Shareholders at the SGM (whereby, among others, members of the Concert Group including Onger Investments, have abstained from voting), and (ii) the Independent Shareholders, before exercising their respective voting rights, have been advised by the Independent Board Committee (comprising all independent non-executive Directors) and the Independent Financial Adviser. Accordingly, the Rights Issue is subjected to the scrutiny of the Independent Financial Adviser and the Independent Board Committee and the decision of the Independent Shareholders. The Independent Shareholders could then make an informed decision as to whether to vote in favour of the Rights Issue on the terms proposed.

However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled should note that their shareholdings in the Company will be substantially diluted.

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The Directors (excluding the independent non-executive Directors whose opinion has been set out in the Circular, after having been advised by the Independent Financial Adviser), consider that the Rights Issue is fair and reasonable and in the interests of the Company and the Shareholders as a whole having taken into account the terms of the Rights Issue.

Use of proceeds of the Rights Issue

A. Application of proceeds

As at 31 January 2015, the Group had an aggregate cash balance of approximately HK\$294.8 million. Taking into account the Company's total borrowings as of 31 December 2014 of approximately HK\$3,045.3 million (with annualised interest expenses of approximately HK\$261.9 million assuming the interest rate of 8.6% per year as mentioned in the section headed "Basis of determining the Subscription Price and subscription ratio" in this Prospectus) and a gearing ratio of approximately 146.7% as of 31 December 2014, as well as the capital expenditure needs of the Company, the Company intends to use its existing cash balance to finance its working capital needs.

The Rights Issue is proposed with a view to provide further funding for the Group's business development and expansion of agricultural produce exchanges in the PRC and assisting with the Group's repayment of outstanding and upcoming financial indebtedness.

In light of (i) the Revised Timetable, (ii) the upcoming principal and interest expenses in the amount of approximately HK\$58.3 million due by the Group on 30 April 2015 in respect of a loan provided by an Independent Third Party, and (iii) the upcoming construction costs payable by the Group in respect of certain agricultural produce exchange projects in the PRC (the details of (ii) and (iii) were outlined in the section headed "9. Use of proceeds of the Rights Issue" in Part B of the 8 January Joint Announcement and the subsection headed "C. Allocation of proceeds for construction and land acquisition" of this section headed "Use of proceeds of the Rights Issue" of this Prospectus, respectively), the Board considered that it was appropriate and in the interests of the Group and the Shareholders as a whole to finance these upcoming obligations falling due before or on or around completion of the Rights Issue through alternative sources of funds, rather than from the expected net proceeds of the Rights Issue as originally intended as outlined under the 8 January Joint Announcement.

In this regard, on 13 February 2015, the Company entered into a loan agreement for the February 2015 WOG Loan with Double Leads Investments Limited ("**Double Leads**"), an indirect wholly owned-subsiary of WOG, under which Double Leads agreed to advance a 1-year unsecured loan of HK\$110.0 million to the Group at an annual interest rate of 12.0%, repayable by the Company in whole or in part without penalty or any other charges at any time within the term of the loan. The proceeds of the February 2015 WOG Loan are intended to be applied by the Group as follows:

- (a) approximately HK\$31.25 million and approximately HK\$6.25 million will be used for payment of construction costs of the development of the Company's agricultural produce exchange projects in (i) Kaifeng City, Henan Province, the PRC, and (ii) Panjin City, Liaoning Province, the PRC;

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- (b) approximately HK\$58.3 million will be used to fully repay the outstanding principal and interest expenses due on 30 April 2015 in respect of a loan provided by an Independent Third Party; and
- (c) approximately HK\$14.2 million will be used for general working capital of the Group.

Please see the announcement issued by the Company on 13 February 2015 for further details.

The net proceeds to be raised from the Rights Issue, which are estimated to be approximately HK\$501.7 million (subject to the potential set-off against the outstanding aggregate principal amount owing by the Company to Winning Rich under the 2019 CAP Bonds, as outlined in scenarios (ii) and (iii) below of this section headed “Use of proceeds of the Rights Issue”), are intended to be applied as follows:

- (i) *If all the Rights Shares are taken up by the Qualifying Shareholders and no Underwriter is required to take up any of the Underwritten Shares:*
 - (a) approximately HK\$193.0 million will be utilised for land acquisition opportunities in the PRC;
 - (b) approximately HK\$32.5 million will be utilised for payment of construction costs in the PRC (please see below the subsection headed “C. Allocation of proceeds for construction and land acquisition” of this section headed “Use of proceeds of the Rights Issue” for further details);
 - (c) approximately HK\$229.9 million will be used to repay outstanding and upcoming indebtedness of the Company (please see below the subsection headed “Allocation of proceeds for repayment of indebtedness” in this Prospectus and the subsection “The Special Deal” of the section headed “Use of proceeds of the Rights Issue” in the Circular for further details); and
 - (d) the remaining balance of approximately HK\$46.3 million will be utilised for general working capital of the Group (the largest components of which will be operating expenses such as rental, marketing and salary expenses).
- (ii) *If 1,394,168,248 Rights Shares are subscribed by the Qualifying Shareholders and WYT Underwriter is required to take up 330,000,000 Underwritten Shares (i.e. 50% of the Underwritten Shares it has agreed to underwrite under the Underwriting Agreement):*
 - (a) the WYT Underwriter Subscription Amount (being approximately HK\$94.0 million), will be set-off, in accordance with the terms of the Underwriting Agreement, against the outstanding aggregate principal amount owing by the Company to Winning Rich under the 2019 CAP Bonds;

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- (b) approximately HK\$32.5 million will be utilised for the payment of construction costs in the PRC (please see below the subsection headed “C. Allocation of proceed for construction and land acquisition” of this section headed “Use of proceeds of the Rights Issue” for further details);
 - (c) approximately HK\$99.0 million will be utilised for land acquisition opportunities in the PRC;
 - (d) approximately HK\$229.9 million will be used to repay outstanding and upcoming indebtedness of the Company (please see below the subsection headed “Allocation of proceeds for repayment of indebtedness” of this Prospectus and the subsection “The Special Deal” of the section headed “Use of proceeds of the Rights Issue” in the Circular for further details); and
 - (e) the remaining balance of approximately HK\$46.3 million will be utilised for general working capital of the Group (the largest components of which will be operating expenses such as rental, marketing and salary expenses).
- (iii) *If WYT Underwriter is required to take up all 660,000,000 Underwritten Shares it has agreed to underwrite under the Underwriting Agreement:*
- (a) the WYT Underwriter Subscription Amount (being approximately HK\$193.0 million), will be set-off, in accordance with the terms of the Underwriting Agreement, against the outstanding aggregate principal amount owing by the Company to Winning Rich under the 2019 CAP Bonds;
 - (b) approximately HK\$32.5 million will be utilised for the payment of construction costs in the PRC (please see below the subsection headed “C. Allocation of proceed for construction and land acquisition” of this section headed “Use of proceeds of the Rights Issue” for further details);
 - (c) approximately HK\$229.9 million will be used to repay outstanding and upcoming indebtedness of the Company (please see below the subsection headed “Allocation of proceeds for repayment of indebtedness” of this Prospectus and the subsection “The Special Deal” of the section headed “Use of proceeds of the Rights Issue” of the Circular for further details); and
 - (d) the remaining balance of approximately HK\$46.3 million will be utilised for general working capital of the Group (the largest components of which will be operating expenses such as rental, marketing and salary expenses).

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In other words, the proportion of the aggregate net proceeds from the Rights Issue which is intended to be allocated towards the payment of construction costs, repayment of indebtedness and general working capital will be fixed irrespective of whether WYT Underwriter is required to take up any of the Underwritten Shares that it has agreed to underwrite under the Underwriting Agreement. To the extent that WYT Underwriter is not required to take up any Underwritten Shares (resulting in a lower proportion of the aggregate net proceeds from the Rights Issue being applied to set-off the aggregate principal amount owing by the Company to Winning Rich under the 2019 CAP Bonds), the Company will receive such portion of the aggregate net proceeds from the Rights Issue directly in cash, which is intended to be applied towards the acquisition of land in the PRC in the manner described in this Prospectus.

Whilst there is no pressing need or urgency for a part of the net proceeds of the Rights Issue to be applied towards the acquisition of land (and hence it is not a fixed component of the intended use of net proceeds from the Rights Issue), the Board is nevertheless continually seeking opportunities to develop the Group's business, and ongoing strategic land acquisitions to supplement or grow the Group's existing agricultural produce exchanges are a component of the Group's overall expansion strategy.

The Board engaged WYT Underwriter as an underwriter for the Rights Issue, for the following reasons:

- (i) while the Company will not directly receive such part of the net proceeds of the Rights Issue in cash to the extent that the WYT Underwriter is required to take up any Underwritten Shares, the WYT Subscription Underwriter Subscription Amount that will be set-off against the aggregate principal amount owing by the Company to Winning Rich under the 2019 CAP Bonds will nevertheless reduce the interest expenses payable to Winning Rich in the future, freeing up greater cash for the Company to utilise for other purposes;
- (ii) the WYT Group, through another wholly-owned subsidiary, was an underwriter for the rights issue completed by the Company in March 2014 and was commercially willing to be an underwriter for the Rights Issue on terms acceptable to the Company; and
- (iii) the Company has not approached any other independent underwriters to consider underwriting the Rights Issue other than Kingston, for the reasons outlined in the section headed "Basis of determining the Subscription Price and subscription ratio" in this Prospectus.

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B. Allocation of proceeds for repayment of indebtedness

The approximately HK\$229.9 million of the aggregate net proceeds from the Rights Issue intended to be applied by the Company towards the outstanding and upcoming indebtedness of the Company is a commercial decision of the Company that is intended to reduce its gearing ratio and strengthen its equity base, and will be allocated as follows:

- (i) approximately HK\$17.2 million, HK\$19.0 million and HK\$15.2 million will be used to repay in full the outstanding interest due on 31 May 2015 to the WOG Group, the WYT Group and the PNG Group, respectively, pursuant to an interest repayment extension letter dated 28 November 2014 in respect of the past loans provided to the Company which were fully refinanced by the unsecured bonds issued by the Company on 28 November 2014;
- (ii) approximately HK\$25.0 million, HK\$36.0 million and HK\$7.5 million will be used to repay the upcoming interest due on 28 May 2015 to the WOG Group, the WYT Group and the PNG Group, respectively, under the unsecured bonds issued by the Company on 28 November 2014; and
- (iii) HK\$110.0 million will be used to repay in full the outstanding principal on the February 2015 WOG Loan.

As of the Latest Practicable Date, the Company owed the WOG Group approximately HK\$617.2 million, including (i) HK\$50.0 million under the loan agreement dated 13 February 2015 entered into between the Company and Double Leads; (ii) approximately HK\$17.2 million under the interest extension agreement dated 28 November 2014 entered into between the Company and the WOG Group; (iii) HK\$530.0 million under the unsecured bonds issued by the Company to the WOG Group on 28 November 2014; and (iv) interest payable arising from the abovementioned debts of approximately HK\$20.0 million.

As of the Latest Practicable Date, the Company owed the PNG Group approximately HK\$171.0 million, including (i) approximately HK\$15.2 million under the interest extension agreement dated 28 November 2014 entered into between the Company and the PNG Group; (ii) HK\$150.0 million under the unsecured bonds issued by the Company to the PNG Group on 28 November 2014; and (iii) interest payable arising from the abovementioned debts of approximately HK\$5.8 million.

C. Allocation of proceeds for construction and land acquisition

As of the Latest Practicable Date, the Group was involved in the construction of agricultural produce exchanges projects in (i) Panjin City, Liaoning Province, the PRC and (ii) Kaifeng City, Henan Province, the PRC.

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Approximately HK\$31.25 million and HK\$6.25 million of the February 2015 WOG Loan, (which will be repaid in full using a portion of the Rights Issue) and approximately HK\$18.75 million and HK\$13.75 million of the net proceeds of the Rights Issue, will be utilised for the payment of construction costs of the development of the Kaifeng City project and the Panjin City project, respectively. The phase one development of the Kaifeng City project was completed in late 2014 at the total cost of approximately HK\$422.8 million and phase two of the Kaifeng City project is expected to be completed in April 2015 at the estimated total cost of approximately HK\$76.4 million (the Group has paid a total of approximately HK\$363.4 million for phase one and has not made any payment for phase two of the Kaifeng City project as at the Latest Practicable Date). The development of the Panjin City project is expected to be completed in July 2015 at the estimated total cost of approximately HK\$198.0 million (of which a total of HK\$113.1 million has been paid by the Company as at the Latest Practicable Date). These estimated construction costs are based on the current configurations of the respective projects and may be subject to (i) further development and expansion of these projects in the future depending on, among others, the Company's ability to acquire further adjacent land, and (ii) unforeseen events beyond the control of the Company. Approximately HK\$141.7 million and HK\$98.6 million from the proceeds of the rights issue in March 2014, the placing of medium term notes in May 2014 and placing of new shares in August 2014 were applied towards the construction costs of the phase one development of the Kaifeng City project and the development of the Panjin City project, respectively. Based on the Company's (i) commitments with contractors for phase two of the Kaifeng City project and the Panjin City project, (ii) current estimations of costs to complete those projects, and (iii) past experience on development projects, the Board believes that the allocation of a total of approximately HK\$70.0 million from both the February 2015 WOG Loan and the net proceeds of the Rights Issue towards the payment of the aforementioned construction costs is both fair and reasonable.

As of the Latest Practicable Date, the Group was also involved in negotiations with the relevant governmental authorities with a view to evaluating the opportunities of acquiring land in various PRC cities, including (i) Fuzhou, (ii) Chenzhou and (iii) Puyang, for the purpose of developing agricultural produce exchanges. As outlined above, where WYT Underwriter is not required to take up all of the Underwritten Shares that it has agreed to underwrite under the Underwriting Agreement, a portion of the aggregate net proceeds from the Rights Issue will be utilised to part-finance the acquisitions of land in one or more of the aforementioned cities. The Company currently estimates that, if it were successful in acquiring all of the aforementioned land which it is currently evaluating, the total acquisition cost would be approximately HK\$457.4 million.

Announcements will be made by the Group in accordance with the Listing Rules as and when necessary when there is a material change in the use of net proceeds from the Rights Issue.

The Group's agricultural wholesale markets in the PRC

As at the Latest Practicable Date, the Group has the following existing agricultural wholesale markets in the PRC which are in operation:

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(i) *Wuhan City project*

The Wuhan City project, which as at the Latest Practicable Date, is comprised of the Wuhan Baisazhou Market, is located in the provincial capital of Hubei Province, the PRC. Wuhan Baisazhou Market is one of the largest agricultural produce exchange operators in the PRC and is situated in the Hongshan District of Wuhan City with a site area of approximately 270,000 square metres and a total gross floor area of approximately 160,000 square metres. In January 2015, Wuhan Baisazhou Market was awarded “Top 10 Contribution to 30th Anniversary of National Agricultural Wholesale Markets” (in terms of transaction amount) issued by China Agricultural Wholesale Market Association. This award is a sign of the market contribution being made by the Group’s effort and expertise in agricultural produce exchange operations in the PRC.

For the year ended 31 December 2014, the Wuhan Baisazhou Market contributed approximately 51% to the Group’s overall revenue.

On 24 April 2014, the Group won a bid at the tender for a parcel of land in Wuhan City of Hubei Province, with an area of approximately 162,000 square metres for a total consideration of RMB74.1 million. Details of the transaction are disclosed in the Company’s announcement dated 7 May 2014.

(ii) *Yulin City project*

Yulin Market is one of the largest agricultural produce exchanges in Guangxi Zhuang Autonomous Region, the PRC. It has various types of market stalls and multi-storey godown, with a site area of approximately 415,000 square metres and a total gross floor area of approximately 226,000 square metres. The Group has completed the construction of an extension to the phase two development of the Yulin Market which became a new growth driver for the Group. Yulin Market was ranked “Top 75 National Agricultural Wholesale Markets” (in terms of transaction amount) by China Agricultural Wholesale Market Association in 2013. As an energetic member of the agricultural produce exchange market, this award proved Yulin Market’s capability in becoming one of the key agricultural produce exchange markets in the Guangxi region. For the year ended 31 December 2014, the Yulin City project contributed approximately 17% to the Group’s overall revenue.

On 18 June 2014, a subsidiary of the Company and the Yulin Land Bureau entered into a termination agreement pursuant to which the parties agreed to terminate the confirmation letter and the proposed acquisition by the subsidiary of the land use rights over a parcel of land in Yulin City of approximately 73,000 square metres. Details of the transaction are disclosed in the announcement of the Company dated 20 June 2014. The Board does not consider the termination of the confirmation letter will have any material adverse impact on the operation and financial position of the Group.

(iii) *Xuzhou City project*

The Xuzhou City project occupies approximately 200,000 square metres and is located in the northern part of Jiangsu Province. The market houses various market stalls godowns and cold

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storage. Xuzhou Market is a major marketplace for the supply of fruit and seafood in the city and the northern part of Jiangsu Province. Xuzhou Market was ranked “Top 50 National Agricultural Wholesale Markets” (in terms of transaction amount) by China Agricultural Wholesale Market Association in 2013. For the year ended 31 December 2014, the Xuzhou City project contributed approximately 21% to the Group’s overall revenue.

(iv) Luoyang City project

The Luoyang City project is the new flagship project of the Group and the first agricultural produce exchange market project in Henan Province. The site area of Luoyang Market is approximately 255,000 square metres with gross floor area of approximately 160,000 square metres. After more than one-year in operation, the business operations of Luoyang Market have gradually been improving. For the year ended 31 December 2014, the Luoyang City project contributed approximately 6% to the Group’s overall revenue.

(v) Kaifeng City project

In January 2013, the Group won a bid at a tender for five parcels of land with approximately 408,000 square metres in total for the Kaifeng City project for the consideration of approximately RMB116.3 million. The five parcels of land are intended to be used to expand the Group’s existing network of agricultural wholesale markets in the PRC. Details of the transaction are disclosed in the Company’s announcement dated 11 January 2013.

The construction of the phase one development of the Kaifeng City project, with the gross floor construction area of approximately 100,000 square metres, was completed in late 2014. The Kaifeng City project is the Group’s third exchange in Henan Province, the PRC and facilitated the Group’s expansion of its agricultural produce exchange network in Henan Province. For the year ended 31 December 2014, phase one of the Kaifeng City project contributed approximately 1% to the Group’s overall revenue.

The phase two of the Kaifeng City project is under construction and expected to be completed in April 2015.

(vi) Qinzhou City project

The Group won bids at tenders of two parcels of land with approximately 150,000 square metres and approximately 117,000 square metres in November 2011 and October 2012, respectively. The two parcels of land are intended to be used to expand the Group’s existing network of agricultural wholesale markets in the PRC.

The construction of the Qinzhou City project, with the gross floor construction area of approximately 189,000 square metres, was completed in 2014. The Qinzhou City project is the Group’s second market in Guangxi Zhuang Autonomous Region, the PRC, and facilitated the Group’s expansion of its agricultural produce market network in Guangxi Zhuang Autonomous Region. For the year ended 31 December 2014, the Qinzhou City project contributed approximately 1% to the Group’s overall revenue.

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(vii) Puyang City project

In April 2014, a wholly-owned subsidiary of the Company entered into a new joint venture agreement with Puyang Nong Lian Trading Company Limited, as the joint venture partner, pursuant to which the total investment to be made to the joint venture company would increase from RMB2.8 million to RMB140.0 million, of which RMB105.0 million will be contributed by the Company's subsidiary in cash and RMB35.0 million will be contributed by the joint venture partner through injection of all the assets and resources within the designated area of an exchange market in Puyang City currently owned and managed by the joint venture partner (including but not limited to the land, building and warehouse rights). The joint venture company was established in March 2014. The joint venture company acquired the existing business operations of Puyang Market and extended the geographic reach of our agricultural produce exchange projects to Puyang City, Henan Province, the PRC. Details of the transaction are disclosed in the Company's announcement dated 1 April 2014. For the year ended 31 December 2014, the Puyang City project contributed approximately 3% to the Group's overall revenue.

(viii) Huangshi City project

In November 2014, a wholly-owned subsidiary of the Company entered into the co-operation agreement with Huangshi Xingang Commercial and Trading Development Limited, as the joint venture partner, to form of a joint venture company for the Huangshi project (owned as to 80% by the wholly-owned subsidiary of the Company and 20% by the joint venture partner) in relation to the leasing of the existing agricultural produce exchange in Huangshi City, Hubei Province, the PRC, operated and managed by the joint venture partner and the transfer of the management rights of the said existing Huangshi Market to the said joint venture company. Details of the transaction are disclosed in the Company's announcement dated 20 November 2014.

For the year ended 31 December 2014, the Huangshi City project did not contribute any revenue to the Group.

Save as disclosed in the above paragraphs, as at the Latest Practicable Date, the Group has no other existing agricultural wholesale markets in operation. However, it is the intention of the Company to expand the footprint and/or the size of the agricultural wholesale markets when suitable opportunities arise.

As at the Latest Practicable Date, the Group has the following agricultural wholesale markets which are under construction or pending construction:

(i) Huai'an City project

In January 2013, the Group won a bid at a tender for a parcel of land in Huai'an City, Jiangsu Province, the PRC, with approximately 53,000 square metres for the Huai'an City project for the consideration of RMB42.0 million. The land is intended to be used to expand the Group's existing network of agricultural wholesale markets in the PRC. Details of the transaction are disclosed in the Company's announcement dated 16 January 2013.

In August 2014, the Group won a bid at a tender for another parcel of land with approximately 48,000 square metres for the Huai'an City project for the consideration of RMB44.0 million. The land is intended to be used to expand the Group's existing network of agricultural wholesale markets in the PRC. Details of the transaction are disclosed in the Company's announcement dated 26 August 2014.

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Construction of the Huai'an City project has commenced and is estimated to commence operations in July 2015.

(ii) Panjin City project

In January 2014, the Group won a bid at the tender for three parcels of land in Panjin City, Liaoning Province, the PRC, with approximately 159,800 square metres in total for the Panjin City project for the consideration of approximately RMB29.1 million. The three parcels of land are intended to be used to expand the Group's existing network of agricultural wholesale markets in the PRC. Details of the transaction are disclosed in the Company's announcement dated 20 January 2014.

Construction of the Panjin City project commenced in early 2014 and is estimated to be completed, and operations commencing, around July 2015.

As at the Latest Practicable Date, the Group has the following existing agricultural wholesale markets in the PRC which are in negotiation:

(i) Chenzhou City project

On 18 November 2014, a wholly-owned subsidiary of the Company and the Chenzhou Beihu Government, the PRC, has entered into an agreement in relation to a development project in Chenzhou City, Hunan Province, the PRC, under which the subsidiary agreed to make an interest-free prepayment of RMB28.8 million to the Chenzhou Beihu Government to support the development project. Details of the agreement are disclosed in the announcement of the Company dated 18 November 2014.

Besides the Chenzhou City project mentioned above, the Group was also involved in negotiations with the relevant governmental authorities with a view to evaluating the opportunities of acquiring land in various PRC cities such as Puyang City and Fuzhou City for the purpose of developing agricultural produce exchanges.

As at the Latest Practicable Date, the Group has not yet acquired any land for development of the Chenzhou project and as such, there is currently no precise date for commencement of operations of this project.

Qualifying Shareholders

To qualify for the Rights Issue, a Shareholder must have been registered as a member of the Company and not being an Excluded Shareholder on the Record Date.

Overseas Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

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According to the register of members of the Company as at the Latest Practicable Date, there was 1 Overseas Shareholder whose address was located in the PRC. Based on the advice provided by the Company's PRC legal advisers, the PRC laws impose no restrictions on extending the Rights Issue to PRC Shareholder, and the Company is not required to obtain any approvals for the despatch of the Prospectus Documents to such Shareholder. Accordingly, the Directors have decided to extend the Rights Issue to the one Shareholder in the PRC.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the Rights Shares in their nil-paid form commence and before dealings in the Rights Shares in their nil-paid form end, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, will be retained for the benefit of the Company. Any unsold entitlement of the Excluded Shareholders to the Rights Shares, and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise subscribed for by transferees of the nil-paid Rights Shares, will be made available for excess applications by the Qualifying Shareholders.

This Prospectus is sent to the Excluded Shareholders for information purposes only.

Procedures for Acceptance and Payment

Qualifying Shareholders will find enclosed with this Prospectus a PAL which entitles the Qualifying Shareholders to subscribe for the number of Rights Shares shown therein. **If the Qualifying Shareholders wish to exercise their rights to subscribe for all the Rights Shares specified in the PALs, the Qualifying Shareholders must lodge the PALs in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar by no later than 4:00 p.m. on Wednesday, 6 May 2015. All remittances must be made by cheques or cashier's orders in Hong Kong dollars. Cheques must be drawn on an account with, and cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "China Agri-Products Exchange Limited — Rights Issue Account" and crossed "ACCOUNT PAYEE ONLY".**

It should be noted that unless the duly completed PAL, together with the appropriate remittance, has been lodged with the Registrar by no later than 4:00 p.m. on Wednesday, 6 May 2015, whether by the original allottee or any person in whose favour the rights have been validly transferred, the relevant provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled, and such Rights Shares will be available for excess application by the Qualifying Shareholders under the EAF.

If the Qualifying Shareholders wish to accept only part of their provisional allotment or transfer a part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL or to transfer all or part of their rights to more than one person, the PAL must be surrendered for cancellation by not later than 4:30 p.m. on Monday, 27 April 2015 to the Registrar, who will cancel the original PAL and issue new PALs in the denomination required.

LETTER FROM THE BOARD

The PAL contains further information regarding the procedures to be followed for Qualifying Shareholders who wish to accept the whole or part of their provisional allotment. All cheques and cashier's orders accompanying completed PALs will be presented for payment immediately upon receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of a PAL with a cheque or a cashier's order will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the accompanying cheque or cashier's order is dishonoured on first presentation, and, in such event, the relevant provisional allotment and all rights and entitlements given pursuant to which will be deemed to have been declined and will be cancelled.

No receipt will be issued for any monies received in respect of the provisional allotments. If the Underwriting Agreement is terminated before the Latest Time for Termination, the Rights Issue will not proceed and the monies received in respect of the relevant provisional allotments will be returned to the relevant persons without interest, by means of cheques despatched by ordinary post to their registered addresses at their own risk on or before Thursday, 14 May 2015.

Application for excess Rights Shares

Qualifying Shareholders are entitled to apply for any unsold entitlements of the Excluded Shareholders and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders (or the transferees to whom any Qualifying Shareholders have transferred their provisional entitlements). Application may be made by completing the EAF(s) and lodging the same with a separate remittance for the excess Rights Shares no later than the Latest Time For Acceptance. The Directors will allocate the excess Rights Shares at their discretion on a fair and equitable basis and on a pro-rata basis to the excess Rights Shares applied for by the Qualifying Shareholders. However, no preference will be given to topping-up odd lots to whole board lots.

Beneficial owners of the Adjusted Shares whose shares are held by a nominee company (including HKSCC Nominees Limited) should note that for the purpose of the Rights Issue, the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, the beneficial owners of Shares whose shares are registered in name of nominee companies should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to beneficial owners individually.

Application for excess Rights Shares may be made by lodging the EAF in accordance with the instructions printed thereon, together with a remittance for the full amount payable on application in respect of the excess Rights Shares applied for, with the Registrar by not later than 4:00 p.m. on Wednesday, 6 May 2015. All remittances must be made by cheques or cashier's orders in Hong Kong dollars. Cheques must be drawn on an account with, and cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "China Agri-Products Exchange Limited — Excess Application Account" and crossed "ACCOUNT PAYEE ONLY".

LETTER FROM THE BOARD

If no excess Rights Shares are allotted to the Qualifying Shareholders who have applied for excess Rights Shares, the amount tendered on application will be returned to such Qualifying Shareholders without interest by means of a cheque despatched by ordinary post to their registered addresses at their own risk on or before Thursday, 14 May 2015. If the number of excess Rights Shares allotted to the Qualifying Shareholders is less than that applied for, the surplus application money will also be returned to such Qualifying Shareholders without interest by means of a cheque despatched by ordinary post to their registered addresses at their own risk on or before Thursday, 14 May 2015. All cheques and cashier's orders accompanying completed EAFs will be presented for payment upon receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of an EAF with a cheque or a cashier's order in payment for the excess Rights Shares applied for will constitute a warranty by the applicant that the cheque or cashier's order will be honoured on first presentation. If the cheque or the cashier's order is dishonoured on first presentation, the application for excess Rights Shares is liable to be rejected.

The EAF is for use only by the person(s) to whom it is addressed and is not transferable.

If the Underwriting Agreement is terminated before the Latest Time For Termination, the Rights Issue will not proceed and the monies received in respect of applications for excess Rights Shares will be returned to the relevant persons without interest, by means of cheques despatched by ordinary post to their registered addresses at their own risk on or before Thursday, 14 May 2015.

Arrangements for trading of odd lots

In order to facilitate the trading of odd lots (if any) of the Adjusted Shares arising from the Rights Issue, the Company has appointed Kingston as an agent to provide matching services for the sale and purchase of odd lots of Adjusted Shares at the relevant market price per Adjusted Share and the matching period commences from 9:00 a.m. on Thursday, 23 April 2015 to 4:00 p.m. on Wednesday, 27 May 2015 (both dates inclusive). Shareholders who wish to take advantage of this facility should contact Ms. Rosita Kiu of Kingston at (852) 2298 6215 during office hours. Holders of odd lots of the Adjusted Shares should note that successful matching of the sale and purchase of odd lots of the Adjusted Shares is not guaranteed. Any Shareholder who is in any doubt about the odd lot arrangement is recommended to consult his/her/its own professional advisers.

Status of the Rights Shares

The Rights Shares (when allotted, fully paid or credited as fully paid and issued) will rank *pari passu* in all respects among themselves and with the Adjusted Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Rights Shares. Dealings in the Rights Shares will be subject to payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

LETTER FROM THE BOARD

Certificates of the Rights Shares

Subject to fulfillment of the conditions of the Rights Issue, share certificates for the Rights Shares are expected to be sent on or before Thursday, 14 May 2015 to those entitled thereto by ordinary post at their own risks.

One share certificate will be issued in respect of all the fully-paid Rights Shares allotted and issued to those entitled pursuant to the Rights Issue.

Refund cheques for the excess Rights Issue

Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) will be posted on or before Thursday, 14 May 2015 by ordinary post to the applicants at their own risk.

Fractions of the Rights Shares

On the basis of provisional allotment of eight (8) Adjusted Shares for every one (1) Adjusted Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue.

Taxation

Qualifying Shareholders are recommended to consult their professional advisers if they are in any doubt as to the tax implications of the holding or disposal of, or dealing in the Rights Shares and, as regards the Excluded Shareholders, their receipt of the net proceeds of sale of the Rights Shares in their nil-paid form otherwise falling to be issued to them under the Rights Issue. It is emphasised that none of the Company, its Directors or any other parties involved in the Rights Issue accepts responsibility for any tax effects or liabilities of the holders of the Rights Shares resulting from the purchase, holding or disposal of, or dealing in the Rights Shares.

Application for listing

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) to be issued and allotted pursuant to the Rights Issue. Save for the Company's 1 per cent notes due 2024 which is listed on the Stock Exchange (Stock Code: 5755), no part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

LETTER FROM THE BOARD

Subject to the granting of the listing of, and the permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange, the Rights Shares (in both their nil-paid and fully-paid forms) will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in each of their nil-paid and fully-paid forms on the Stock Exchange, or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements will be made to enable the Rights Shares (in both their nil-paid and fully-paid forms) to be admitted into CCASS.

Dealings in the Rights Shares in both nil-paid and fully-paid forms will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Warning of the risks of dealings in Shares, the Company's 1 per cent notes due 2024 (Stock Code: 5755), Adjusted Shares and/or Rights Shares in nil-paid form

The Rights Issue is conditional upon the fulfillment of the conditions set out in the section headed "Conditions of the Rights Issue" in this Prospectus. In particular, the Rights Issue is conditional, among others, upon:

- (i) the Listing Committee of the Stock Exchange granting and not having withdrawn or revoked the listing of, and the permission to deal in, the Adjusted Shares and the Rights Shares (in both nil-paid and fully-paid forms) by no later than the first day of their dealings, which was on Thursday, 9 April 2015 and is expected to be Thursday, 23 April 2015 (in respect of nil-paid Rights Shares) and Friday, 15 May 2015 (in respect of fully-paid Rights Shares), respectively; and**
- (ii) the obligations of the Underwriters under the Underwriting Agreement becoming unconditional and the Underwriting Agreement not being terminated in accordance with its terms (as set out in the section headed "Principal terms of the Underwriting Agreement" in this Prospectus).**

If the conditions of the Rights Issue are not fulfilled or if the Underwriters exercise their right to terminate the Underwriting Agreement pursuant to the terms therein, the Rights Issue will not proceed.

Any persons contemplating buying or selling Shares or Adjusted Shares (as the case may be) from the date of this Prospectus up to the date on which all the conditions of the Rights Issue is fulfilled, and any dealings in the Rights Shares in their nil-paid form between 9:00 a.m. on Thursday, 23 April 2015 and 4:00 p.m. on Thursday, 30 April 2015 (both dates inclusive), will bear the risk that the Rights Issue may not become unconditional or may not proceed. Rights Shares in their nil-paid and fully-paid forms will be traded in board lots of 5,000 Adjusted Shares.

LETTER FROM THE BOARD

Any Shareholders and potential investors contemplating dealing in Shares, the Company's 1 per cent notes due 2024 (Stock Code: 5755), the Adjusted Shares and/or nil-paid Rights Shares are recommended to consult their own professional advisers.

Previous fund-raising exercises in the prior 12-month period

Save as disclosed below, the Company has not conducted any other fund-raising activities in the past 12 months before the Latest Practicable Date:

Date of announcement	Date of completion	Fund raising activity	Net proceeds raised	Proposed use of the proceeds	Actual use of the proceeds
19 November 2014	18 May 2015	Placing of five-year 7.3% per annum coupon unlisted bonds to be issued by the Company in an aggregate gross principal amount of up to HK\$300 million	As at the Latest Practicable Date, HK\$26.0 million bonds had been or had agreed to be issued with net proceeds of approximately HK\$17.8 million (after prepayment of interest expenses of the bonds in the placing period and the first four years, and deduction of 50% of the agreed placing fees in accordance with the terms of the bonds and the agreement with the placing agent) being raised. A further approximately HK\$2.5 million (i.e. the remaining interest expenses and agreed placing fees) will be payable by the Company in February 2019.	(a) Approximately HK\$98.0 million would be utilised for prepayment of interest expenses of the bonds in the placing period and the first four years, and deduction of placing fees and expenses; (b) Approximately HK\$192.0 million would be utilised for future development of existing projects, procurement of further land by the Group; and (c) Approximately HK\$10.0 million would be utilised for general working capital of the Group.	(a) Approximately HK\$8.2 million was utilised for prepayment of interest expenses of the bonds in the placing period and the first four years and deduction of placing fees and expenses; (b) Approximately HK\$8.3 million was utilised for future development of existing projects; and (c) Approximately HK\$2.6 million was utilised for general working capital of the Group.

Note:

The Rights Issue is being conducted close to this placing of bonds, as the Company may not be able to receive the full aggregate principal amount of the HK\$300.0 million sought to be raised by the placing, given that only HK\$26.0 million of bonds have been issued as at the Latest Practicable Date.

LETTER FROM THE BOARD

Date of announcement	Date of completion	Fund raising activity	Net proceeds raised	Proposed use of the proceeds	Actual use of the proceeds
24 October 2014	6 November 2014	Placing of new shares under the refreshed general mandate	Approximately HK\$57.5 million	<p>(a) Approximately HK\$5.0 million would be utilised for the repayment of debts;</p> <p>(b) Approximately HK\$35.0 million would be utilised for the fees and expenses incurred in connection with the issue of bonds; and</p> <p>(c) The remaining balance of approximately HK\$17.5 million would be utilised for the general working capital of the Group.</p>	<p>(a) Approximately HK\$5.0 million was utilised for the repayment of debts;</p> <p>(b) Approximately HK\$35.0 million was utilised for the payment of the fees and expenses incurred in the issue of the bonds; and</p> <p>(c) Approximately HK\$17.5 million was utilised as general working capital of the Group.</p>

LETTER FROM THE BOARD

Date of announcement	Date of completion	Fund raising activity	Net proceeds raised	Proposed use of the proceeds	Actual use of the proceeds
4 October 2014	28 November 2014	<p>Placing of (i) two-year 8.5% coupon bonds with an aggregate principal amount of HK\$200.0 million, and (ii) five-year 10.0% coupon bonds with an aggregate principal amount of HK\$1,200.0 million.</p> <p>The subscribers of these bonds are wholly-owned subsidiaries of WOG, WYT and PNG. Please see the section headed “Reasons for the Rights Issue” in this Prospectus for further details about these bonds.</p>	Approximately HK\$1,354 million (after deduction of the placing fees and expenses)	Refinancing existing indebtedness of the Company owed to the subscribers of these bonds.	Fully applied towards full repayment of outstanding principal amounts owed by the Company pursuant to past loans provided by the subscribers of these two bonds as intended.

LETTER FROM THE BOARD

Date of announcement	Date of completion	Fund raising activity	Net proceeds raised	Proposed use of the proceeds	Actual use of the proceeds
22 August 2014	3 September 2014	Placing of new shares under the general mandate	Approximately HK\$80.0 million	<p>(a) Approximately HK\$50.0 million would be utilised for the future development of existing/new agricultural produce exchange; and</p> <p>(b) The remaining balance of approximately HK\$30.0 million would be utilised for the general working capital of the Group.</p>	<p>(a) Approximately HK\$27.7 million was utilised for the payment of construction costs for the Qinzhou City project, the Panjin City project and phase one of the Kaifeng City project;</p> <p>(b) Approximately HK\$22.3 million was advanced to the Chenzhou City Beihu Government for land acquisition of a possible development project; and</p> <p>(c) Approximately HK\$30.0 million was utilised for the general working capital of the Group as intended.</p>

LETTER FROM THE BOARD

Date of announcement	Date of completion	Fund raising activity	Net proceeds raised	Proposed use of the proceeds	Actual use of the proceeds
19 May 2014	30 September 2014	Placing of medium term notes in an aggregate principal amount of up to HK\$1 billion maturing on 30 September 2024	As of the Latest Practicable Date, HK\$400 million medium term notes had been issued, with net proceeds of approximately HK\$147.2 million (after prepayment of interest and deduction of placing fees) being raised	For future development of existing projects, procurement of further land by the Group	<p>(a) Approximately HK\$59.2 million was utilised for the construction costs of Qinzhou City project;</p> <p>(b) Approximately HK\$10.4 million was utilised for the construction cost for phase one of the Kaifeng City project;</p> <p>(c) Approximately HK\$26.1 million was utilised for the construction costs for the Panjin City project;</p> <p>(d) Approximately HK\$24.1 million was utilised for acquisition of land in the Huai'an City project;</p> <p>(e) Approximately HK\$13.9 million was advanced to Chenzhou City Beihu Government for land acquisition of a possible development project;</p> <p>(f) Approximately HK\$12.6 million was utilised for development cost in the Puyang City project; and</p> <p>(g) Approximately HK\$0.9 million was utilised for construction costs for the Luoyang City project.</p>

LETTER FROM THE BOARD

Date of announcement	Date of completion	Fund raising activity	Net proceeds raised	Proposed use of the proceeds	Actual use of the proceeds
19 December 2013	21 March 2014	Rights issue	Approximately HK\$495.5 million	<p>(a) Approximately HK\$450 million would be utilised for the development of existing and future agricultural produce exchange projects, of which (i) approximately HK\$130 million would be utilised for acquisitions of land in the PRC; and (ii) approximately HK\$320 million would be utilised for the payments of construction costs of agricultural produce exchanges in the PRC, of which (1) approximately HK\$130 million was intended for phase one of the Kaifeng City project; (2) approximately HK\$55.0 million was intended for the Qinzhou City project; (3) approximately HK\$70.0 million was intended for the Huai'an City project; and (4) approximately HK\$65.0 million was intended for the Panjin City project; and</p> <p>(b) The remaining balance of approximately HK\$45.5 million as the general working capital of the Group.</p>	<p>(a)(i) Approximately HK\$130 million was utilised for acquisitions of land in the PRC;</p> <p>(a)(ii)(1) Approximately HK\$130 million was utilised for the payment of the construction costs for phase one of the Kaifeng City project;</p> <p>(a)(ii)(2) Approximately HK\$55.0 million was utilised for the payment of the construction costs for the Qinzhou City project;</p> <p>(a)(ii)(3) Approximately HK\$69.8 million was utilised for the payment of the construction costs for the Huai'an City project and approximately HK\$0.2 million will be utilised generally for this project;</p> <p>(a)(ii)(4) Approximately HK\$65.0 million was utilised for the payment of the construction costs for the Panjin City project; and</p> <p>(b) Approximately HK\$45.5 million was applied as the general working capital of the Group as intended.</p>

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Prospectus.

By order of the Board
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

1. FINANCIAL INFORMATION

The audited consolidated financial statements of the Group for the years ended 31 December 2012, 31 December 2013, 31 December 2014, including the notes thereto, have been published in the annual reports of the Company for the years ended 31 December 2012 (pages 35 to 111) (<http://www.hkexnews.hk/listedco/listconews/SEHK/2013/0415/LTN20130415780.pdf>), 31 December 2013 (pages 39 to 127) (<http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0411/LTN201404111181.pdf>) and 31 December 2014 (pages 47 to 123) (<http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0302/LTN201503021037.pdf>) respectively, which are incorporated by reference into this Prospectus. The said annual reports of the Company are available on the Company's website at <http://www.cnagri-products.com> and the website of the Stock Exchange at www.hkexnews.hk.

The Company's auditors, HLB Hodgson Impey Cheng Limited, have not issued any qualified opinion on the Group's financial statements, however, significant of doubt on the Group's ability to continue its operation on a going concern basis were emphasized in the independent auditor's report for the financial years ended 31 December 2012, 2013 and 2014.

2. INDEBTEDNESS STATEMENT

Borrowings

As at close of business on 28 February 2015, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Prospectus, the Group had outstanding borrowings of approximately HK\$1,321,533,000. These borrowings comprised (i) secured bank borrowings of approximately HK\$1,154,690,000; (ii) unsecured bank borrowings of approximately HK\$61,843,000; and (iii) unsecured interest-bearing loans of HK\$105,000,000. The bank borrowings with variable interest rates carry interest rates ranging from 2.7% to 7.7% per annum. The interest borrowing loans carry interest fixed at 12.0% per annum.

Securities

The aforesaid secured bank borrowings of approximately HK\$1,154,690,000 were secured by the investment properties, stock of properties and pledged bank deposits with a carrying amount of approximately HK\$1,542,783,000, HK\$1,068,929,000 and HK\$91,948,000 respectively or secured by pledged shares of a subsidiary of the Company.

Bonds

As at close of business on 28 February 2015, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Prospectus, the Group had issued 40 lots of listed bonds with the carrying amounts of approximately HK\$150,855,000. The listed bonds bear interest at 1% per annum and are repayable in mature on 30 September 2024. The Group had also issued three tranches of private bonds which mature on 28 November 2016, 28 November 2019 and 18 February 2020 respectively (the "2016 Bonds", "2019 Bonds" and "2020 Bonds") with the carrying amounts of approximately HK\$1,364,519,000. The 2016 Bonds, 2019 Bonds and 2020 Bonds were borne coupon rates at 8.5%, 10% and 7.3% per annum respectively.

Promissory notes

As at close of business on 28 February 2015, being the Latest Practicable Date for the purpose of this indebtedness statement prior to the printing of this Prospectus, the Group had two issued promissory notes with an aggregate amount of HK\$376,000,000. 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 and Tian Jiu 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.

Contingent liabilities

Save as disclosed in this Prospectus, 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 awarded, no litigation or claims of material importance is pending or threatened against the Group.

As at close of business on 28 February 2015, being the Latest Practicable Date for the purpose of this indebtedness statement prior to the printing of this Prospectus, the Group had no other material contingent liabilities outstanding.

Disclaimer

Save as aforesaid and apart from intra-group liabilities and normal trade payables, at the close of business on 28 February 2015, 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 28 February 2015.

Save as disclosed above, the Directors were not aware of any material changes in the indebtedness and contingent liabilities of the Group after 28 February 2015 and up to the Latest Practicable Date.

3. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that, in the absence of unforeseen circumstances, the Group will have sufficient working capital for its requirements for the next 12 months from the date of this Prospectus.

4. MATERIAL CHANGE

Save as disclosed in note 35 to the consolidated financial statements of the Group for the year ended 31 December 2014 in relation to the litigation by Ms. Wang Xiu Qun and Wuhan Tian Jin Industrial and Commercial Development Co., Ltd. against the Company, further information of which is set out in paragraph headed “8. Litigation” in Appendix III of this Prospectus, as at the Latest Practicable Date, the Directors confirm that there was no material change in the financial or trading position or outlook of the Group since 31 December 2014, being the date to which the latest published audited financial statements of the Group were made up, up to and including the Latest Practicable Date.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is principally engaged in the business of property management and sales in respect of agricultural produce exchanges in the PRC.

For the year ended 31 December 2014

For the year ended 31 December 2014, the Group recorded a turnover of approximately HK\$298.0 million, a decrease of approximately HK\$110.5 million or approximately 27% from approximately HK\$408.5 million for the previous financial year. The decrease was mainly attributable to the drop of properties sales of Yulin Market but slightly offset by the increase of income of other agricultural produce exchange projects. The gross profit of the Group increased by approximately 12% to approximately HK\$214.1 million from approximately HK\$192.0 million for the previous financial year. The gross profit margin of the Group for the financial year was approximately 72% as compared to approximately 47% for the previous financial year. The sharp rise of gross profit margin was mainly due to that the property sale margin is lower than that of agricultural produce exchange market operation.

The loss attributable to owners of the Company for the year was approximately HK\$340.4 million as compared to last year of profit of approximately HK\$155.0 million. The loss was mainly due to the sales recognition of shops in Yulin Market in 2013 but that effect decreased in 2014 as well as increase in administrative and selling expenses, finance cost and decrease in the growth rate of net gain in fair value of investment properties.

As at 31 December 2014, the Group had total cash and cash equivalents amounting to approximately HK\$200.4 million (2013: approximately HK\$267.4 million) whilst total assets and net assets were approximately HK\$6,906.0 million (2013: approximately HK\$5,698.8 million) and approximately HK\$1,876.3 million (2013: approximately HK\$1,620.8 million), respectively.

The Group's gearing ratio as at 31 December 2014 was approximately 1.5 (2013: approximately 1.3), being a ratio of total bank and other borrowings, bonds and promissory notes of approximately HK\$3,045.3 million (2013: approximately HK\$2,442.0 million, being the total of bank and other borrowings and promissory notes), net of cash and cash equivalents of approximately HK\$200.4 million (2013: approximately HK\$267.4 million) to shareholders' funds of approximately HK\$1,876.3 million (2013: approximately HK\$1,620.8 million).

Looking forward to 2015, the Group will strive to build a nationwide agricultural produce exchange network by leveraging on its leading position in the industry, readily replicable business model, well-advanced management system, information technology infrastructure and quality customer services. The Group has commenced the operations of Kaifeng Market in Henan and Qinzhou Market in Guangxi, bringing driving force of business development in 2015. The commencement of the Kaifeng Market and the Qinzhou Market are expected to contribute additional revenue to the Group in 2015. The Group also expects that the commencement of operations of Huai'an Market in Jiangsu Province and Panjin Market in Liaoning Province in 2015 will be another force of momentum to the Group's business development.

Once again, agricultural issue is still the first policy for consecutive years by the PRC central government in 2015 under the document (the "**Document**") name of "the Number 1 Policy of 2015". The Document reflects the PRC government's intention to upgrade and invest in agricultural produce market, expand agricultural produce network, build logistic infrastructure and storage of agriculture and improve regional cold storage infrastructure. By capturing the opportunity brought by the government policy, the Group will continue to focus on intensifying its investment in agricultural by-products wholesale markets in the PRC.

Pioneering the strategic position of agricultural produce markets, the Group will endeavor to negotiate, build and expand the network of sizable wholesale market platform by establishing partnership or direct investment in the various provinces in the PRC. Combining the competitive strategic choice of successful business model and our professional experience in leading position in the industry coupling with the significant increment of land bank, the Group is confident that this strategy and business model will deliver long term benefits to the shareholders of the Company.

The following is the text of a report, prepared for the sole purpose of incorporation in this Prospectus and received from the independent reporting accountants, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong.



國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

21 April 2015

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF PRO FORMA FINANCIAL INFORMATION INCLUDED IN AN
INVESTMENT CIRCULAR**

To the Board of Directors of China Agri-Products Exchange Limited

We have completed our assurance engagement to report on the pro forma financial information of China Agri-Products Exchange Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) by the directors for illustrative purposes only. The pro forma financial information consists of the pro forma statements of adjusted consolidated net tangible assets of the Group as at 31 December 2014 and related notes as set out on page II-4 to II-5 of the prospectus issued by the Company dated 21 April 2015 (the “**Prospectus**”). The applicable criteria on the basis of which the directors have compiled the pro forma financial information are described on page II-4 to II-5 of the Prospectus.

The pro forma financial information has been compiled by the directors to illustrate the impact of the proposed rights issue of 1,724,168,248 rights shares of HK\$0.01 each at HK\$0.3 per rights share on the basis of eight right shares for every one adjusted share of the Company (the “**Rights Issue**”) on the Group’s financial position as at 31 December 2014 as if the Rights Issue had taken place at 31 December 2014. As part of this process, information about the Group’s financial position has been extracted by the directors from the Group’s consolidated financial statements for the period ended 31 December 2014, on which an audit report has been published.

Directors' Responsibility for the Pro Forma Financial Information

The directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the respective dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements (“**HKSAE**”) 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the HKICPA.

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

The purpose of pro forma financial information included in the Prospectus is solely to illustrate the impact of a significant event transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Rights Issue at 31 December 2014 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

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

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

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

Opinion

In our opinion:

- (a) the pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Wong Sze Wai, Basilia
Practising Certificate Number: P05806
Hong Kong

PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The pro forma financial information of the Group attributable to equity shareholders of the Company is prepared by the Directors in accordance with Rule 4.29 of the Listing Rules to illustrate the effect of the proposed Rights Issue of 1,724,168,248 rights shares of HK\$0.01 each at HK\$0.3 per rights share on the basis of eight right shares for every one adjusted share on the consolidated net tangible assets of the Group as if the Rights Issue had been completed on 31 December 2014.

The pro forma financial information of the Group is prepared for illustrative purposes only, based on the judgments and assumptions of the Directors, and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group following the Rights Issue as at the date to which it is made up or at any future date.

The pro forma financial information of the Group is prepared based on the audited consolidated net tangible assets attributable to equity shareholders of the Company as at 31 December 2014 and adjusted to reflect the effect of the Rights Issue:

Audited consolidated net tangible assets of the Group as at 31 December 2014 <i>(note 1)</i> HK\$'000	Estimated net proceeds from the Rights Issue <i>(note 2)</i> HK\$'000	Pro forma adjusted consolidated net tangible assets of the Group HK\$'000	Unaudited consolidated net tangible assets of the Group per Adjusted Share as at 31 December 2014 prior to the completion of the Rights Issue <i>(note 3)</i>	Unaudited consolidated net tangible assets of the Group per Adjusted Share upon completion of the Rights Issue <i>(note 4)</i>
1,416,847	501,700	1,918,547	HK\$6.57 Adjusted Share	HK\$0.99 Adjusted Share
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Notes:

- (1) The consolidated net tangible assets of the Group as at 31 December 2014 is calculated based on the capital and reserves attributable to the owners of the Company as at 31 December 2014 of approximately HK\$1,423,291,000 after deducting goodwill of approximately HK\$6,444,000 as at 31 December 2014 as extracted from the published annual report of the Company for the year ended 31 December 2014.

- (2) The estimated net proceeds from the Rights Issue are based on 1,724,168,248 Rights Shares of HK\$0.01 each at HK\$0.3 per Rights Share on the basis of eight Adjusted Shares for every one Adjusted Share of the Company held as at the Latest Practicable Date, after deducting the estimated underwriting commission and other related expenses of approximately HK\$15.6 million to be incurred by the Company.
- (3) The number of Adjusted Shares used for the calculation of this amount is 215,521,031 representing shares in issue as at 31 December 2014, which have been adjusted for the Capital Reorganisation as if the Capital Reorganisation had taken place as at 31 December 2014.
- (4) The number of shares used for the calculation of this amount is 1,939,689,279, representing 215,521,031 Adjusted Shares, and 1,724,168,248 Rights Shares. The number of 215,521,031, Adjusted Shares in issue as at 31 December 2014 and adjusted for the Capital Reorganisation which involves, among others, the consolidation of every eight issued Shares into one Consolidated Share and the reduction of the par value of each issued Consolidated Share from HK\$0.08 to HK\$0.01.
- (5) No adjustment other than those adjusted above has been made to reflect any trading results or other transactions of the Group subsequent to 31 December 2014.

1. RESPONSIBILITY STATEMENT

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

2. SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) immediately following the completion of the Rights Issue are as follows:

(i) As at the Latest Practicable Date

<i>Authorised:</i>		<i>HK\$</i>
<u>30,000,000,000</u>	Adjusted Shares	<u>300,000,000.00</u>
<i>Issued and fully-paid:</i>		<i>HK\$</i>
<u>215,521,031</u>	Adjusted Shares in issue	<u>2,155,210.31</u>

(ii) Immediately following the completion of the Rights Issue

<i>Authorised:</i>		<i>HK\$</i>
30,000,000,000	Adjusted Shares	300,000,000.00
<i>Issued and fully paid:</i>		<i>HK\$</i>
215,521,031	Adjusted Shares	2,155,210.31
<u>1,724,168,248</u>	Rights Shares to be allotted and issued under the Rights Issue	<u>17,241,682.48</u>
<u>1,939,689,279</u>	Adjusted Shares in issue immediately after completion of the Rights Issue	<u>19,396,892.79</u>

All the Adjusted Shares, including the Rights Shares, to be issued will rank pari passu in all respects with each other. The Adjusted Shares, including the Rights Shares, to be issued will be listed on the Stock Exchange. No Shares have been issued since 31 December 2014, being the date on which the latest audited financial statements of the Company were made up.

Save for the Company's 1 per cent notes due 2024 which is listed on the Stock Exchange (Stock Code: 5755), no part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or the Adjusted Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, the Company has no outstanding warrants, options, derivatives or convertible or exchangeable securities.

3. DISCLOSURE OF INTERESTS

(a) Directors' interests

As at the Latest Practicable Date, none of the Directors and the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange; or (iv) to be disclosed under the Takeovers Code.

(b) Substantial shareholders' interest

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

Name	Nature of interest/capacity	Total number of Shares	Percentage of the Company's issued share capital (Note 1)
PNG Resources Holdings Limited ("PNG") (Notes 2 and 4)	Interest of a controlled corporation	559,466,819	28.84%
Wai Yuen Tong Medicine Holdings Limited ("WYT") (Notes 3 and 4)	Interest of a controlled corporation	660,000,000	34.03%
Chu Yuet Wah	Interest of a controlled corporation	547,975,551	28.25%
Active Dynamic Limited	Interest of a controlled corporation	547,975,551	28.25%
Galaxy Sky Investments Limited	Interest of a controlled corporation	547,975,551	28.25%
Kingston Capital Asia Limited	Interest of a controlled corporation	547,975,551	28.25%
Kingston Financial Group Limited	Interest of a controlled corporation	547,975,551	28.25%
Kingston Securities Limited	Others	547,975,551	28.25%

Notes:

1. The percentage stated represents the percentage of the Company's share capital as stated in the relevant disclosure of interests forms.
2. PNG, through Onger Investments Limited, its indirect wholly-owned subsidiary, was taken to be interested in such shares.
3. WYT, through Jade Range Limited, its indirect wholly-owned subsidiary of Total Smart Investments Limited which, in turn, was wholly owned by WYT, was taken to be interested in such shares.
4. Mr. Chan Chun Hong, Thomas, the Chairman and the Chief Executive Officer of the Company, is a director of PNG, WYT, Jade Range Limited, Total Smart Investments Limited and Onger Investments Limited.

Save as disclosed above, the Directors and the chief executive of the Company are not aware that there is any person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the shares and underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly interested in 10 per cent or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at a general meeting of any member of the Group.

4. COMPETING INTERESTS OF DIRECTORS AND ASSOCIATES

As at the Latest Practicable Date, none of the Directors or their respective associates had any personal interests in companies engaged in businesses, which compete or may compete with the Group.

5. DIRECTORS' INTERESTS IN THE GROUP'S ASSETS AND CONTRACTS

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which have been, since 31 December 2014 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any subsisting contract or arrangement which is significant in relation to the business of the Group.

6. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has a service contract with any member of the Group which was not determinable by the Group within one year without payment of compensation (other than statutory compensation).

As at the Latest Practicable Date, none of the Directors has a service contract with the Company or any of its subsidiaries or associated companies, which: (i) (including both continuous and fixed term contracts) have been entered into or amended within 6 months before the date of the 8 January Joint Announcement; (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.

7. EXPERT AND CONSENT

The following is the qualification of the expert who has given an opinion or advice, which is contained in this Prospectus:

Name	Qualification
HLB Hodgson Impey Cheng Limited (“ HLB ”)	Certified Public Accountants

As at the Latest Practicable Date, HLB (i) had no shareholding in any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group; (ii) had no direct or indirect interest in any assets which had been, since 31 December 2014 (the date to which the latest published audited consolidated financial statements of the Group were made up), acquired, disposed of by, or leased to any member of the Group, or were proposed to be acquired, disposed of by, or leased to any member of the Group; and (iii) has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion of its letter and the reference to its name included herein in the form and context in which it appears.

8. LITIGATION

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

- (a) On 7 January 2011, 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) against the Company (as defendant) and filed with the Higher People’s Court of Hubei Province, 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:

- (1) it is alleged that Baisazhou Agricultural forged a share transfer agreement entered into between the Company, Ms. Wang and Tian Jiu (the “**Contended Agreement**”) in relation to the acquisition by the Company of Baisazhou Agricultural (the “**Acquisition**”) wherein the consideration for the Acquisition was understated and the manner of settlement of the consideration was inaccurately described;

- (2) it is alleged that Baisazhou Agricultural forged the related documentation for filing with the PRC Ministry of Commerce and the Wuhan Administration of Industry and Commerce (the “**Hubei AIC**”), and that such documentation and the Contended Agreement involved forged signatures; and
- (3) it is alleged that the PRC Ministry of Commerce (“**MOFCOM**”) and the Hubei AIC approved the Acquisition and processed the related filings on the basis of the above forged documents.

At the relevant time of the Acquisition, none of the current Directors or senior management of the Company as at the Latest Practicable Date were involved in the Acquisition.

According to the Writ, Ms. Wang and Tian Jiu are seeking an order from the court against the Company that the Contended Agreement, to which the Company is a party, is void and invalid from the beginning and should be terminated, and claimed against the Company and Baisazhou Agricultural all relevant profits of Baisazhou Agricultural which were attributable to Ms. Wang and Tian Jiu, together with costs of the legal proceedings.

On 18 November 2011, the Higher People’s Court of Hubei Province made an interim order that 8% of the equity interest held by the Company in Baisazhou Agricultural be subject to a freezing order pending determination of the Writ. On 14 January 2014, the Higher People’s Court of Hubei Province reduced the percentage of equity interest subject to a freezing order be reduced to 1.3%. Having considered the preliminary legal opinion of the Company’s PRC legal advisers, the Board is of the view that the freezing order does not affect the daily operation and management of the Baisazhou exchange, or the operation of Baisazhou Agricultural, and thus had no material effect on the Group as a whole.

On 18 June 2014, the Company received the judgment (the “**Hubei Court Judgment**”) from the Hubei Court in relation to the 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.

On 4 July 2014, the Company 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 the 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.

On 20 November 2014, the parties to the proceedings attended the trial of the Appeal.

On 13 January 2015 the Company received the judgment dated 31 December 2014 handed down from the Supreme People's Court in relation to the Appeal ("**Beijing Judgment**"). In the Beijing Judgment, the Supreme People's Court ordered 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, and/or the approval of the Acquisition by MOFCOM in November 2007.
- (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 or Wuhan Administration of Industry and Commerce.
- (c) The Company can apply for re-trial within a period of 6 months from the date of receipt of the Beijing Judgment. In this regard, the Company is seeking the advice of its PRC lawyers on the merits of any such application. In any event, should the Company decide to apply for re-trial it will do so within the stipulated time.

After receiving the Beijing Judgment and up to the Latest Practicable Date, the Company has not received any further order from the Supreme People's Court on this case.

As advised by the PRC legal advisers of the Company, it is possible for events (b) (i) and/or (b)(ii) above to happen before event (c) or before the re-trial judgment is made (if the Company applies for re-trial).

If events (b)(i) and/or (b)(ii) outlined above do happen, possible impacts on the Group may include, but are not limited to, the following:

- (a) Baisazhou Agricultural ceasing to be a subsidiary of the Company. For the financial year ended 31 December 2014, Baisazhou Agricultural contributed approximately the following to the Group: (i) approximately HK\$151.4 million (approximately 50.81% of the Group) in revenue, (ii) approximately HK\$1,898.1 million (approximately 27.48% of the Group) in assets, (iii) approximately HK\$858.0 million (approximately 17.06% of the Group) in liabilities, and (iv) approximately HK\$1,040.2 million (approximately 73.08% of the Group) in total equity attributable to owners of the Company;

- (b) the Company cancelling the provision for payment of the two outstanding instruments purportedly described as promissory notes in the respective sale and purchase agreement between the Company and Ms. Wang and Tian Jiu. As at 31 December 2014, the instruments are recorded at book value of approximately HK\$376.0 million, together with interest payable in the aggregate amount of approximately HK\$518.0 million; and
- (c) the Company may take all necessary actions to seek (i) the return of the remaining balance of approximately HK\$705.9 million, being the consideration paid for the Acquisition, and (ii) the investments made by the Company over the years in Baisazhou Agricultural.

However, at this stage it is premature for the Company to provide any definitive view on the possible overall impact on the Group if events (b)(i) or (b)(ii) above occur.

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

- (1) On 28 January 2011, the Company and Baisazhou Agricultural commenced court proceedings at the Higher People's Court of Hubei Province, the PRC against, inter alia, Ms. Wang and Tian Jiu for the return of assets and operating profits of Baisazhou Agricultural which were unlawfully misappropriated.
- (2) On 16 October 2014 the Company applied to the Higher People's Court of Hubei Province to withdraw its claim in the proceedings. The Company's application was granted on 22 October 2014.

(C) Writ issued in PRC by Wuhan Long Xiang Trading Development Limited and Wubei Zhong An Enterprise Investment Company Limited

- (1) On 1 July 2011, Baisazhou Agricultural received a writ issued by Wuhan Long Xiang Trading Development Limited ("**Long Xiang**") (as plaintiff) against Baisazhou Agricultural (as defendant) ("**Long Xiang Action**") and filed with the Wuhan Intermediate People's Court, the PRC, together with the related court summons dated 20 June 2011.
- (2) It was alleged that Baisazhou Agricultural is obliged to make payment under a settlement agreement dated 16 August 2010 and a supplemental settlement agreement dated 19 August 2010 (the "**Settlement Agreements**") entered into between Long Xiang, Baisazhou Agricultural and another party known as Wubei Zhong An Enterprise Investment Company Limited ("**Zhong An**").

- (3) On 20 April 2012, the Wuhan Intermediate People’s Court at first instance granted a judgment in favour of Long Xiang under which Baisazhou Agricultural was ordered to repay RMB20,659,176 together with interest at the borrowing rate offered by the People’s Bank of China for the period from 19 August 2010 to 16 May 2011 to Long Xiang as damages for economic loss suffered.
- (4) Subsequently on 16 May 2012, Baisazhou Agricultural appealed to the Higher People’s Court of Hubei Province.
- (5) Due to the overlapping of issues of another PRC court action between Baisazhou Agricultural (as defendant) and Zhong An (as plaintiff) in relation to the Settlement Agreements (“**Zhong An Action**”) with the Long Xiang Action, the Higher People’s Court of Hubei Province ordered that the Long Xiang Action be suspended, and the Zhong An Action to be retried by the Wuhan Intermediate People’s Court.
- (6) On 22 May 2013 the Wuhan Intermediate People’s Court delivered judgment upon retrying the Zhong An Action, and it maintained its judgment against Baisazhou Agricultural. On or about June 2013, Baisazhou Agricultural appealed to the Higher People’s Court of Hubei Province, but the appeal was dismissed. Baisazhou Agricultural then applied to the Supreme People’s Court for re-trial of the case. On 18 December 2013, the Supreme People’s Court dismissed the application.
- (7) On 19 October 2013 the Higher People’s Court of Hubei Province handed down the judgment of the Long Xiang Action. The court found against Baisazhou Agricultural, ruling that it was liable to make repayment to Long Xiang.
- (8) On 16 April 2014, the Wuhan Intermediate People’s Court granted a Notice of Enforcement against Baisazhou Agricultural. The notice stated that on 3 April 2014, Long Xiang applied to the Wuhan Intermediate People’s Court to enforce the judgment against Baisazhou Agricultural.
- (9) On 14 April 2015, the Wuhan Intermediate People’s Court granted a Notice to Assist in Freezing Bank Accounts to Bank of Communication (Wuhan Fruit Lake Sub-branch), ordering to freeze two bank accounts of Baisazhou Agricultural. As at the Latest Practicable Date, the Wuhan Intermediate People’s Court has not made any further order on enforcement yet.

(D) Writ issued by the Company against Ms. Wang and Tian Jiu

- (1) On or about 24 October 2011, the Company issued a Writ of Summons in the Hong Kong Court of First Instance 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 (“**Sale and Purchase Agreement**”) for the Acquisition.

- (2) On 5 October 2012, the Company obtained an order from the Hong Kong Court of First Instance to the effect that undertakings (the “**Undertakings**”) were given by Ms. Wang and Tian Jiu not to (i) indorse, assign, transfer or negotiate two instruments purportedly described as promissory notes in the Sale and Purchase Agreement (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 no longer fell due for payment by the Company on 5 December 2012.
- (3) The Instruments are recorded at book value at approximately HK\$376,000,000, together with interest payable in the amount of approximately HK\$518,700,000 as at 31 December 2014.

(E) Writ issued in PRC by Mr. Yeung

On 15 July 2013, Baisazhou Agricultural received a writ issued by Mr. Yeung Guang Wu (as plaintiff) against Baisazhou Agricultural (as defendant) and demand for an outstanding construction payment of RMB3,816,707 together with interest since August 2009. The parties exchanged evidence in August 2013 and the case is still on-going.

Save as disclosed above, as at the Latest Practicable Date, so far as the Directors are aware, (i) the Group was not engaged in any litigation or claims of material importance, and (ii) no litigation or claims of material importance is pending or threatened against the Group.

9. MATERIAL CONTRACTS

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

- (a) the loan agreement with a facility of not exceeding HK\$110 million dated 13 February 2015 entered into between the Company and Double Leads Investments Limited, an indirect wholly-owned subsidiary of WOG, in respect of the February 2015 WOG Loan;
- (b) the Underwriting Agreement (together with its amending side letters dated 8 January 2015 and 28 January 2015);
- (c) the interest extension agreement dated 28 November 2014 entered into between the Company as borrower and Double Leads Investments Limited as lender in relation to the extension of interest payment of HK\$17,220,274 from 30 November 2014 to 31 May 2015;
- (d) the interest extension agreement dated 28 November 2014 entered into between the Company as borrower and Winning Rich Investments Limited as lender in relation to the extension of interest payment of HK\$18,950,685 from 30 November 2014 to 31 May 2015;

- (e) the interest extension agreement dated 28 November 2014 entered into between the Company as borrower and Peony Finance Limited as lender in relation to the extension of interest payment of HK\$15,229,452 from 30 November 2014 to 31 May 2015;
- (f) the co-operation agreement dated 20 November 2014 entered into between a wholly-owned subsidiary of the Company and Huangshi Xingang Commercial and Trading Development Limited in relation to the formation of a joint venture company;
- (g) the placing agreement dated 19 November 2014 entered into between the Company and a placing agent in relation to the placing of the five-year 7.3% per annum coupon unlisted bonds to be issued by the Company in an aggregate principal amount of up to HK\$300,000,000 and a supplemental letter dated 9 February 2015 issued by the Company to the placing agent in relation to the extension of placing period for three months;
- (h) the agreement dated 18 November 2014 entered into between a wholly-owned subsidiary of the Company and the Chenzhou Beihu Government, the PRC, in relation to a development project in Chenzhou, Hunan Province, the PRC, under which the subsidiary agreed to make an interest-free prepayment of RMB28.8 million to the Chenzhou Beihu Government to acquire the relevant land and to support the development project;
- (i) the placing agreement dated 24 October 2014 entered into between the Company and Kingston, being the placing agent, pursuant to which the Company has conditionally agreed to allot and issue, and Kingston has conditionally agreed to place, on a best-effort basis, 220,000,000 placing Shares at a placing price of HK\$0.270 per placing Share for an aggregate net proceeds of approximately HK\$57.5 million;
- (j) the subscription agreement dated 4 October 2014 entered into between (i) the Company; (ii) the wholly-owned subsidiaries of WOG, PNG and WYT, being the bonds subscribers; and (iii) a placing agent, in relation to the placing of the two-year 8.5% coupon bonds and five-year 10.0% coupon bonds issued by the Company and the subscription of the bonds by the bonds subscribers;
- (k) a placing agreement dated 22 August 2014 entered into between the Company and Kingston, being the placing agent, pursuant to which the Company has conditionally agreed to allot and issue, and Kingston has conditionally agreed to place, on a best-effort basis, 250,000,000 placing Shares at a placing price of HK\$0.33 per placing Share for an aggregate net proceeds of approximately HK\$80.0 million;
- (l) the loan agreements dated 25 July 2014 and 16 May 2014 entered into between a wholly-owned subsidiary of the Company, as lender, and the Yanhe Town Government, the PRC, as borrower, in relation to an interest-free loan of RMB18.0 million and RMB2.0 million to acquire land in Huai'an City, Jiangsu Province, the PRC;

- (m) the termination agreement dated 18 June 2014 entered into between a wholly-owned subsidiary of the Company and the Yulin Land Bureau in respect of termination of the confirmation letter dated 24 December 2012 in relation to a proposed acquisition by the subsidiary of land use rights over a parcel of land in Yulin City, Guangxi Province, the PRC, from the Yulin Land Bureau;
- (n) the joint venture agreement dated 1 April 2014 entered into between a wholly-owned subsidiary of the Company and Puyang Nong Lian Trading Company Limited as the joint venture partner, in relation to an increase in the total investment in a joint venture company from RMB2.8 million to RMB140.0 million, in which the subsidiary of the Company will contribute RMB105.0 million in cash and the joint venture partner will contribute RMB35.0 million by way of contributions in kind;
- (o) the loan agreement dated 1 April 2014 entered into between a wholly-owned subsidiary of the Company, as lender, and Mr. Jin Heng Jun, as borrower, in relation to a loan of RMB24.0 million for a period of not more than 3 years at the interest rate of 8.16% per annum;
- (p) the placing agreement dated 31 March 2014 entered into between the Company and a placing agent in relation to the placing of the bonds issued by the Company in an aggregate principal amount of up to HK\$1 billion maturing on 30 September 2024;
- (q) the underwriting agreement dated 4 December 2013 entered into between (i) the Company; (ii) WYT and WOG; and (iii) the wholly-owned subsidiaries of WOG and WYT and Kingston, collectively being the underwriters, in relation to the underwriting and certain other arrangements in respect of a rights issue of 1,106,619,045 rights shares at the subscription price of HK\$0.465 per rights share; and
- (r) a placing agreement dated 25 October 2013 entered into between the Company and an underwriter, pursuant to which the Company has conditionally agreed to allot and issue, and the underwriter has conditionally agreed to place, on a best-effort basis, 490,000,000 placing Shares at a placing price of HK\$0.112 per placing Share for an aggregate net proceeds of approximately HK\$53.1 million.

10. EXPENSES

The expenses in connection with the Rights Issue, including financial advisory fees, underwriting commission, printing, registration, translation, legal and accountancy charges are estimated to be approximately HK\$15.6 million, which are payable by the Company.

11. CORPORATE INFORMATION

Board of Directors**Correspondence Address***Executive Directors*

Mr. Chan Chun Hong, Thomas
(Chairman and Chief Executive Officer)

5/F., Wai Yuen Tong Medicine Building
9 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

Mr. Leung Sui Wah, Raymond

5/F., Wai Yuen Tong Medicine Building
9 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

Mr. Yau Yuk Shing

5/F., Wai Yuen Tong Medicine Building
9 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

Independent Non-executive Directors

Mr. Ng Yat Cheung, JP

5/F., Wai Yuen Tong Medicine Building
9 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

Ms. Lam Ka Jen, Katherine

5/F., Wai Yuen Tong Medicine Building
9 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

Mr. Lau King Lung

5/F., Wai Yuen Tong Medicine Building
9 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

Audit Committee

Ms. Lam Ka Jen, Katherine, *Chairman*
Mr. Ng Yat Cheung, *JP*
Mr. Lau King Lung

Remuneration Committee

Mr. Ng Yat Cheung, *JP, Chairman*
Ms. Lam Ka Jen, Katherine
Mr. Lau King Lung
Mr. Chan Chun Hong, Thomas

Nomination Committee

Mr. Lau King Lung, *Chairman*
Mr. Ng Yat Cheung, *JP*
Ms. Lam Ka Jen, Katherine
Mr. Chan Chun Hong, Thomas
Mr. Leung Sui Wah, Raymond

**Branch Share Registrar and
Transfer Office in Hong Kong**

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

Principal Bankers

Bank of Communications Co., Ltd.
Hong Kong Branch
Unit Nos. 1105-1107, 11/F.
Grand Central Plaza, Tower 1
Shatin
New Territories

The Hongkong and Shanghai Banking
Corporation Limited
Level 10, HSBC Main Building
1 Queen's Road Central
Hong Kong

Company Secretary

Mr. Cheung Chin Wa, Angus

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

**Head Office and Principal Place of
Business in Hong Kong**

5/F., Wai Yuen Tong Medicine Building
9 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

**Principal Share Registrar and
Transfer Agent**

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

Auditors

HLB Hodgson Impey Cheng
Certified Public Accountants
31/F., Gloucester Tower
The Landmark
11 Pedder Street, Central
Hong Kong

Legal Advisers***Hong Kong Law***

DLA Piper Hong Kong
17/F., Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

PRC Law

Zhong Lun Law Firm
36-37/F, SK Tower
6A Jianguomenwai Avenue
Beijing
People's Republic of China

Stock Code

0149 (Share Listing)
5755 (Note Listing)

Authorised Representatives

Mr. Chan Chun Hong, Thomas
5/F., Wai Yuen Tong Medicine Building
9 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

Mr. Leung Sui Wah, Raymond
5/F., Wai Yuen Tong Medicine Building
9 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

Homepage

<http://www.cnagri-products.com>

12. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE**Name and address of the Concert Group**

Wang On Group Limited
5/F., Wai Yuen Tong Medicine Building
9 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

PNG Resources Holdings Limited
5/F., Wai Yuen Tong Medicine Building
9 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

Wai Yuen Tong Medicine Holdings Limited
5/F., Wai Yuen Tong Medicine Building
9 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

Mr. Tang Ching Ho
5/F., Wai Yuen Tong Medicine Building
9 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

Ms. Yau Yuk Yin
5/F., Wai Yuen Tong Medicine Building
9 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

Accord Power Limited
P. O. Box 957
Offshore Incorporations Centre
Road Town, Tortola
British Virgin Islands

Caister Limited
P. O. Box 957
Offshore Incorporations Centre
Road Town, Tortola
British Virgin Islands

Financial adviser to the Company

Kingston Corporate Finance Limited
Suite 2801, 28/F.
One International Finance Centre
1 Harbour View Street
Central
Hong Kong

**Independent financial adviser to
the Independent Board Committee
and the Independent Shareholders**

Beijing Securities Limited
14/F., Shanghai Industrial Investment
Building
48 Hennessy Road
Wanchai
Hong Kong

Underwriters

Kingston Securities Limited
Suite 2801, 28/F.
One International Finance Centre
1 Harbour View Street
Central
Hong Kong

	Jade Range Limited P. O. Box 957 Offshore Incorporations Centre Road Town, Tortola British Virgin Islands
Legal adviser to the Company	<i>Hong Kong Law</i> Sullivan & Cromwell 28th Floor Nine Queen's Road Central Central Hong Kong <i>Bermuda Law</i> Conyers Dill & Pearman 2901 One Exchange Square 8 Connaught Place Central, Hong Kong
Reporting accountants	HLB Hodgson Impey Cheng Certified Public Accountants 31/F Gloucester Tower The Landmark 11 Pedder Street, Central Hong Kong
Valuer	RHL Appraisal Limited Room 1010, 10/F Star House Tsimshatsui Hong Kong
Branch share registrar and transfer office in Hong Kong	Tricor Investor Services Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong

13. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of each of the Prospectus Documents and the consent letter referred to in the section headed “Expert and Consent” in this appendix have been registered with the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

14. BINDING EFFECT

The Prospectus Documents and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance with the laws of Hong Kong. When an acceptance or application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, so far as applicable.

15. PROFILES OF DIRECTORS

Executive Directors

Mr. CHAN Chun Hong, Thomas (“Mr. Chan”), aged 51, joined the Group as an executive director of the Group in February 2009 and is the chairman, the chief executive officer and an authorised representative of the Company. Mr. Chan is the chairman of the executive committee and a member of each of the remuneration committee and the nomination committee of the Company. He has extensive experience in strategic planning and day-to-day operation management. Mr. Chan is an executive director of Wang On Group Limited, Wai Yuen Tong Medicine Holdings Limited and PNG Resources Holdings Limited, and was an independent non-executive director of Shanghai Prime Machinery Company Limited (resigned in June 2014), all of which are companies listed on the main board of the Stock Exchange. Mr. Chan graduated from the Hong Kong Polytechnic University with a degree in Accountancy and is a fellow member of The Association of Chartered Certified Accountants and an associate member of The Hong Kong Institute of Certified Public Accountants.

Mr. LEUNG Sui Wah, Raymond (“Mr. Leung”), aged 47, joined the Group as an executive director of the Group and the chief financial officer in June 2010. Mr. Leung was appointed as an authorised representative of the Company in February 2012. He is a member of the executive committee and the nomination committee of the Company. Mr. Leung had over 23 years of experience in corporate finance, accounting and company secretarial matters in Hong Kong and the PRC. He holds a Master degree in Business Administration and Master of Arts from The University of Hong Kong and City University of Hong Kong, respectively. He is a fellow member of The Hong Kong Institute of Certified Public Accountants, The Association of Chartered Certified Accountants, an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. He is also a full member of Chartered Institute of Purchasing and Supply and Certified Information Security Manager of Information Systems Audit and Control Association.

Mr. YAU Yuk Shing (“Mr. Yau”), aged 50, joined the Group in April 2012 and was appointed as an executive director of the Group in December 2012. Mr. Yau is a member of the executive committee of the Company. He has more than 22-year management experience in property development, engineering and construction businesses. Prior to joining the Group, Mr. Yau worked for certain companies with a wide spread of experience in real estate industry and project management.

Independent Non-executive Directors

Mr. NG Yat Cheung (“Mr. Ng”), *JP*, aged 59, joined the Company as an independent non-executive Director in February 2009. He is a member of each of the audit, remuneration and nomination committee of the Company. On 16 March 2012, Mr. Ng was also appointed as the chairman of the remuneration committee of the Company. He holds an associate degree in arts in business data processing from Chabot College in the United States. He holds offices as a director with a number of private companies which are principally engaged in technology, property development, insurance, finance and property holding. Mr. Ng is an independent non-executive director of VST Holdings Limited and Tao Heung Holdings Limited, both companies are listed on the main board of the Stock Exchange and of Jia Meng Holdings Limited, a company listed on the Growth Enterprise Market of the Stock Exchange.

Ms. LAM Ka Jen, Katherine (“Ms. Lam”), aged 49, joined the Company as an independent non-executive Director in February 2009. She is a member of each of the audit, remuneration and nomination committee of the Company. In September 2009, Ms. Lam was appointed as the chairman of the audit committee of the Company. She has over 9 years of experience in the finance and investment banking industry. Ms. Lam has worked in an international public accounting firm for over 7 years and is a qualified chartered accountant in Canada and a member of The Hong Kong Institute of Certified Public Accountants.

Mr. LAU King Lung (“Mr. Lau”), aged 68, joined the Company as an independent non-executive Director in May 2013. He is the chairman of the nomination committee and a member of each of the audit committee and the remuneration committee of the Company. Mr. Lau has over 40 years’ experience in planning, design and contracting of civil engineering and building works in Hong Kong or the PRC. Mr. Lau is a chartered engineer with his profession registration both in the United Kingdom and Hong Kong. He participated in the design of the initial systems of the Mass Transit Railway in Hong Kong after his graduation from civil engineering department of Imperial College, University of London for 6 years with Freeman Fox and Partners, London.

16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business in Hong Kong of the Company at 5/F., Wai Yuen Tong Medicine Building, 9 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong during normal business hours (Saturdays and public holidays excepted) up to and including the date which is 14 days from the date of this Prospectus:

- (a) the memorandum of association and bye-laws of the Company;

- (b) the memorandum and articles of association of WYT Underwriter;
- (c) the report on the pro forma financial information of the Group upon Completion of the Rights Issue, the text of which is set out in Appendix II of this Prospectus;
- (d) the annual reports of the Company for the three financial years ended 31 December 2012, 2013 and 2014;
- (e) the letter from the Board;
- (f) the material contracts as referred to in the section headed “material contracts” in this appendix;
- (g) the written consent referred to in the paragraph headed “Expert and Consent” in this appendix; and
- (h) this Prospectus.

17. MISCELLANEOUS

- (a) The registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The Company’s head office and principal place of business in Hong Kong is at 5/F., Wai Yuen Tong Medicine Building, 9 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong.
- (b) The secretary of the Company is Mr. Cheung Chin Wa Angus (“**Mr. Cheung**”). He is a fellow member of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. Mr. Cheung holds a Master Degree of Professional Accounting, a Master Degree of Corporate Governance, a Bachelor Degree of Laws and a Bachelor Degree of Arts in Translation. Prior to joining the Group, Mr. Cheung held company secretary or senior company secretarial positions in several Hong Kong listed companies.
- (c) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong.
- (d) The English texts of this Prospectus shall prevail over their Chinese texts in case of inconsistency.