THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares in Renhe Commercial Holdings Company Limited, you should at once hand this circular together with the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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

Renhe Commercial Holdings Company Limited
人 和 商 業 控 股 有 限 公 司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1387)

(1) VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF YIELD SMART LIMITED; (2) CONTINUING CONNECTED TRANSACTION IN RELATION TO THE FRAMEWORK LEASE AGREEMENT; (3) PROPOSED GRANT OF SPECIFIC MANDATE; AND (4) NOTICE OF EGM

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

SOMERLEY CAPITAL LIMITED

A letter from the Board is set out on pages 9 to 38 of this circular. A letter from the Independent Board Committee containing its recommendations to the Independent Shareholders is set out on pages 39 to 40 of this circular. A letter from Somerley Capital Limited, the independent financial adviser, containing its advice and opinion to the Independent Board Committee and the Independent Shareholders is set out on pages 41 to 88 of this circular.

A notice convening the EGM to be held at Salon 1–3, JW Ballroom, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong, on Monday, 20 July 2015, at 3:30 p.m. is set out on pages EGM-1 to EGM-3 of this circular. Whether or not you are able to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

* *For identification purposes only*

29 June 2015

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

"Acquisition"	the acquisition of the entire issued share capital of the Target Company
"Acquisition Agreement"	the conditional sale and purchase agreement dated 9 June 2015 entered into between the Company and the Vendor in respect of the Acquisition
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Business Contracts"	the existing business contracts entered into by the PRC Vendors in relation to the Target Business, including but not limited to (i) tenancy agreements with the traders; (ii) leasing agreements with the existing tenant of the Markets relating to the use of warehouse and logistics park facilities; and (iii) tenancy agreements with independent landlords for the use of land and property of the market
"Business Day"	a day (other than a Saturday or a Sunday) on which banks generally are open for business in Hong Kong
"Business Valuation Report"	the business valuation report in respect of the fair value of the Target Business issued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited on 29 June 2015
"BVI"	the British Virgin Islands
"BVI HoldCo 1"	Jade Tone Limited (琦通有限公司), a limited liability company incorporated in the BVI
"BVI HoldCo 2"	Chaoyi Limited (超毅有限公司), a limited liability company incorporated in the BVI
"BVI HoldCo 3"	Feng Pei Limited (豐沛有限公司), a limited liability company incorporated in the BVI
"Company"	Renhe Commercial Holdings Company Limited (Stock Code: 1387), a company incorporated in the Cayman Islands with limited liability, the shares of which is listed in the Stock Exchange
"Completion"	the completion of the Acquisition
"Completion Date"	the date of Completion

"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consideration"	the consideration of HK$6.5 billion for the Acquisition under the Acquisition Agreement
"Consideration Shares"	an aggregated of 12,243,902,439 new Shares to be issued for the purpose of satisfying part of the Consideration pursuant to the Acquisition Agreement
"Director(s)"	the director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be convened on 20 July 2015 at which, among others, the Acquisition together with the terms of the Acquisition Agreement, the Framework Lease Agreement and the transactions contemplated thereunder will be considered, and if thought fit, approved by the Independent Shareholders
"Enlarged Group"	the Group as enlarged by, or taking into account the impact of, the interest in the Target Group subsequent to the Acquisition
"Framework Lease Agreement"	the framework lease agreement entered into between the Vendor (as lessor) and the Target Company (as lessee), pursuant to which the Target Company will procure the New PRC Operating Companies to enter into the Leasing Agreements with the relevant PRC Vendors in respect of the leasing of certain properties (including land and buildings) to facilitate the on-going operations of the Target Business following Completion
"GFA"	gross floor area
"Group"	the Company and its subsidiaries from time to time
"Harbin Dili"	哈爾濱地利農副產品有限公司 (Harbin Dili Agricultural By-Products Company Limited**), a company incorporated in the PRC and one of the New PRC Operating Companies
"Harbin Hada"	哈爾濱哈達農副產品股份有限公司 (Harbin Hada Agricultural and Sideline Products Joint Stock Company Limited**), a company incorporated in the PRC, and one of the PRC Vendors
"HK HoldCo 1"	Sure Cheer Limited (保至有限公司), a company incorporated in Hong Kong

"HK HoldCo 2"	Luck Champion Limited (吉榮有限公司), a company incorporated in Hong Kong
"HK HoldCo 3"	Fine Winner Limited (耀凱有限公司), a company incorporated in Hong Kong
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	independent board committee established by the Company consisting of all the independent non-executive Directors to advise the Independent Shareholders as to whether the terms and conditions of the Acquisition Agreement and the Framework Lease Agreement are fair and reasonable and on normal commercial terms and the Acquisition and the transactions contemplated under the Framework Lease Agreement are in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote in the EGM, taking into account the recommendations of the Independent Financial Adviser
"Independent Financial Adviser or Somerley"	Somerley Capital Limited, a corporation licensed by the Securities and Futures Commission to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong), which is the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition Agreement and the Framework Lease Agreement and the transactions contemplated thereunder
"Independent Professional Valuer or JLL"	Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent professional valuer appointed by the Company
"Independent Shareholder(s)"	Shareholders other than Super Brilliant Investments Limited and Mr. Dai and its associates and any person who is involved in, or interested in, the Acquisition Agreement or the Framework Lease Agreement, who are entitled to attend and vote at the relevant shareholders' meeting of the Company under the applicable laws and regulations and the articles of association of the Company

"Independent Third Party(ies)"	(to the best of the Directors' knowledge, information and belief having made all reasonable enquiry) third parties independent of the Company and its connected person within the meanings of the Listing Rules
"Latest Practicable Date"	26 June 2015, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
"Leasing Agreements"	agreement(s) to be entered into between the New PRC Operating Companies and the PRC Vendors pursuant to the terms of the Framework Lease Agreement in respect of the leasing of certain properties (including land and buildings) to facilitate the on-going operations of the Target Business following Completion
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Loan"	a loan in the aggregate amount of approximately USD191 million (together with the interest accrued) due from Shouguang Dili to China Minsheng Banking Corporation Limited, Hong Kong Branch, and to be assumed by the Company pursuant to a deed of assignment or any other forms of documents to be entered into between Shouguang Dili (or China Minsheng Banking Corporation Limited, Hong Kong Branch) and the Company before or upon Completion
"Market(s)"	the market(s) for wholesaling and retailing of agricultural produce of the Target Business
"Mr. Dai"	Mr. Dai Yongge, the chairman, executive Director and controlling shareholder (as defined in the Listing Rules) of the Company. As at the date of this circular, Mr. Dai holds approximately 51.39% in the total issued share capital of the Company
"Ms. Zhang"	Ms. Zhang Xingmei, a non-executive Director of the Company and spouse of Mr. Dai. As at the date of this circular, Ms. Zhang, through a series of investment companies, holds as to 67.86% of Shouguang Dili

"New PRC Operating Company(ies)"	any or all of the seven New PRC Operating Companies established as indirect wholly-owned subsidiary(ies) of the Target Company, being 壽光地利農產品物流園有限公司 (Shouguang Dili Agricultural Product Logistics Park Company Limited**); 瀋陽壽光地利農副產品有限公司 (Shenyang Shouguang Dili Agricultural By-Products Company Limited**); 貴陽聚正潤農產品市場管理有限公司 (Guiyang Juzhengrun Agricultural Products Market Management Company Limited**); 齊齊哈爾地利農產品市場管理有限公司 (Qiqihar Dili Agricultural Products Market Management Company Limited**); 哈爾濱地利農副產品有限公司 (Harbin Dili Agricultural By-Products Company Limited**); 牡丹江地利農副產品有限公司 (Mudanjiang Dili Agricultural By-Products Company Limited**); and 哈爾濱達利凱農副產品有限公司 (Harbin Dalikai Agricultural By-Products Company Limited**)
"PRC"	the People's Republic of China, which, for the purpose of this circular, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
"PRC Vendor(s)"	any or all of 壽光農產品物流園有限公司 (Shouguang Agri-Products Logistics Park Company Limited**); 貴陽地利農產品物流園有限公司 (Guiyang Dili Agri-Products Logistics Park Company Limited**); 哈爾濱哈達農副產品股份有限公司 (Harbin Hada Agricultural and Sideline Products Joint Stock Company Limited**); 哈爾濱友誼倉儲有限責任公司 (Harbin Youyi Warehouse Company Limited**); 齊齊哈爾哈達農副產品有限責任公司 (Qiqihar Hada Agricultural and Sideline Products Company Limited**); 牡丹江牡達農副產品有限公司 (Mudanjiang Muda Agricultural and Sideline Products Company Limited**); 瀋陽地利農副產品有限公司 (Shenyang Dili Agricultural and Sideline Products Company Limited**); 瀋陽金東貿置業有限公司 (Shenyang Jim Thomas Property Development Company Limited**) and 遼寧銀達利置業投資有限公司 (Liaoning Yindali Property Investment Company Limited**), each of which is an existing operating subsidiary of the Vendor engaged in the operation of the Target Business
"Relevant Trading Day"	1 June 2015, being the day when the announcement made pursuant to Rule 13.10 of the Listing Rules was published by the Company

"Reorganization"	the reorganization currently undertaken by the Target Company pursuant to which the Vendor shall procure the New PRC Operating Companies shall before Completion (i) assume or take up all the existing Business Contracts; (ii) enter into employment agreements with the senior management who were previously employed by the PRC Vendors; and (iii) enter into the Leasing Agreements with the relevant PRC Vendors pursuant to the terms of the Framework Lease Agreement, further detail of which is stated in the section headed "Information relating to the Target Business"
"Renminbi or RMB"	Renminbi, the lawful currency of the PRC
"Sale Shares"	two (2) ordinary shares of the Target Company representing the entire issued share capital of the Target Company legally owned by the Vendor
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shareholder(s)"	the holder(s) of the Shares
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shouguang Dili"	Shouguang Dili Agri-Products Group Company Limited, a company incorporated in the Cayman Islands with limited liability and the holding company of the Vendor, which in turn owns the entire share capital of the PRC Vendors
"Specific Mandate"	the specific mandate proposed for the increase in authorized share capital for the purpose of the issuance of the Consideration Shares
"sq.m."	square metre(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Target Business"	the operation of the eight Markets in six cities in the PRC (namely Harbin, Qiqihar, Shenyang, Guiyang, Mudanjiang and Shouguang) currently operated by the PRC Vendors. For the avoidance of doubt, the Company will only be acquiring the Target Business, but not the bank borrowings or the land and properties on which the Markets operate. In particular, the term "Target Business" used in Appendix II and Appendix III shall mean the Target Business prior to the Reorganization (i.e. with the land and properties owned by the PRC Vendors and the related bank borrowings included), whereas the term "Target Business" used in Appendix VI shall mean the Target Business upon or after the Completion (i.e. without the land and properties or bank borrowings being transferred from the PRC Vendors)
"Target Company"	Yield Smart Limited (利駿有限公司), a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Vendor as at the date of this circular
"Target Group"	the Target Company and its subsidiaries from time to time
"Trademark Licensing Agreement"	the trademark licensing agreement to be entered into between Harbin Hada (as licensor) and Harbin Dili (as licensee), pursuant to which the licensor will grant to the licensee the right to use certain trademarks registered in the name of the licensor in the PRC following Completion for a term of 20 years at nil consideration
"USD"	the United States of America Dollars, a lawful currency of the United States of America
"Vendor"	New Amuse Limited (新喜有限公司), a company incorporated in the BVI and is wholly-owned by Shouguang Dili
"%"	per cent

In this circular, unless the context otherwise requires, the terms "associate(s)", "connected person(s)", "connected transaction(s)", "subsidiary(ies)" and "substantial shareholder(s)" shall have the meanings given to such terms in the Listing Rules, as modified by the Stock Exchange from time to time.

For the purpose of this circular, unless the context otherwise requires, conversion of Hong Kong dollars into Renminbi is based on the approximate exchange rate of HK$1.25 to RMB1. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in Hong Kong dollars or Renminbi have been, could have been or may be converted at such or any other rate or at all.

Certain amounts and percentage figures set out in this circular have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables and the currency conversion or percentage equivalents may not be an arithmetic sum of such figures.

The English name marked with "" is for identification purposes only.*

*The English names of Chinese entities marked with "**" are translations of their Chinese names and are included in this circular for identification purpose only, and should not be regarded as their official English translation. In the event of any inconsistency, the Chinese name prevails.*

Renhe Commercial Holdings Company Limited
人和商業控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1387)

Executive Directors:
Mr. Dai Yongge *(Chairman)*
Mr. Wang Hongfang *(Chief Executive Officer)*
Mr. Zhou Jun
Mr. Dai Bin
Mr. Hu Yuzhou

Non-executive Directors:
Mrs. Hawken Xiu Li
Ms. Jiang Mei
Ms. Zhang Xingmei
Mr. Zhang Dabin
Ms. Wang Chunrong

Independent Non-Executive Directors:
Mr. Fan Ren-Da, Anthony
Mr. Wang Shengli
Mr. Wang Yifu
Mr. Leung Chung Ki
Mr. Tang Hon Man

Registered Office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal Place of Business in Hong Kong:
Suites 603–606
One International Finance Centre
1 Harbour View Street
Central
Hong Kong

29 June 2015

To the Shareholders

Dear Sir or Madam,

(1) VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF YIELD SMART LIMITED; (2) CONTINUING CONNECTED TRANSACTION IN RELATION TO THE FRAMEWORK LEASE AGREEMENT; (3) PROPOSED GRANT OF SPECIFIC MANDATE; AND (4) NOTICE OF EGM

* *For identification purposes only*

A INTRODUCTION

Reference is made to the announcement of the Company dated 9 June 2015 in relation to the Acquisition. On 9 June 2015, the Company entered into the Acquisition Agreement with the Vendor to acquire the Sale Shares, being the entire issued capital of the Target Company. The consideration for the Acquisition is HK$6.5 billion and shall be satisfied (i) as to HK$5.02 billion by the allotment and issue of 12,243,902,439 Consideration Shares at an issue price of HK$0.41 per Consideration Share by the Company to the Vendor; and (ii) as to HK$1.48 billion by the assumption of the Loan by the Company before or upon Completion. The Consideration Shares represent approximately 27.85% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares.

The Target Company is currently undergoing the Reorganization. Upon completion of the Reorganization, the Target Group will operate eight Markets in the PRC. In connection with the Acquisition, the Vendor (as lessor) entered into the Framework Lease Agreement with the Target Company (as lessee) on 9 June 2015 pursuant to which the Target Company will procure the New PRC Operating Companies to enter into the Leasing Agreements with the PRC Vendors in respect of the leasing of certain properties (including land and buildings) in the PRC to facilitate the operation of the Target Business by the New PRC Operating Companies upon Completion.

With respect to the Acquisition, as some of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceed 100%, the Acquisition constitutes a very substantial acquisition for the Company under Rule 14.06(5) of the Listing Rules and is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

In addition, as the Vendor is a wholly-owned subsidiary of Shouguang Dili, which is ultimately held as to 67.86% by Ms. Zhang, a non-executive Director and the spouse of Mr. Dai. Accordingly, the Vendor is a connected person of the Company under the Listing Rules and the Acquisition also constitutes a connected transaction of the Company under Rule 14A.25 of the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Framework Lease Agreement and the transactions contemplated under the Framework Lease Agreement constitute a non-exempt continuing connected transaction of the Company, and are subject to the reporting, announcement, circular and the Independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

For the on-going operation of the Target Business subsequent to Completion, Harbin Hada (as licensor) and Harbin Dili (as licensee) will enter into the Trademark Licensing Agreement, pursuant to which the licensor will grant to the licensee the right to use certain trademarks registered in the name of the licensor in the PRC for a term of 20 years at nil consideration. As Harbin Hada is a connected person of the Company under the Listing Rules, the entering into of the Trademark Licensing Agreement between Harbin Hada and Harbin Dili, one of the PRC Operating Companies (which will form part of the Enlarged Group upon Completion) constitutes a continuing connected transaction of the Enlarged Group under Rule 14A.31 of the

Listing Rules. However, as all applicable percentage ratios for the Trademark Licensing Agreement are less than 0.1%, the continuing connected transaction is fully exempt under Rule 14A.76 of the Listing Rules.

The purpose of this circular is to provide you with: (i) further information on the Acquisition and the Target Company; (ii) further details of the Framework Lease Agreement; and (iii) an advice from the Independent Board Committee to the Independent Shareholders as to whether the terms and conditions of the Acquisition Agreement and the Framework Lease Agreement are fair and reasonable and whether the Acquisition and the transactions contemplated under the Framework Lease Agreement are in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole, and advising the Independent Shareholders on how to vote, taking into account the recommendations from the Independent Financial Adviser; (iv) an advice from the Independent Financial Adviser; and (v) a notice of EGM.

B THE ACQUISITION AGREEMENT

Date: 9 June 2015

Purchaser: The Company

Vendor: New Amuse Limited

The Vendor is a company incorporated in BVI with limited liability, which is wholly-owned by Shouguang Dili, which is in turn held as to 67.86% by Ms. Zhang, a non-executive Director and the spouse of Mr. Dai, through a series of investment holding companies. The other shareholders of Shouguang Dili are private equity funds and securities investment companies, which are Independent Third Parties.

Interests to be acquired under the Acquisition

Pursuant to the Acquisition Agreement, the Company has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sale Shares, representing the entire issued share capital of the Target Company.

C CONSIDERATION

The consideration payable by the Company to the Vendor pursuant to the Acquisition Agreement is HK$6.5 billion, which shall be satisfied by (i) the allotment and issue of 12,243,902,439 Consideration Shares at an issue price of HK$0.41 per Consideration Share, credited as fully paid, to the Vendor on the Completion Date; and (ii) the assumption of the Loan in the aggregate amount of approximately USD191 million (together with the interest accrued) by the Company before or upon Completion.

Basis of the Consideration

The Consideration was arrived at based on normal commercial terms after arm's length negotiations between the parties to the Acquisition Agreement following due consideration of, without limitation, the following factors:

(a) the Business Valuation Report on the Target Business of HK$6.5 billion prepared by JLL, an independent professional valuer, adopting an income approach through the use of the discounted cash flow method;

(b) the assumption of the Loan by the Company;

(c) the profit guarantee for the financial year ending 31 December 2016 to be provided by the Vendor, based on the price-earnings ratio of 8.66 times;

(d) the business development and future prospectus of the Target Business; and

(e) the synergies expected to be generated between the Group and the Target Group upon Completion as stated in the section headed "Reasons for and benefits of the Acquisition" below.

Assumptions used in the Business Valuation Report

The principal assumptions used in the Business Valuation Report are as follows:

(a) The projected business performances can be achieved with the effort of the managements of the Target Business;

(b) the operational and contractual terms stipulated in the relevant contracts and agreements will be honored;

(c) the facilities and systems proposed are sufficient for future expansion in order to realize the growth potential of the business and maintain a competitive edge;

(d) there are no hidden or unexpected conditions associated with the assets valued that might adversely affect the reported values. Further, JLL assumes no responsibility for changes in market conditions after the valuation date;

(e) there will be sufficient supply of relevant staff in the industry in which the Target Business operates;

(f) the Target Business will retain competent management, key personnel and technical staff to support its ongoing operations and developments of the Target Business;

(g) all relevant legal approvals and business certificates or license to operate the Target Business would be officially obtained, and renewed upon expiry;

(h) there will be no major changes in the current taxation laws relevant to the Target Business and that the rates of tax payable shall remain unchanged and that all applicable laws and regulation will be complied with; and

(i) there will be no major changes in the political, legal, economic or financial conditions in the localities in which the Target Business operates, which would adversely affect the revenues attributable to and profitability of the Target Business.

Consideration Shares

The Consideration Shares represent approximately 38.60% of the issued share capital of the Company as at the date of this circular and approximately 27.85% of the issued share capital of the Company as enlarged by the issuance of the Consideration Shares. The issuance and allotment of the Consideration Shares will not result in any change in control of the Company.

The Consideration Shares when allotted and issued, will rank *pari passu* in all respects among themselves and with all existing Shares then in issue on the date of such allotment and issue, including the right to receive all future dividends and distributions declared, made or paid by the Company on or after the date of the issue of the Consideration Shares.

The Consideration Shares will be issued pursuant to a specific mandate to be obtained from the Independent Shareholders at the EGM. Due to the limitation of the existing authorized share capital of the Company, the issuance of the Consideration Shares is also subject to the approval of the Independent Shareholders on the increase of the authorized share capital of the Company.

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

Issue Price

The Consideration Shares will be issued at the issue price of HK$0.41 per Consideration Share, which was determined after arm's length negotiation between the Company and the Vendor with reference to the trading prices of the Shares in the last 90 days up to and including the Relevant Trading Day, which represents:

(a) a discount of approximately 50.00% over the closing price of the Shares of HK$0.8200 as quoted on the Stock Exchange on the Relevant Trading Day;

(b) a discount of approximately 44.14% over the average closing price of the Shares of HK$0.7340 as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Relevant Trading Day;

(c) a discount of approximately 32.40% over the average closing price of the Shares of HK$0.6065 as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Relevant Trading Day;

(d) a discount of approximately 15.34% over the average closing price of the Shares of HK$0.4843 as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Relevant Trading Day;

(e) a discount of approximately 4.61% over the average closing price of the Shares of HK$0.4298 as quoted on the Stock Exchange for the last 60 consecutive trading days up to and including the Relevant Trading Day;

(f) a premium of approximately 2.42% over the average closing price of the Shares of HK$0.4003 as quoted on the Stock Exchange for the last 90 consecutive trading days up to and including the Relevant Trading Day; and

(g) a discount of approximately 63.16% over the Group's net assets per Share as at 31 December 2014 of HK$1.1130.

The issue price of HK$0.41 per Consideration Share were arrived at based on normal commercial terms and after arm's length negotiations between the parties to the Acquisition Agreement with reference to the trading prices of the Shares over a period of 90 consecutive trading days up to the Relevant Trading Day as it represents a fairer mechanics to determine the issue price. Please refer to the Letter from Somerley for details.

The Directors therefore consider that the Consideration and the discount in the issue price of the Consideration Shares with the market price of the Shares is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Lock-up Undertaking

On 26 June 2015, the Vendor signed a lock-up undertaking in favour of the Company, pursuant to which the Vendor has undertaken to the Company that it will not and will procure that its shareholder(s) or nominee(s) receiving the Consideration Shares (as directed by the Vendor and pursuant to the arrangements to be agreed between the Vendor and its shareholder(s) or nominee(s)) will not, (whether directly or indirectly and whether conditionally or unconditionally)

(a) sell, transfer or otherwise dispose of, mortgage, charge, pledge or grant any option, warrant or other right over or to convert or exchange into or swap for, the Consideration Shares (or any Shares or other securities of the Company deriving from them or any interest (including any economic benefit or risk of ownership) in the Consideration Shares or such other securities);

(b) enter into any arrangement or agreement in respect of the voting rights attached to the Consideration Shares (or any such other securities or any interest (including any economic benefit or risk of ownership) in the Consideration Shares or such other securities); and

(c) enter into any agreement or announce any intention to enter into or effect any of the transactions in (a) or (b) above,

at any time in the six month period commencing on the Completion Date (the "**Lock-up Period**").

The above lock-up undertaking shall not prevent the Vendor or its nominee(s) from distributing or transferring any of the Consideration Shares to its respective shareholder(s) or their designated assignee(s) (collectively, the "**Permitted Transferees**"), provided always that the Permitted Transferee(s) of such Consideration Shares shall be executing an undertaking to the Company on the same terms as set out above for the Lock-up Period or the remaining period of the Lock-up Period (as the case maybe) and delivering such undertaking to the Company prior to the receipt of such Consideration Shares.

Conditions Precedent

Completion is subject to, among other things, the satisfaction of the following conditions set out in the Acquisition Agreement:

(a) the completion of the Reorganization to the satisfaction of the Company;

(b) the completion of due diligence to the reasonable satisfaction of the Company in its absolute discretion in relation to the Target Business;

(c) the Company having obtained PRC legal opinion(s), in form and substance absolutely satisfactory to the Company, issued by PRC legal advisers reasonably acceptable to the Company covering all relevant issues of the laws of the PRC reasonably required by the Company to be confirmed including but not limited to opinions on the legality of the Reorganization, the on-going operation of the Target Business by the Enlarged Group upon Completion and such other matters relevant to the transactions contemplated under the Acquisition as may be reasonably required by the Company;

(d) the Company continuing to meet the minimum public float requirement under the Listing Rules immediately after Completion and upon issue of Consideration Shares;

(e) all relevant licences, permissions, waivers, orders, exemptions, notification, authorizations, consents, confirmations and approvals from the relevant third parties and/or bodies necessary for the consummation and implementation of the transactions contemplated by the Reorganization and the Acquisition Agreement having been obtained, effective and not having been revoked;

(f) all relevant licences, permissions, waivers, orders, exemptions, notification, authorizations, consents, confirmations and approvals from the relevant governmental or regulatory authorities necessary for the consummation and implementation of the transactions contemplated by the Reorganization and the Acquisition Agreement having been obtained, effective and not having been revoked, including but not limited to:

(i) the approval of Independent Shareholders having been obtained at a duly convened shareholders' meeting of the Company approving the (A) Acquisition Agreement and the transactions contemplated thereunder, including the sale and purchase of the Sale Shares, the issue and allotment of the Consideration Shares under a specific mandate and the increase in the authorized share capital of the Company for the purpose of issuance of the Consideration Shares; and (B) the continuing connected transaction contemplated under the Framework Lease Agreement;

(ii) all relevant licences, consents and approvals from relevant PRC government authorities and agencies necessary for the implementation of the transactions contemplated by the Acquisition Agreement in accordance with the applicable PRC laws; and

(iii) the consents (if appropriate or required) of the Stock Exchange and all filings with any relevant governmental regulatory authorities and other relevant third parties in Hong Kong, or elsewhere which are required or appropriate for the entering into and the implementation of the Acquisition Agreement having been made;

(g) the execution of a deed of assignment or any other forms of documents for the Company to assume the Loan from Shouguang Dili;

(h) the Company as purchaser having received the Business Valuation Report (in substance and form satisfactory to the Company);

(i) the representations and warranties provided by the Vendor contained in the Acquisition Agreement remaining true and accurate as at the Completion Date and as if repeated at all time between the date of the Acquisition Agreement and the Completion Date;

(j) the approval of the listing of, and permission to deal in, the Consideration Shares on the Stock Exchange being obtained; and

(k) the Vendor having performed and complied with all agreements, obligations, and conditions contained in the Acquisition Agreement that are required to be performed or complied with by it on or before completion of the transactions contemplated thereunder.

The Company may waive in writing any of the conditions precedent specified above (save and except conditions (a), (d), (f) (which are related to government or regulatory approval, as opposed to third parties approval) and (j)) at any time.

In the event that the Company elects to have condition (g) waived and to proceed to Completion, the Company shall assume the Loan (with interest accrued thereunder) and pay the same to the Vendor as soon as practicable so that the Vendor may repay the same to the bank on or before the respective maturity date(s) of the original Loan.

Pursuant to the Acquisition Agreement, if any of the conditions of the Acquisition Agreement is not fulfilled or waived by the parties to the Acquisition Agreement before the expiry of 31 December 2015 (or such later date to be agreed between the parties to the Acquisition Agreement in writing), the Acquisition Agreement will lapse and all obligations and liabilities of the parties thereunder (with the exception of certain provisions intended to survive any termination) shall cease.

Completion

Completion is expected to take place on or before 31 December 2015 or a date no later than the second Business Days from the date on which all conditions in the Acquisition Agreement have been fulfilled or waived, whichever is earlier.

Upon Completion, the Target Group will become wholly-owned subsidiaries of the Company and the financial results of the Target Group will be consolidated into the accounts of the Group.

Profit Guarantee

Pursuant to the Acquisition Agreement, the Vendor, has warranted and guaranteed to the Company that the net profit before amortization of intangible assets and after tax of the Target Group as shown in the management accounts (the "**Subsequent Net Profit**") (i) for the financial year ending 31 December 2015 will not be less than RMB500 million (which represents approximately HK$625 million using an exchange rate of RMB1 to HKD1.25) assuming the Reorganization has taken place from the very first day of the financial period in relation to the financial year ending 31 December 2015 and (ii) for the financial year ending 31 December 2016 will not be less than RMB600 million (which represents approximately HK$750 million, using the same exchange rate), each of RMB500 million and RMB600 million (the "**Guaranteed Amount**") (the "**Profit Guarantee**"). Such profits shall include non-core or one-off profits as the parties considered that they are profits generated for the benefits of the Company if there happens to be such non-core or one-off profits and therefore they shall be included for the purpose of the Profit Guarantee. As at the Latest Practicable Date, the Vendor does not foresee any non-core or one-off profits to be generated from the Target Business for the two years ending 31 December 2016. However, the Company and the Vendor will review on a case-by-case basis if there happens to be such non-core or one-off profits, when appropriate. For the avoidance of doubt, the impairment of goodwill will not be included for determining the amount of the Subsequent Net Profit. For the purpose of the Profit Guarantee, the aggregate Guaranteed Amount for the two years ending 31 December 2016 shall not be less than RMB1,100 million (the "**Aggregated Guaranteed Amount**").

The Guaranteed Amount was determined by the parties on an arm's length basis with reference to the historical profits generated from the Target Business of approximately RMB421 million for the year ended 31 December 2014 (assuming the Reorganization has taken place from the first day of the financial period) and the projected growth in the Target Business of around 18% to 20% each year, having considered (a) the net loss of approximately RMB432.9 million incurred for the financial year ended 31 December 2012 attributed to the "one-off" goodwill written off in connection with the acquisition of the Shenyang Fruit Market; (b) the historical growth of profit from 2013 to 2014 of approximately 38%; and (c) the continued State support for agricultural produce. Pursuant to the Acquisition Agreement, the obligation of the Vendor in relation to the Profit Guarantee shall lapse if one of the following force majeure events occur, including:

(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; 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 Acquisition 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,

resulting in material and adverse change in the operation, business and financial position of the Target Group.

In the event that the aggregate Subsequent Net Profit for the two financial years ending 31 December 2016 is less than the Aggregated Guaranteed Amount, the Vendor shall indemnify the Company an amount in cash equal to the shortfall between the aggregate Subsequent Net Profit and the Aggregated Guaranteed Amount multiplied by 8.66 times of the price-earnings ratio in Renminbi, which was the same price-earnings ratio upon which the Consideration of HK$6.5 billion was determined based on a projected profit of HK$750 million for the financial year ending 31 December 2016 (the "**Profit Guarantee Indemnity**"). The projected profit for financial year ending on 31 December 2016 was selected as the reference year because it was expected that Completion will take place in 2015 and so the financial results of the full year of 2016 would be a better benchmark.

The Company and the Vendor shall procure management accounts (assuming the Reorganization has taken place from the first day of the financial period in relation to the financial year ending 31 December 2015) in respect of the Target Business or the Target Group be prepared in accordance with the International Financial Reporting Standards and be reviewed by an independent audit firm in accordance with the Hong Kong Standard on Review Engagements 2400 (Revised) Engagements to Review Historical Financial Statements within three months after 31 December 2016. The amounts as shown in the management accounts representing the net profit before amortization of intangible assets and after tax in each of the two financial years ending 31 December 2016 as reviewed or confirmed by the independent audit firm shall be final and binding on the parties for the purpose of Profit Guarantee. The Directors consider that management accounts to be reviewed by an independent auditor shall be sufficient for the current purpose as the preparation of audit accounts on a particular group company may prove to be costly and unduly burdensome, and may run risk on delay of the results announcement by the Company.

The Company shall disclose in an announcement and its next annual report at appropriate time to advise the Shareholders on the performance of the Target Group, whether the Subsequent Net profit in the sum of RMB500 million and RMB600 million is met for the financial year ending 31 December 2015 and 2016, respectively and whether and how the Vendor or Ms. Zhang (if applicable) compensates the Company in case there is a shortfall.

In relation to the Profit Guarantee Indemnity, Ms. Zhang, being the ultimate beneficial owner of the Vendor as to 67.86%, signed a letter of undertaking in favor of the Company on 26 June 2015, pursuant to which, among others, Ms. Zhang will indemnify the Company in the same terms as in the Profit Guarantee Indemnity in the event that the Vendor could not honor (in full or in part) its obligation thereunder.

D INFORMATION OF THE GROUP

The Company and its subsidiaries are principally engaged in the development, lease and management of underground malls in the PRC. The main revenue of the Group is attributable to the income from leasing of shop units in underground shopping malls to its tenant. As at 31 December 2014, the Group managed 22 malls across 12 cities in the PRC with a total GFA of 1.27 million sq.m under management, and a leasable GFA of 0.83 million sq.m.. The Group's project reserves stand at 4.81 million sq.m., which includes 12 projects with total planned GFA of 1.32 million sq.m where construction has been commenced, and also 19 projects with a total approved GFA of 3.49 million which the Group has received approvals for the construction.

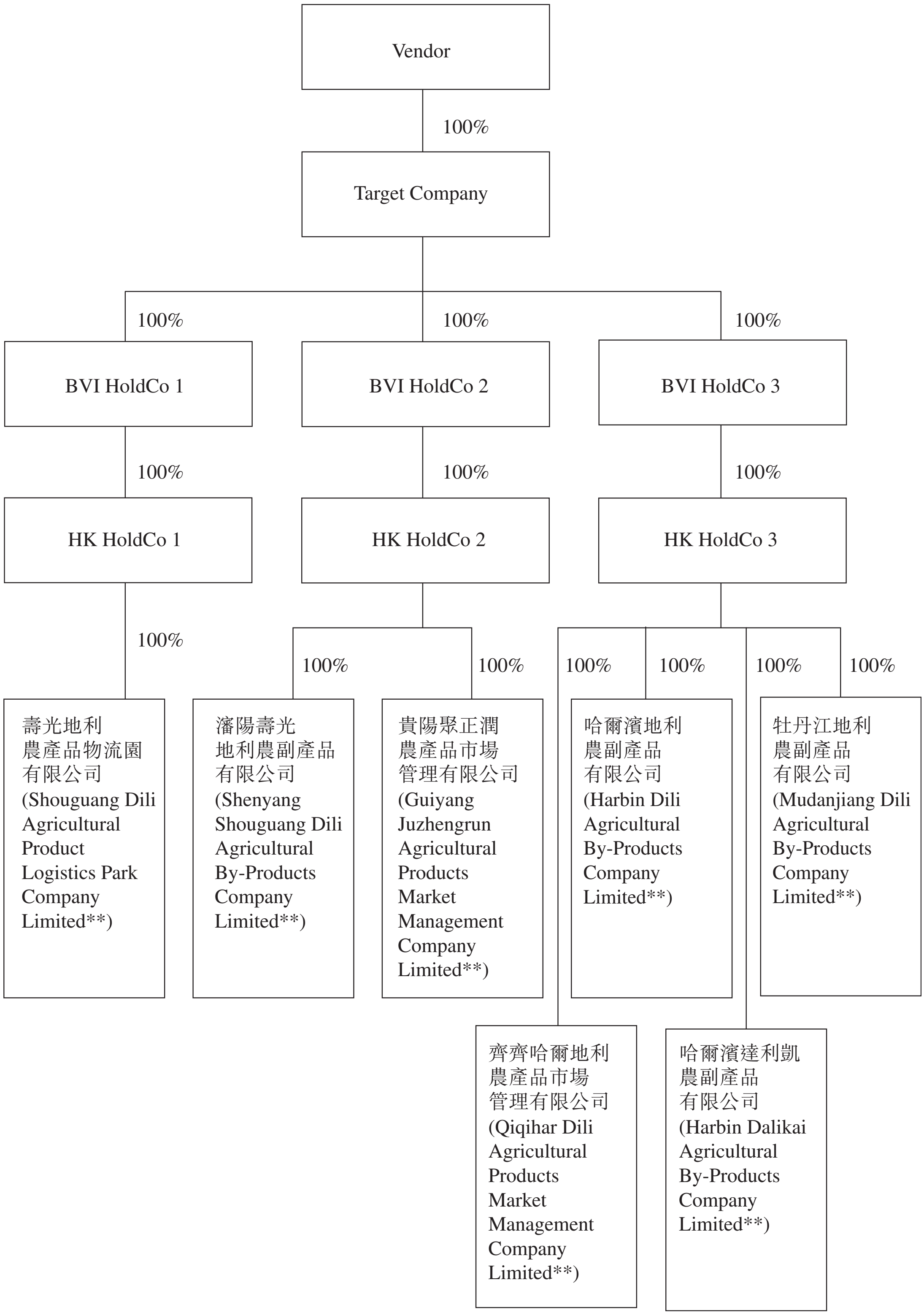
E INFORMATION OF THE VENDOR AND THE TARGET COMPANY

Information of the Vendor

The Vendor is an investment holding company incorporated in the BVI with limited liability, and is currently wholly-owned by Shouguang Dili, which is in turn beneficially held as to 67.86% by Ms. Zhang and 32.14% by private equity funds and securities investment companies, which are Independent Third Parties.

Information of the Target Company

The Target Company is an investment holding company established on 30 March 2015 in BVI. Pursuant to the Reorganization, three BVI companies (namely BVI HoldCo 1, BVI HoldCo 2 and BVI HoldCo 3 in the chart below) and three Hong Kong companies (namely HK HoldCo 1, HK HoldCo 2 and HK HoldCo 3 in the chart below) have been established, each of the Hong Kong holding companies should hold the entire interest of one to four New PRC Operating Companies in each locality for the purpose of operation of the Target Business. Set out below is the shareholding structure of the Target Group as of the date of this circular.



F INFORMATION RELATING TO THE TARGET BUSINESS

Shouguang Dili and the PRC Vendors

Shouguang Dili is currently the ultimate holding company of the Vendor and the PRC Vendors. The PRC Vendors are the main operating subsidiaries of the Target Business as of the date of this circular.

Target Business

The Target Business is an operator of eight Markets in six cities in the PRC namely Harbin, Qiqihar, Shenyang, Guiyang, Mudanjiang and Shouguang, which are engaged in the wholesaling and retailing of primarily vegetables and also fruits, seafood, meat, grain and oil and other food produce.

As at the date of this circular, the eight Markets operated by the respective PRC Vendors are as shown in the table below:

Wholesale market of the Target Business	Location	Relevant operating PRC Vendor(s)
1. China Shouguang Agricultural Produce Logistics Park	Shouguang City, Shandong Province, the PRC	壽光農產品物流園有限公司 (Shouguang Agri-Products Logistics Park Company Limited**)
2. Guiyang Agricultural Produce Logistics Park	Guiyang City, Guizhou Province, the PRC	貴陽地利農產品物流園有限公司 (Guiyang Dili Agri-Products Logistics Park Company Limited**)
3. Harbin Hada Agricultural Produce Market	Harbin City, Heilongjiang Province, the PRC	哈爾濱哈達農副產品股份有限公司 (Harbin Hada Agricultural and Sideline Products Joint Stock Company Limited**)
4. Harbin Youyi Agricultural Produce Market	Harbin City, Heilongjiang Province, the PRC	哈爾濱友誼倉儲有限責任公司 (Harbin Youyi Warehouse Company Limited**)
5. Qiqihar Hada Agricultural Produce Market	Qiqihar City, Heilongjiang Province, the PRC	齊齊哈爾哈達農副產品有限責任公司 (Qiqihar Hada Agricultural and Sideline Products Company Limited**)

Wholesale market of the Target Business	Location	Relevant operating PRC Vendor(s)
6. Muda International Agricultural Produce Logistics Park	Mudanjiang City, Heilongjiang Province, the PRC	牡丹江牡達農副產品有限公司 (Mudanjiang Muda Agricultural and Sideline Products Company Limited**)
7. Shenyang Fruit and Vegetable Market	Shenyang City, Liaoning Province, the PRC	瀋陽地利農副產品有限公司 (Shenyang Dili Agricultural and Sideline Products Company Limited**) and 遼寧銀達利置業投資有限公司 (Liaoning Yindali Property Investment Company Limited**)
8. Shenyang Fruit Market	Shenyang City, Liaoning Province, the PRC	瀋陽金東貿置業有限公司 (Shenyang Jim Thomas Property Development Company Limited**)

The business model of the Target Business primarily consists of the following:

(a) the leasing or providing of space in the form of trading halls or open areas to the traders for the trading of agriculture produce;

(b) the leasing or providing of warehouses, icehouses and other designated spaces to the traders for the storage and packaging of agriculture produce;

(c) the provision of transportation and third-party logistics information services to traders; and

(d) other value-added services including packaging of the agriculture produce.

Reorganization

The Acquisition is structured as an "asset-light" business acquisition and the Company will only be acquiring the Target Business (excluding bank borrowings or land and properties on which the Markets operate (some of which have been pledged to the lending banks to secure certain borrowings of the PRC Vendors)). In the circumstances, the Target Company is currently undergoing the Reorganization pursuant to which the Vendor shall procure the New PRC Operating Companies shall before Completion (i) assume or take up all the existing Business Contracts; (ii) enter into employment agreements with the senior management who were previously employed by the PRC Vendors; and (iii) enter into the Leasing Agreements with the relevant PRC Vendors pursuant to the terms of the Framework Lease Agreement.

The Framework Lease Agreement will constitute a continuing connected transaction under Rule 14A.31 of the Listing Rules. For further details, please refer to the section headed "Continuing Connected Transactions — The Framework Lease Agreement" in this circular.

On-going operations of the Markets

The continuous operations of the Target Business by the Enlarged Group will not be dependent on the leasing of land and properties from the PRC Vendors pursuant to the Framework Lease Agreement, or any independent third parties landlords (in respect of land and properties of some of the Markets located in Shenyang, Qiqihar and Guiyang). In the event that the land and properties currently occupied by the Markets shall become unavailable for use post Completion for any reasons, the Enlarged Group will seek alternative and comparable premises locally where the affected Markets are.

As the Target Business has well-established systems and management expertise for the operation of the Markets and from the past years of operations, it has become a locally and regionally recognized household name for agriculture produce markets and an established reputation in the areas where the individual Markets are operated, it is therefore currently expected that the relocation of the affected Markets, if necessary, would not adversely affect the operations of the relevant Markets in a material manner.

Furthermore, in the event that the operations of the Target Business would not be able to be conducted on the land and properties so leased from the PRC Vendors as a result of enforcement of the security by the lending banks in the event of a default, defects on title or otherwise, the Vendor and also Ms. Zhang has agreed to indemnify the Company of all costs (including relocation costs) arising from its breach of the Framework Lease Agreement and/or the relevant Leasing Agreements.

As of the Latest Practicable Date, there has been no sub-leasing arrangement by the Vendor to the Target Company.

Financial information of the Target Business

Based on the audited accounts of the Target Business (before the Reorganization), the historical financial information for the two years ended 31 December 2014 is set out below:

	For the financial year ended	
	31 December 2013 *(RMB'000 approx.)*	**31 December 2014** *(RMB'000 approx.)*
Net profits before taxation	546,090	1,053,128
Net profits after taxation	392,301	785,532

Assuming the Reorganization has taken place from the very first day of the financial period, the historical financial information for the two years ended 31 December 2014 is set out below:

	For the financial year ended	
	31 December 2013	**31 December 2014**
	(RMB'000 approx.) *(Note)*	*(RMB'000 approx.)* *(Note)*
Net profits after taxation	305,676	421,067

Please refer to sections headed "Financial Information of the Target Business and the Target Group" and "Accountants' Report of the Target Business" set out in Appendix II and III respectively to this circular for further financial information of the Target Business in this circular and for further information relating to the business and operations of the Target Business.

Note:

Adjustments have been made as follows:

	For the financial year ended	
	31 December 2013	**31 December 2014**
	RMB'000	*RMB'000*
Net profit before Reorganization	**392,301**	**785,532**
Adjustments		
Exclusion of valuation gain/loss on investment properties	(172,348)	(566,662)
Exclusion of depreciation expense	69,225	77,714
Exclusion of finance income	(142,210)	(563,973)
Exclusion of finance expenses	229,833	666,968
Accrual of rental expense	(100,000)	(100,000)
Income tax	28,875	121,488
Net profit after Reorganization	**305,676**	**421,067**

G INDUSTRY OVERVIEW

The wholesale agricultural produce market in the PRC

The wholesale agricultural produce markets in the PRC can be classified into two categories: origin markets and distribution markets.

Origin markets refer to fruit and vegetable markets where their respective production volume share of national total production is larger than their respective consumption volume share of national total consumption. These origin markets typically located in the place of origin of certain specific types of agricultural produce, provide a trading platform for local farmers as well as national/regional wholesalers who have sourced such agricultural produce from farmers, to sell such produce to other national/regional/local wholesalers for further onward distribution.

Distribution markets refer to fruit and vegetable markets where their respective production volume share of national total production is smaller than their respective consumption volume share of national total consumption. They are typically located in cities with large population, provide a platform for wholesalers to sell a variety of agricultural produce from different origin areas to local retailers who look to further on-sell these produces to end customers or enterprises for processing.

In respect to the Target Business, the Markets in Shouguang and Guiyang are origin markets that engage in the trading of vegetables, while the other Markets are distribution markets that facilitate trading of various agricultural produce.

According to the Ministry of Agriculture of the PRC, the annual trading volume of agriculture produce amounted to approximately RMB3,740 billion.

H RISK FACTORS

New business segment of the Group

The Acquisition constitutes an investment in a new business segment, being the operation of wholesaling and retailing of agricultural produce wholesale markets in the PRC. The new business, coupled with the regulatory environment in the PRC, may pose challenges to the Company's administrative, financial and operational resources. The development of the Group's agricultural produce market business will be largely built on the expertise and experience of the senior management of the Target Business.

As set out in the sub-section headed "Reorganization", prior to Completion, the New PRC Operating Companies will enter into employment agreements with the senior management who were previously employed by the PRC Vendors, this arrangement can minimize the disruption caused to the operation of the Target Business. Although the Company will need to work and coordinate with the new senior management and to adapt to and control the administration and operation of the Target Business, Mr. Dai Yongge and Ms. Zhang Xingmei, who are both directors of the Company have previously had extensive experience in the management of agricultural product distribution and wholesale markets or centers in the PRC, with their leadership, the Target Business will be able to operate in an ordinary and usual course.

In addition, the novation of business contracts and the entering into the Leasing Agreements pursuant to the terms of the Framework Lease Agreement, which are to be completed before Completion, will ensure a smooth transition of the Target Business and minimize any disruption to the usual operation of the Target Business.

The Target Company does not own the land and properties on which the Markets operate

Pursuant to the Acquisition, the Company will only be acquiring the Target Business, excluding bank borrowings or land and properties on which the Markets operate. For the on-going operation of the Target Business, the Company entered into the Framework Lease Agreement, pursuant to which the Target Company will upon Completion, procure the New PRC Operating Companies to enter into the Leasing Agreements with the PRC Vendors in respect of the leasing of the relevant properties (including land and buildings) necessary for the on-going operation of the Target Business in the relevant locality. For details of the Framework Lease Agreement, please refer to the section headed "Continuing Connected Transactions — Framework Lease Agreement".

The Company cannot assure that no third party will seek to assert their ownership rights against the lessors or challenge the Leasing Agreements. In addition, the land and properties on which some of the Markets operate have been pledged to lending banks to secure certain borrowings of the PRC Vendors. In the event that the operations of the Target Business would not be able to be conducted on the land and properties so leased from the PRC Vendors as a result of enforcement of the security by the lending banks in the event of a default, the PRC Operating Companies may be forced to relocate to alternative premises in the locality for operation of the Target Business.

Target Business is subject to seasonal fluctuations

The trading of agricultural produce, in particular the trading of fruit and vegetables, is subject to seasonal fluctuations. In addition to changes in seasons, various factors such as climate conditions, planted area and yields, consumer preferences and alternative sources of supply may lead to changes in the supply of and demand for certain categories of agricultural produce, which might lead to volatility in the volume of agricultural produce traded at the Markets. The factors influencing the supply of and demand for agricultural produce are outside the control of the Company, and the nature, timing and degree of changes in industry conditions are unpredictable and could have a material adverse effect on the business of the Enlarged Group, financial position and results of operations.

Regulatory Control

The operation of agricultural produce wholesale market is regulated by legislation and various regulatory authorities in the PRC. The significant policies and regulations in the PRC in relation to the Target Business to be operated by the Enlarged Group are as follows:

Regulations on the operation of agricultural produce wholesale markets

- Circular of the General Office of the State Council on Transmitting the Opinions of Ministry of Commerce on Further Enhancing the Commodity Circulation in Rural Areas 《國務院辦公廳轉發商務部等部門關於進一步做好農村商品流通工作意見的通知》(implemented on July 14, 2004)

- Advice on Enhancing the Construction of Agricultural Infrastructure, Further improving Agricultural Development and Increasing the Income of Peasants《中共中央國務院關於切實加強農業基礎建設進一步促進農業發展農民增收的若干意見》(implemented on December 31, 2007)

- MOFCOM's Advice on the Implementation of Advice on Enhancing the Construction of Agricultural Infrastructure, Further improving Agricultural Development and Increasing the Income of Peasants 商務部關於貫徹落實《中共中央、國務院關於切實加強農業基礎建設進一步促進農業發展農民增收的若干意見》的意見 (implemented on February 2, 2008)

- Advice on Enhancing the Effort to Coordinate Urban and Rural Development, Solid the Foundation for the Development of Agriculture 《中共中央、國務院關於加大統籌城鄉發展力度，進一步夯實農業農村發展基礎的若干意見》(implemented on November 30, 2009)

- Urgent Notice on Enhancing the Agricultural Market Inspection and Sustaining Normal Market Order 《關於加強農產品市場監管維護正常市場秩序的緊急通知》(implemented on May 26, 2010)

- Notice on Stabilizing the Overall Level of Consuming Price and Guaranteeing People's Basic Living Conditions 《國務院關於穩定消費價格總水準保障群眾基本生活的通知》(implemented on November 19, 2010)

- MOFCOM's Notice of Development of Agricultural Produce Wholesale Markets 《商務部關於加強集散地農產品批發市場建設的通知》(implemented on April 28, 2013)

- Further Advice on Enhancing the Development of Agricultural Produce Markets 《商務部等13部門關於進一步加強農產品市場體系建設的指導意見》(implemented on February 27, 2014)

Regulations on business operation

- the Regulation on Road Transport of the PRC 《中華人民共和國道路運輸條例》(implemented on July 1, 2004)

- Law of the People's Republic of China on Road Traffic Safety 《中華人民共和國道路交通安全法》(implemented on May 1, 2011)

- Law of the PRC on Protection of Consumer Rights and Interests 《中華人民共和國消費者權益保護法》(implemented on January 1, 1994)

- Law of the People's Republic of China on Agricultural Product Quality and Safety 《中華人民共和國農產品質量安全法》(implemented on November 1,2006)

In this respect, the Enlarged Group has to ensure continuous compliance with all applicable laws, regulations and codes in the PRC to avoid any fines or any form of sanctions. Failure to comply with the relevant laws and regulations of the agricultural produce wholesale market in the PRC may adversely affect the Enlarged Group's operation in the Target Business.

I REASONS FOR AND BENEFITS OF THE ACQUISITION

The Directors consider that the Acquisitions are in the interests of the Company for the following reasons:

(a) Diversification of existing business

The Group is an operator of underground shopping malls in the PRC for wholesale and retail sales of apparels, accessories and agriculture produce such as fruits, vegetables and seafood. As mentioned in the annual results announcement for the year ended 31 December 2014 of the Company dated 26 March 2015, given the challenging macro environment and its capital constraints, the Company has, since 2013, slowed down its expansion and adopted a prudent approach in terms of commencing construction of new projects. On the other hand, to better equip itself for the challenges in the macro environment, the Company has been looking for expansion opportunities to broaden its business base and mitigate risks. The Directors consider it beneficial for the Company to diversify its existing business portfolio by tapping into new areas of business with growth potentials and the Acquisition presents the Company with the opportunity to achieve that.

(b) To expand its geographical reach

Since its listing, the Group has developed an expertise in operating shopping malls for the sale of apparels and accessories and as such, the Acquisition is a sensible and natural step in extending the Company's established expertise into operating markets for the trading of agriculture produce and in doing so, broaden its income base. Furthermore, the Acquisition also allows the Group to expand its geographical reach in the PRC as some of the agriculture produce markets are located in areas which the Group does not currently have a presence.

In light of the above, the Directors (excluding all the independent non-executive Directors whose views will be contained in the circular), are of the view that the terms of the Acquisition Agreement are on normal commercial terms, in the ordinary course of business, and in the interests of the Group, the Company and the Shareholders as a whole.

J CONTINUING CONNECTED TRANSACTIONS

The Framework Lease Agreement

For the on-going operation of the Target Business subsequent to Completion, the Vendor (as lessor) entered into the Framework Lease Agreement with the Target Company (as lessee) on 9 June 2015, pursuant to which the Target Company will upon Completion, procure the New PRC Operating Companies to enter into the Leasing Agreements with the PRC Vendors in respect of the leasing of the relevant properties (including land and buildings) which are all held by the PRC Vendors, necessary for the on-going operation of the Target Business in the relevant locality. Particulars of the Framework Lease Agreement are set out below:

Date:	9 June 2015
Parties:	Vendor as lessor Target Company as lessee
Premises:	Certain land and properties in each of the six cities in the PRC namely Harbin, Qiqihar, Shenyang, Guiyang, Mudanjiang and Shouguang
Permitted Usage:	For operation of Markets for wholesaling and retailing of agricultural produce
Term:	Fixed term of 20 years commencing from the Completion Date and shall terminate on 31 December 2035, subject to the option to renew as described below During the Term, the Vendor (as lessor) and the Target Company (as lessee) will procure the New PRC Operating Companies to enter into the Leasing Agreements with the PRC Vendors in respect of the leasing of the premises stipulated above
Annual Rent:	RMB100 million per year commencing from the Completion Date to 31 December 2018, exclusive of operating charges, property tax and other outgoings

	RMB105 million per year commencing from 1 January 2019 to 31 December 2021, exclusive of operating charges, property tax and other outgoings
	RMB110.25 million per year commencing from 1 January 2022 to 31 December 2024, exclusive of operating charges, property tax and other outgoings
	RMB115.76 million per year commencing from 1 January 2025 to 31 December 2027, exclusive of operating charges, property tax and other outgoings
	RMB121.55 million per year commencing from 1 January 2028 to 31 December 2030, exclusive of operating charges, property tax and other outgoings
	RMB127.63 million per year commencing from 1 January 2031 to 31 December 2033, exclusive of operating charges, property tax and other outgoings
	RMB134.01 million per year commencing from 1 January 2034 to 31 December 2035, exclusive of operating charges, property tax and other outgoings
Option to renew:	At the discretion of the Target Company or the relevant entity of the Target Group (being part of the Enlarged Group post Completion), the agreement can be renewed with RMB134.01 million as the base rent with 5% increments for every three years for the renewed term.

The Framework Lease Agreement shall only take effect upon Completion. In the event that the Acquisition Agreement does not proceed to Completion, the Framework Lease Agreement will lapse and have no effect.

Pursuant to the Framework Lease Agreement, in the event that the operations of the Target Business would not be able to be conducted on the land and properties so leased from the PRC Vendors as a result of enforcement of the security by the lending banks in the event of a default, defects on title or otherwise, the Vendor will indemnify the Company of all costs (including relocation costs) arising from its breach of the Framework Lease Agreement and/or the relevant Leasing Agreements (the "**Land and Properties Indemnity**").

In relation to the Land and Properties Indemnity, Ms. Zhang, being the ultimate beneficial owner of the Vendor as to 67.86%, signed a letter of undertaking in favor of the Company on 26 June 2015, pursuant to which, among others, Ms. Zhang will indemnify the Company in the same terms as in the Land and Properties Indemnity in the event that the Vendor could not honor its obligation thereunder.

Opinion from the Independent Financial Adviser

Rule 14A.52 of the Listing Rules requires that the term of an agreement governing continuing connected transactions of an issuer must not exceed three years except in special circumstances. As the term of the Framework Lease Agreement exceeds three years, the Company has appointed Somerley to explain why a longer period is required and to confirm that it is normal business practice for contracts of the same type as the Lease Agreements to be of such duration.

As set out in the letter from Somerley in this Circular, Somerley is of the view that the lease duration of over 3 years under the Framework Lease Agreement is required for the operation of the Target Business and is normal business practice for lease agreement of this type to be of such duration.

The Trademark Licensing Agreement

For the on-going operation of the Target Business subsequent to Completion, Harbin Hada (as licensor) and Harbin Dili (as licensee) will enter into the Trademark Licensing Agreement, pursuant to which the licensor will grant to the licensee the right to use certain trademarks registered in the name of the licensor in the PRC for a term of 20 years at nil consideration. Harbin Hada was prepared to grant the license at nil consideration as almost all of its Target Business will have been transferred to the Company after the Reorganization and Completion, and it retains no Target Business thereafter.

The Trademark Licensing Agreement shall only take effect upon Completion. In the event that the Acquisition Agreement does not proceed to Completion, the Trademark Licensing Agreement shall lapse and have no effect.

K REASONS FOR AND BENEFITS FOR ENTERING INTO OF THE FRAMEWORK LEASE AGREEMENT

For the on-going operation of the Target Business subsequent to Completion, the Vendor (as lessor) entered into the Framework Lease Agreement with the Target Company (as lessee), pursuant to which the Target Company will procure the New PRC Operating Companies to enter into the Leasing Agreements with the PRC Vendors in respect of the leasing of certain properties (including land and buildings) necessary for the on-going operation of the Target Business by the New PRC Operating Companies in the relevant locality. The Framework Lease Agreement is arrived at after arm's length negotiations between the PRC Vendors and the New PRC Operating Companies based on normal commercial terms. The annual rent as stipulated above are determined after making reference to the prevailing market rents payable for similar land and properties of comparable size, vicinity and location, if available. With respect to the proposed 5% increase from the base rent for every three years for the renewed term, it is lower than the generally expected inflation rate of approximately 2% for each year (with reference to the average inflation rates in the past years published by the National Bureau of Statistics of China) for the coming years.

L IMPLICATIONS UNDER THE LISTING RULES

With respect to the Acquisition, as some of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceed 100%, the Acquisition constitutes a very substantial acquisition for the Company under Rule 14.06(5) of the Listing Rules and is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

In addition, as the Vendor is a wholly-owned subsidiary of Shouguang Dili, which is ultimately held as to 67.86% by Ms. Zhang, a non-executive Director and the spouse of Mr. Dai, the Vendor is therefore an associate of Mr. Dai. Accordingly, the Vendor is a connected person of the Company under the Listing Rules and the Acquisition also constitutes a connected transaction of the Company under Rule 14A.25 of the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules. Mr. Dai and his associates, including Ms. Zhang, are required to abstain from voting on the resolution(s) approving the Acquisition at the EGM. Voting at the EGM will be conducted by poll.

With respect to the Framework Lease Agreement, as the Vendor is a connected person of the Company under the Listing Rules as illustrated above, the entering into of the Framework Lease Agreement between the Vendor and the Target Company (which will form part of the Enlarged Group upon Completion) constitutes a continuing connected transaction of the Enlarged Group under Rule 14A.31 of the Listing Rules. As certain applicable percentage ratios of the Framework Lease Agreement exceed 5% and the aggregate annual rental under the Framework Lease Agreement is more than HK$10,000,000, the Framework Lease Agreement and the transactions contemplated under the Framework Lease Agreement constitute a non-exempt continuing connected transaction of the Company and are subject to the reporting, announcement, circular and the Independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, save as disclosed above, neither the Vendor, the Target Company, Ms. Zhang nor any of their associates holds any Shares as at the date of this circular.

With respect to the Trademark Licensing Agreement, as Harbin Hada is ultimately held by the Vendor, which is in turn held as to 67.86% by Ms. Zhang, a non-executive Director and the spouse of Mr. Dai, accordingly, Harbin Hada is a connected person of the Company under the Listing Rules and the entering into of the Trademark Licensing Agreement between Harbin Hada and Harbin Dili, one of the New PRC Operating Companies (which will form part of the Enlarged Group upon Completion) constitutes a continuing connected transaction of the Enlarged Group under Rule 14A.31 of the Listing Rules.

However, as the licensor will grant to the licensee the right to use certain trademarks registered in the name of the licensor in the PRC at nil consideration, as a result, all applicable percentage ratios for the Trademark Licensing Agreement are less than 0.1% and therefore the continuing connected transaction is fully exempt under Rule 14A.76 of the Listing Rules.

M SPECIFIC MANDATE TO INCREASE IN AUTHORIZED SHARE CAPITAL

As at the Latest Practicable Date, the authorized share capital of the Company was HK$400,000,000 divided into 40,000,000,000 Shares, of which 31,722,198,000 were in issue and fully paid. The Board proposes to, subject to approval from the Independent Shareholders at the EGM for the approval of the Acquisition, Acquisition Agreement, the Framework Lease Agreement and the transactions contemplated thereunder, seek a Specific Mandate from the Independent Shareholders at the EGM to increase the existing authorized share capital to HK$800,000,000 divided into 80,000,000,000 Shares by the creation of an additional 40,000,000,000 Shares, which will rank *pari passu* with all existing Shares for the purpose of the issuance of the Consideration Shares pursuant to the Acquisition Agreement.

The proposed increase in authorized share capital of the Company is subject to the approval of the Independent Shareholders by way of an ordinary resolution at the EGM.

N SHAREHOLDING STRUCTURE OF THE COMPANY BEFORE AND AFTER THE COMPLETION OF ACQUISITION AND THE DILUTION EFFECT TO THE EXISTING SHAREHOLDERS

Subsequent to the issue of the Consideration Shares to the Vendor, the Vendor will be interested in approximately 27.85% in the share capital of the Company immediately after the Completion as enlarged by the issue of the Consideration Shares. Upon the Completion, Mr. Dai, Ms. Zhang and their associates are expected to collectively hold 64.92% of the enlarged issued share capital of the Company and there will be a dilution effect to the minority Shareholders shareholding interests in the Company upon the Completion.

Set out below is a table showing, for the purpose of illustration, the shareholding structure of the Company before and after the issue of the Consideration Shares (assuming that save for the Consideration Shares, no further Shares will be issued by the Company after the date of this circular until completion of the Acquisition):

	As at the date of this circular		**Shareholding immediately after Completion**	
	No. of Shares	*Approximate % of the total issued Shares*	*No. of Shares*	*Approximate % of the total issued Shares*
Super Brilliant Investments Limited *(note 1)*	15,383,738,082	48.49	15,383,738,082	34.99
Gloss Season Limited *(note 1)*	122,400,000	0.39	122,400,000	0.28
Wealthy Aim Holdings Limited *(note 1)*	640,762,050	2.02	640,762,050	1.45
Mr. Dai *(note 2)*	153,900,000	0.48	153,900,000	0.35
Vendor *(note 3)*	—	—	12,243,902,439	27.85
Other Shareholders	15,421,397,868	48.62	15,421,397,868	35.08
Total	31,722,198,000	100.00	43,966,100,439	100.00

Note 1: Super Brilliant Investments Limited is wholly-owned by Shining Hill Investments Limited which is in turn wholly owned by Mr. Dai. Gloss Season Limited is wholly-owned by Mr. Dai. Wealthy Aim Holdings Limited is wholly-owned by Broad Long Limited, which is wholly-owned by Mr. Dai.

Note 2: Mr. Dai is directly interested in 153,900,000 Shares, together with his interest in Super Brilliant Investments Limited, Gloss Season Limited and Wealthy Aim Holdings limited, Mr. Dai is interested in (directly and indirectly) 16,300,800,132 Shares in aggregate, amount to approximately 51.38% of the total issued shares of the Company. Ms. Zhang is deemed to be interested in the Shares which Mr. Dai is interested in (directly and indirectly) as she is the spouse of Mr. Dai.

Note 3: As Vendor is ultimately controlled by Ms. Zhang, as such Mr. Dai, being her spouse, will also be deemed to be interested in the Consideration Shares issued as a result of the Acquisition.

Reference is made to the announcement made by the Company on 30 June 2014 relating to, among others, the change in the ultimate controlling shareholder of the Company from Mrs. Hawken Xiu Li ("**Mrs. Hawken**") to Mr. Dai, whereby Mrs. Hawken transferred her entire interest in the Company as a gift to her brother, Mr. Dai (the "**Gift Transfer**"). As Mr. Dai and Mrs. Hawken are close relatives and are members of the same concert group, there was no change in control under the Code on Takeovers and Mergers as a result of the Gift Transfer, and the obligation to make a mandatory general offer for the Shares has been waived by the SFC.

O FINANCIAL EFFECTS OF THE ACQUISITION ON THE GROUP

Upon Completion, the Target Group will become wholly-owned subsidiaries of the Company and the financial results of the Target Group will be consolidated into the accounts of the Group.

For illustrative purposes only, Appendix V to this circular presents the unaudited pro forma consolidated financial information of the Enlarged Group. Pro forma adjustments were made to account for:

(i) the exclusion of certain assets and liabilities of the companies currently operating the Target Business which will not be transferred to or assumed by the Target Group;

(ii) annual rental expenses in respect of the leasing of the relevant properties (including land and buildings) owned by the companies currently operating the Target Business which are the subject premises of the Framework Lease Agreement;

(iii) identifiable assets and liabilities in the Acquisition;

(iv) the amortization of intangible assets identified in the Acquisition; and

(v) cost related to the Acquisition.

Please refer to Appendix V for more information on the basis of preparation of the unaudited pro forma consolidated financial information of the Enlarged Group.

Earnings

As shown in the unaudited pro forma consolidated statement of profit or loss of the Enlarged Group set out in Appendix V to this circular, the pro forma profit or loss for the year of the Enlarged Group attributable to equity holders of the Company for the year ended 31 December 2014, as if the Reorganization and Acquisition had taken place on 1 January 2014, would have been a loss of RMB4,162.3 million.

Assets and Liabilities

As shown in the unaudited pro forma consolidated statement of financial position of the Enlarged Group set out in Appendix V to this circular, assuming the Reorganization and Acquisition had taken place on 31 December 2014, the pro forma total assets and total liabilities of the Enlarged Group as at 31 December 2014 would have been RMB44,555.9 million and RMB21,923.8 million, respectively.

P PROSPECTS OF THE ENLARGED GROUP

During the year ended 31 December 2014, the Group was principally engaged in the operation of the shopping malls. For the year ended 31 December 2014, the Group's revenue was approximately RMB555,357,000 and net loss was approximately RMB1,714,543,000. The management of the Company has been actively exploring new business and investment opportunities to boost its profitability and bringing reasonable return to its shareholders. The Board considers that the business models and income models of the Target Business and the Company's business share various similarities, and the two businesses are complementary in nature with one another and create synergies for one another.

It is expected that the operation of the agriculture produce markets and the operation of the shopping malls will be run in parallel after the completion of the Acquisition and it is currently intended that the Company will continue to retain the existing business in the same scale and has no plan to make any significant change to such its existing business. It is also the present intention of the Company to explore the possibility of developing e-commerce business for agricultural produce trading by bringing together traders through an electronic trading platform and network to create virtual market places. It however is still at preliminary planning stage and the Company will make further announcement(s) as and when appropriate or as may be required in accordance with the Listing Rules.

Q INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising Mr. Fan Ren-Da, Anthony, Mr. Wang Shengli, Mr. Wang Yifu, Mr. Leung Chung Ki and Mr. Tang Hon Man, being all the independent non-executive Directors, has been formed to advise the Independent Shareholders on matters in relation to the Acquisition Agreement, the Acquisition, the Framework Lease Agreement and the transactions contemplated thereunder.

The Company has, with the approval of the Independent Board Committee, appointed Somerley as the Independent Financial Adviser in accordance with the requirements under the Listing Rules to advise the Independent Board Committee on matters in relation to the Acquisition Agreement, the Framework Lease Agreement and the transactions contemplated thereunder.

R RESPONSIBILITY STATEMENT

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

S EGM

A notice of the EGM to be held at Salon 1–3, JW Ballroom, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong, on 20 July 2015 is set out on pages EGM-1 to EGM-3 of this circular for the purpose of considering and, if thought fit, approving (a) the Acquisition Agreement; (b) the Acquisition; (c) the Framework Lease Agreement; (d) the transactions contemplated under the Framework Lease Agreement and (e) the proposed grant of the Specific Mandate.

A form of proxy for use at the EGM is enclosed. Whether or not you intend to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the proxy form shall not preclude you from attending, and voting in person at the EGM or any adjournment thereof if you so desire and, in such event, the instrument appointing a proxy will be deemed to be revoked.

In order to determine the list of shareholders who will be entitled to attend and vote at the EGM, the register of members of the Company will be closed for registration of transfer of Shares from 16 July 2015 to 20 July 2015 (both days inclusive) during which period no transfer of Shares will be effected. Shareholders whose names appear on the register of members of the Company on 15 July 2015 shall be entitled to attend and vote at the EGM. In order for the Shareholders to qualify for attending and voting at the EGM, all transfer documents, accompanied by the relevant Share certificates, should be lodged for registration with Computershare Hong Kong Investor Services Limited, the Company's branch share registrar and transfer office in Hong Kong, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong on or before 4:30 p.m., 15 July 2015.

T VOTING AT THE EGM AND THE BOARD MEETINGS

As the Vendor is a wholly-owned subsidiary of Shouguang Dili, which is ultimately held as to 67.86% by Ms. Zhang, a non-executive Director and the spouse of Mr. Dai. Accordingly, the Vendor is a connected person of the Company under the Listing Rules and the Acquisition also constitutes a connected transaction of the Company under Rule 14A.25 of the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Mr. Dai and his associates, including Ms. Zhang, are required to abstain from voting on the resolution(s) approving the Acquisition Agreement, the Acquisition, the Framework Lease Agreement and the transactions contemplated thereunder at the EGM.

Voting at the EGM will be conducted by poll.

Ms. Zhang, Mr. Dai, Mr. Dai Bin and Mrs. Hawken have abstained from voting and were not counted in the quorum present at the board meeting approving the Acquisition Agreement, the Acquisition, the Framework Lease Agreement and the transactions contemplated thereunder due to the potential interests they have therein under Rule 13.44 of the Listing Rules.

U RECOMMENDATIONS

The Independent Board Committee, having considered the terms and conditions of the Acquisition Agreement, the Acquisition, the Framework Lease Agreement and the transactions contemplated under the Framework Lease Agreement and after taking into account the advice from Somerley, considers that the terms and conditions of the Acquisition Agreement and the Framework Lease Agreement are on normal commercial terms and are fair and reasonable; and that the Acquisition and the transactions contemplated under the Framework Lease Agreement are in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole.

The Directors accordingly recommends that the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Acquisition Agreement, the Acquisition, the Framework Lease Agreement and the transactions contemplated under the Framework Lease Agreement.

The text of the letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 39 to 40 of this circular.

The text of the letter from Somerley, containing its advice to the Independent Board Committee and the Independent Shareholders with regard to the Acquisition Agreement, the Framework Lease Agreement, the transactions contemplated under the Framework Lease Agreement and the principal factors and reasons which it has taken into account in arriving at its advice, is set out on pages 41 to 88 of this circular.

V FURTHER INFORMATION

Your attention is drawn to other sections of and appendices to this circular, which contain further information on the Group, the Target Group and the Enlarged Group and other information required to be disclosed under the Listing Rules.

W WARNING

The Acquisition is subject to a number of conditions including approvals by the Independent Shareholders at the EGM and the approval from the Stock Exchange, which may or may not be fulfilled. In the event that any of the conditions to the Completion is not fulfilled, the Acquisition Agreement will not become unconditional and the Acquisition will not proceed.

SHAREHOLDERS OF THE COMPANY AND POTENTIAL INVESTORS SHOULD EXERCISE CAUTION WHEN THEY DEAL OR CONTEMPLATE DEALING IN THE SHARES OR OTHER SECURITIES (IF ANY) OF THE COMPANY.

Yours faithfully,
For and on behalf of the Board of
Renhe Commercial Holdings Company Limited
Dai Yongge
Chairman

Renhe Commercial Holdings Company Limited
人和商業控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1387)

29 June 2015

To the Independent Shareholders

Dear Sir or Madam,

(1) VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF YIELD SMART LIMITED; (2) CONTINUING CONNECTED TRANSACTION IN RELATION TO THE FRAMEWORK LEASE AGREEMENT; (3) PROPOSED GRANT OF SPECIFIC MANDATE; AND (4) NOTICE OF EGM

We refer to the circular dated 29 June 2015 issued by the Company of which this letter forms part of (the "**Circular**"). Capitalized terms used in this letter shall have the same meaning as those defined in the Circular unless otherwise specified.

We have been authorized by the Board to form the Independent Board Committee to consider and advise the Independent Shareholders in respect of the Acquisition Agreement, the Acquisition, the Framework Lease Agreement and the transactions contemplated thereunder, details of which are set out in the section headed "Letter from the Board" contained in the Circular.

We wish to draw your attention to the letter from the Board set out on pages 9 to 38 of the Circular and the letter of advice from Somerley Capital Limited, the Independent Financial Adviser appointed to advise the Independent Board Committee on the terms of the Acquisition Agreement, the Framework Lease Agreement and the transactions contemplated thereunder, set out on pages 41 to 88 of the Circular.

* *For identification purposes only*

Having considered, among other matters, the factors and reasons considered by, and the opinion of Somerley as stated in its letter of advice, we consider that the terms and conditions of the Acquisition Agreement and the Framework Lease Agreement are on normal commercial terms and are fair and reasonable and that the Acquisition and the transactions contemplated under the Framework Lease Agreement are in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favor of the resolution(s) to be proposed at the EGM in respect of the Acquisition Agreement, the Acquisition, the Framework Lease Agreement and the transactions contemplated under the Framework Lease Agreement.

Yours faithfully,
for and on behalf of the
Independent Board Committee
Renhe Commercial Holdings Company Limited

Fan Ren-Da, Anthony
Wang Shengli
Wang Yifu
Leung Chung Ki
Tang Hon Man
Independent non-executive Directors

The following is the full text of the letter of advice to the Independent Board Committee and the Independent Shareholders from Somerley prepared for the purpose of incorporation in this circular.

SOMERLEY CAPITAL LIMITED
20th Floor
China Building
29 Queen's Road Central
Hong Kong

29 June 2015

To: The Independent Board Committee and the Independent Shareholders of Renhe Commercial Holdings Company Limited

Dear Sirs,

(1) VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF YIELD SMART LIMITED AND (2) CONTINUING CONNECTED TRANSACTION IN RELATION TO THE FRAMEWORK LEASE AGREEMENT

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Acquisition Agreement, the Framework Lease Agreement and the transactions contemplated thereunder. Details of the Acquisition Agreement, the Framework Lease Agreement and the transactions contemplated thereunder are contained in the circular issued by the Company to the Shareholders dated 29 June 2015 (the "**Circular**"), of which this letter forms part. Unless the context otherwise defined, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

On 9 June 2015, after trading hours, the Company entered into the Acquisition Agreement with the Vendor to acquire the Sale Shares, being the entire issued share capital of the Target Company. The Consideration is HK$6.5 billion and shall be satisfied (i) as to HK$5.02 billion by the allotment and issue of 12,243,902,439 Consideration Shares at an issue price of HK$0.41 per Consideration Share by the Company to the Vendor; and (ii) as to HK$1.48 billion by the assumption of the Loan by the Company before or upon Completion. The Consideration Shares represent approximately 27.85% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares.

The Target Company is currently undergoing the Reorganisation. Upon completion of the Reorganisation, the Target Group will operate eight Markets in six cities in the PRC (namely Harbin, Qiqihar, Shenyang, Guiyang, Mudanjiang and Shouguang), which are engaged in the wholesaling and retailing of primarily vegetables and also fruits, seafood, meat, grain and oil and other food produce (i.e. the Target Business). Upon Completion, the Company will acquire from the Vendor the Target Group which operates the Target Business. Independent Shareholders' attention is drawn to the further details of the Target Business as set out in the paragraph F headed "Information relating to the Target Business" in the letter from the Board in the Circular.

In connection with the Acquisition, the Vendor (as lessor) entered into the Framework Lease Agreement with the Target Company (as lessee) on 9 June 2015, pursuant to which the Target Company will procure the New PRC Operating Companies to enter into the Leasing Agreements with the PRC Vendors in respect of the leasing of certain properties (including land and buildings) in the PRC to facilitate the operation of the Target Business by the New PRC Operating Companies upon Completion.

With respect to the Acquisition, as some of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceed 100%, the Acquisition constitutes a very substantial acquisition for the Company under Rule 14.06(5) of the Listing Rules and is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

In addition, as the Vendor is a wholly-owned subsidiary of Shouguang Dili, which is ultimately held as to 67.86% by Ms. Zhang, a non-executive Director and the spouse of Mr. Dai. Accordingly, the Vendor is a connected person of the Company under the Listing Rules and the Acquisition also constitutes a connected transaction of the Company under Rule 14A.25 of the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

With respect to the Framework Lease Agreement, as the Vendor is a connected person of the Company under the Listing Rules, the entering into of the Framework Lease Agreement between the Vendor and the Target Company (which will form part of the Enlarged Group upon Completion) constitutes a continuing connected transaction of the Enlarged Group under Rule 14A.31 of the Listing Rules. As certain applicable percentage ratios of the Framework Lease Agreement exceed 5% and the aggregate annual rental under the Framework Lease Agreement is more than HK$10,000,000, the Framework Lease Agreement and the transactions contemplated under the Framework Lease Agreement constitute a non-exempt continuing connected transaction of the Company and are subject to the reporting, announcement, circular and the Independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

Mr. Dai and his associates, including Ms. Zhang, are required to abstain from voting on the resolution(s) approving the Acquisition Agreement, the Framework Lease Agreement and the transactions contemplated thereunder at the EGM. Voting at the EGM will be conducted by poll.

The Independent Board Committee comprising of all of the independent non-executive Directors, namely Mr. Wang Shengli, Mr. Wang Yifu, Mr. Fan Ren-Da, Anthony, Mr. Leung Chung Ki and Mr. Tang Hon Man, has been established to advise the Independent Shareholders as to whether the terms of the Acquisition Agreement, the Framework Lease Agreement and the transactions contemplated thereunder are on normal commercial terms and fair and reasonable, and whether the entering into of the Acquisition Agreement, the Framework Lease Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole, and to make a recommendation to the Independent Shareholders on how to vote. We have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

We are not associated with the Company, the Vendor, their respective associates, close associates or core connected persons, and accordingly, are considered eligible to give independent advice and recommendation on the Acquisition Agreement, the Framework Lease Agreement and the transactions contemplated thereunder. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, the Vendor, their respective associates, close associates or core connected persons.

In formulating our opinion and recommendation, we have reviewed, among other things, the Acquisition Agreement, the Framework Lease Agreement, the annual reports of the Company for the two years ended 31 December 2014 and 31 December 2013, the accountants' reports of the Target Business and the Target Group for the three years ended 31 December 2014, 2013 and 2012, the unaudited pro forma financial information of the Enlarged Group (the "**Pro Forma Financial Information**"), the Business Valuation Report issued by JLL in respect of the fair value of the Target Business and the information as set out in the Circular. We have also selectively visited the Markets.

We have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Group and have assumed that they are true, accurate and complete. We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed to us. We have no reason to believe that any material information has been withheld from us, or to doubt the truth or accuracy of the information provided. We have relied on such information and consider that the information we have received is sufficient for us to reach an informed view. We have not, however, conducted any independent investigation into the business and affairs of the Group or the Target Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation, we have taken into account the following principal factors and reasons:

1. Information on the Group

(a) Business of the Group

The Company was incorporated in the Cayman Islands and the Shares have been listed on the Main Board of the Stock Exchange since 2008. The Company is an investment holding company and the Group is principally engaged in the development, lease and management of underground malls. As at 31 December 2014, the Group managed 22 malls across 12 cities in China with a total GFA of approximately 1.27 million sq.m. under management, and a leasable gross floor area of 0.83 million sq.m.. The Group's project reserves stand at 4.81 million sq.m., which includes 12 projects with total planned GFA of 1.32 million sq.m. where construction has been commenced, and also 19 projects with a total approved GFA of 3.49 million sq.m. which the Group has received approvals for the construction. In January 2015, the Group raised approximately HK$3,384 million by way of rights issue for the purpose of repurchase of outstanding notes with aggregate principal amount of approximately USD660.1 million (equivalent to approximately HK$5,149 million).

(b) Financial results of the Group

Set out below is a summary of the financial results of the Group for the years ended 31 December 2014, 2013 and 2012.

	For the year ended 31 December		
	2014	**2013**	**2012**
	RMB (million)	*RMB (million)*	*RMB (million)*
Revenue	555.3	547.4	688.1
Cost of sales	(11.8)	(26.1)	(144.6)
Gross profit	543.5	521.3	543.5
Other income	112.5	164.8	131.5
Net valuation (loss)/gain on investment properties	(1,364.5)	(832.3)	2,162.8
Administrative expenses	(409.5)	(1,004.0)	(450.3)
Other operating expenses	(339.6)	(345.3)	(305.4)
(Loss)/profit before tax	(1,457.6)	(1,495.5)	2,082.1
Income tax	161.4	151.3	(538.2)
(Loss)/profit for the year attributable to the Shareholders	(1,666.5)	(1,699.6)	895.3

The Group recorded a decrease in revenue in 2013. Revenue decreased by approximately 20.4% to approximately RMB547.4 million in 2013 from approximately RMB688.1 million in 2012. The decrease in revenue was mainly due to a significant drop in revenue from transfer of operation rights by approximately 65.7% to approximately RMB92.7 million in 2013 from approximately RMB270.5 million in 2012. While revenue from transfer of operation rights decreased significantly, revenue from operating lease recorded an increase of approximately 9.2% to approximately RMB454.7 million in 2013 from approximately RMB416.2 million in 2012. The increase in operating lease income was mainly attributed to the combined effect of the average increase in rental per sq.m. of around 2.8% and the opening of the malls in Yueyang and Shenyang during the year.

The revenue recorded a slight increase of approximately 1.4% to approximately RMB555.3 million in 2014 from approximately RMB547.4 million in 2013. The increase was mainly driven by the increase in operating lease income of approximately 17.4% to approximately RMB533.7 million in 2014 as compared to approximately RMB454.7 million in 2013, mainly attributed to the opening of two malls in Shenyang and the commencement of Jinzhou project in the second half of 2013.

Cost of sales mainly comprise the cost for the transfer of operation rights, representing either costs of construction of properties or carrying amount of properties relating to the operation rights transferred. The decrease in cost of sales was mainly due to decrease in area of transfer of operation rights as mentioned above.

Compared with a net valuation gain on investment properties of approximately RMB2,162.8 million recorded in 2012, the Group incurred net valuation loss of approximately RMB832.3 million in 2013. Such valuation loss was mainly attributed to the drop in valuation of approximately RMB625.4 million for the Dongguan project as a result of the change of approximately 38,000 sq.m. construction areas from shopping malls to car-parking spaces. In 2014, the Group recorded a further net valuation loss on investment properties of approximately RMB1,364.5 million. The valuation loss was mainly attributed to additional conversion of land use, delay in completion and continuous challenging environment for several projects including Dongguan project, Wuhan project and Shenyang project.

The Group recorded administrative expenses of approximately RMB1,004.0 million in 2013, which included a write-off of approximately RMB540.2 million of receivables due from the buyers of subsidiaries disposed in prior years.

Net losses attributable to the Shareholders of approximately RMB1.7 billion were recorded in both 2013 and 2014, as compared to a net profit of approximately RMB0.9 billion in 2012. The poor performances were due to, among other things, a write-off of considerable amount of receivables and the significant net valuation loss on investment properties in 2013 and 2014 respectively.

(c) Financial position of the Group

Set out below is a summary of the financial position of the Group as at 31 December 2014, 2013 and 2012.

	As at 31 December		
	2014	**2013**	**2012**
	RMB (million)	*RMB (million)*	*RMB (million)*
Non-current assets			
Property and equipment	474.2	512.7	567.0
Investment properties	26,198.0	25,748.6	26,169.5
Other non-current assets	2,280.4	3,340.4	3,774.2
	28,952.6	29,601.7	30,510.7
Current assets			
Inventories	4,579.5	4,183.5	3,296.2
Trade receivables and other assets	2,892.1	893.7	2,612.8
Cash at bank and on hand	884.5	1,284.1	1,233.4
	8,356.1	6,361.3	7,142.4
Current liabilities			
Interest-bearing borrowings	3,185.1	521.8	334.8
Trade and other payables	5,534.3	3,071.9	3,613.0
Taxation	18.5	21.4	30.5
	8,737.9	3,615.1	3,978.3
Net current (liabilities)/assets	(381.8)	2,746.2	3,164.1
Non-current liabilities			
Interest-bearing borrowings	5,403.1	7,276.7	7,247.3
Deferred tax liabilities	4,059.7	4,333.0	4,505.0
Receipt in advance	539.6	431.2	—
	10,002.4	12,040.9	11,752.3
Total equity attributable to the Shareholders	18,428.5	20,119.0	21,685.9
Net asset value ("NAV") per Share			
— in RMB	0.87	0.95	1.03
— in HK$ equivalent	1.09	1.19	1.29
NAV per Share after adjusted for rights issue and repurchase of notes			
— in RMB	0.68		
— in HK$ equivalent	0.85		

As shown in the table above, majority of the Group's assets are investment properties and inventories (i.e. properties held for sale). During 2013, the Group commenced the operation of three underground malls, equivalent to GFA of 0.14 million sq.m. and two new malls in Shenyang with a combined GFA of 0.1 million sq.m.. Given the macro environment and capital concern, the Group had no new shopping malls added to its portfolio and had no new projects commenced during 2014. As at 31 December 2014, the Group managed 22 malls across 12 cities in China with a total GFA of 1.27 million sq.m. under management, and a leasable GFA of 0.83 million sq.m.

Interest-bearing borrowings comprises mainly of senior notes and secured bank loans. During 2014, the Group commenced tender offers to repurchase its outstanding senior notes due in 2015 and 2016 in cash. On 7 January 2015, the Group has repurchased an aggregate principal amount of approximately USD660.1 million (equivalent to approximately HK$5,149.0 million) of the senior notes.

As at 31 December 2014, the gearing ratio, which is calculated by dividing the interest-bearing borrowings by total assets, increased slightly to approximately 23.0%, as compared with approximately 21.7% and 20.1% as at 31 December 2013 and 2012 respectively.

As stated in the table above, the NAV per Share was approximately RMB0.87 (equivalent to approximately HK$1.09) on 31 December 2014. In early 2015, the Group completed a rights issue and a repurchase of the senior notes. After taking into account these two events, the NAV per Share would have decreased to RMB0.68 (equivalent to approximately HK$0.85).

In summary, the Group's business is centered around the property investment business of underground shopping malls, the profitability of which is mainly driven by the rental from the lease of the shopping malls and transferring operation rights. Given the profitability of the Group's business and the extent of the administrative and operating expenses involved, the Group's business faces a certain degree of uncertainty. The Acquisition appears to offer an expansion opportunity to broaden its business base and diversify its operating risks. For further information on the benefits of the Acquisition, please refer to the section 5 headed "Reasons for and benefits of the Acquisition" in this letter below.

2. Information on the Vendor, Shouguang Dili and the PRC Vendors

The Vendor is an investment holding company incorporated in the BVI with limited liability, and is currently wholly-owned by Shouguang Dili, which is in turn beneficially held as to 67.86% by Ms. Zhang and 32.14% by private equity funds and securities investment companies, which are Independent Third Parties.

Shouguang Dili is currently the ultimate holding company of the Vendor and the PRC Vendors. The PRC Vendors are currently the main operating subsidiaries of the Target Business.

3. Information on the Target Group and the Target Business

(a) The Target Business

(i) Overview

The Target Business is an operator of eight Markets in six cities in the PRC namely Harbin, Qiqihar, Shenyang, Guiyang, Mudanjiang and Shouguang, which are engaged in the wholesaling and retailing of primarily vegetables and also fruits, seafood, meat, grain and oil and other food produce.

(ii) The Target Business and the Markets

The business model of the Target Business primarily consists of the following:

(a) the leasing or providing of space in the form of trading halls or open areas to the traders for the trading of agriculture produce;

(b) the leasing or providing of warehouses, icehouses and other designated spaces to the traders for the storage and packaging of agriculture produce;

(c) the provision of transportation and third-party logistics information services to traders; and

(d) other value-added services including packaging of the agriculture produce.

Set out in the chart below are the geographical locations of the Markets.

★ the locations of the Markets

As at the Latest Practicable Date, according to the management of the Group, the basic facts of the eight Markets operated by the respective PRC Vendors are as shown in the table below:

Market(s)	Location	Land parcel size (sq.m.) *(Note 1)*	Self-occupied land parcels land use rights certificate validity period *(Note 2)*	Self-occupied land parcels land use purpose *(Note 2)*	Property GFA (sq.m.) *(Note 1)*	Revenue for the year ended 31 December 2014 (RMB million)	Relevant operating PRC Vendor(s)
China Shouguang Agricultural Produce Logistics Park	Shouguang City, Shandong Province, the PRC	1,013,022 *(Note 3)*	As to 111,168 sq.m., until 4 February 2053 As to 1,012,757 sq.m., until 27 January 2053	Wholesale and retail	537,003 *(Note 3)*	142.3	壽光農產品物流園有限公司 (Shouguang Agri-Products Logistics Park Company Limited**)
Guiyang Agricultural Produce Logistics Park	Guiyang City, Guizhou Province, the PRC	171,844	Until August 2052	Market	173,620 *(Note 4)*	110.3	貴陽地利農產品物流園有限公司 (Guiyang Dili Agri-Products Logistics Park Company Limited**)
Harbin Hada Agricultural Produce Market	Harbin City, Heilongjiang Province, the PRC	128,914	Until 7 November 2040	Commercial service	202,746 *(Note 5)*	286.8	哈爾濱哈達農副產品股份有限公司 (Harbin Hada Agricultural and Sideline Products Joint Stock Company Limited**)
Harbin Youyi Agricultural Produce Market	Harbin City, Heilongjiang Province, the PRC	3,863 *(Note 6)*	As to 2,475.1 sq.m., until 5 August 2055 As to 523.8 sq.m., until 28 June 2057 As to 212.5 sq.m., until 11 November 2042	Storage and commercial	17,952 *(Note 6)*	18.9	哈爾濱友誼倉儲有限責任公司 (Harbin Youyi Warehouse Company Limited**)
Qiqihar Hada Agricultural Produce Market	Qiqihar City, Heilongjiang Province, the PRC	85,986 *(Note 7)*	Until 26 February 2059	Storage	49,106 *(Note 7)*	72.3	齊齊哈爾哈達農副產品有限責任公司 (Qiqihar Hada Agricultural and Sideline Products Company Limited**)
Muda International Agricultural Produce Logistics Park	Mudanjiang City, Heilongjiang Province, the PRC	116,758	As to 70,000.9 sq.m., until 30 May 2050 As to 59,692.6 sq.m., until 25 November 2050 As to 38,457.9 sq.m., until 1 December 2051	Wholesale and retail	116,758 *(Note 8)*	40.1	牡丹江牡達農副產品有限公司 (Mudanjiang Muda Agricultural and Sideline Products Company Limited**)
Shenyang Fruit and Vegetable Market	Shenyang City, Liaoning Province, the PRC	356,943 *(Note 9)*	As to 139,943 sq.m., pending the relevant land use rights certificate As to 28,865.9 sq.m., until 11 December 2062	Wholesale and retail and storage	108,349 *(Note 9)*	145.2	瀋陽地利農副產品有限公司 (Shenyang Dili Agricultural and Sideline Products Company Limited**) and 遼寧銀達利置業投資有限公司 (Liaoning Yindali Property Investment Company Limited**)
Shenyang Fruit Market	Shenyang City, Liaoning Province, the PRC	39,166	Until 28 March 2050	Commercial service	101,850 *(Note 10)*	47.9	瀋陽金東貿置業有限公司 (Shenyang Jim Thomas Property Development Company Limited**)
Total		1,863,006			1,130,013	863.8	

Notes:

1. For the avoidance of doubt, the land and properties made up of the Markets are not the subject of the Acquisition and will not be transferred to the Target Group.

2. As per the appendices to the Framework Lease Agreement.

3. As at the Latest Practicable Date, China Shouguang Agricultural Produce Logistics Park had 833,925 sq.m. of its land parcels with valid land use rights certificates and 179,097 sq.m. of the land parcels without a valid land use rights certificate. It also had 518,676 sq.m. of its property GFA with valid property ownership certificates and 18,327 sq.m. of the property GFA without a valid property ownership certificate.

4. As at the Latest Practicable Date, Guiyang Agricultural Produce Logistics Park had 78,486 sq.m. of its property GFA with valid property ownership certificates and 95,134 sq.m. of the property GFA without a valid property ownership certificate.

5. As at the Latest Practicable Date, Harbin Hada Agricultural Produce Market had 196,467 sq.m. of its property GFA with valid property ownership certificates and 6,279 sq.m. of the property GFA without a valid property ownership certificate.

6. As at the Latest Practicable Date, Harbin Youyi Agricultural Produce Market had 3,211 sq.m. of its land parcels that were self-occupied by the relevant operating PRC Vendor (i.e. 哈爾濱友誼倉儲有限責任公司 (Harbin Youyi Warehouse Company Limited**)) and 652 sq.m. of the land parcels that were leased from an independent third party landlord. It also had 15,552 sq. m of its property GFA that were self-occupied by the relevant operating PRC Vendor (of which 12,869 sq.m. had valid property ownership certificates and 2,683 sq.m. did not have a valid property ownership certificate) and 2,400 sq.m. of the property GFA that were leased from independent third party landlords.

7. As at the Latest Practicable Date, Qiqihar Hada Agricultural Produce Market had 58,986 sq.m. of its land parcels that were self-occupied by the relevant operating PRC Vendor (i.e. 齊齊哈爾哈達農副產品有限責任公司 (Qiqihar Hada Agricultural and Sideline Products Company Limited**)) and 27,000 sq.m. of the land parcels that were leased from an independent third party landlord. It also had 40,175 sq.m. of its property GFA that were self-occupied by the relevant operating PRC Vendor (of which 30,114 sq.m. had valid property ownership certificates and 10,061 sq.m. did not have a valid property ownership certificate) and 8,931 sq.m. of the property GFA that were leased from an independent third party landlord.

8. As at the Latest Practicable Date, Muda International Agricultural Produce Logistics Park had 77,131 sq.m. of its property GFA in use while 39,627 sq.m. of the property GFA was in construction in progress.

9. As at the Latest Practicable Date, Shenyang Fruit and Vegetable Market had 168,809 sq.m. of its land parcels that were self-occupied by the relevant operating PRC Vendors (i.e. 瀋陽地利農副產品有限公司 (Shenyang Dili Agricultural and Sideline Products Company Limited**) and 遼寧銀達利置業投資有限公司 (Liaoning Yindali Property Investment Company Limited**)) where 139,943 sq.m. of the self-occupied land parcel was applying for the relevant land use rights certificate. It also had land parcels of 188,134 sq.m. that were leased from an independent third party landlord. In terms of the property GFA, Shenyang Fruit and Vegetable Market had 48,081 sq.m. that were self-occupied by the relevant operating PRC Vendors (all of which did not have a valid property ownership certificate) and 60,268 sq.m. that were leased from independent third party landlords.

10. As at the Latest Practicable Date, all of Shenyang Fruit Market's property GFA were without a valid property ownership certificate.

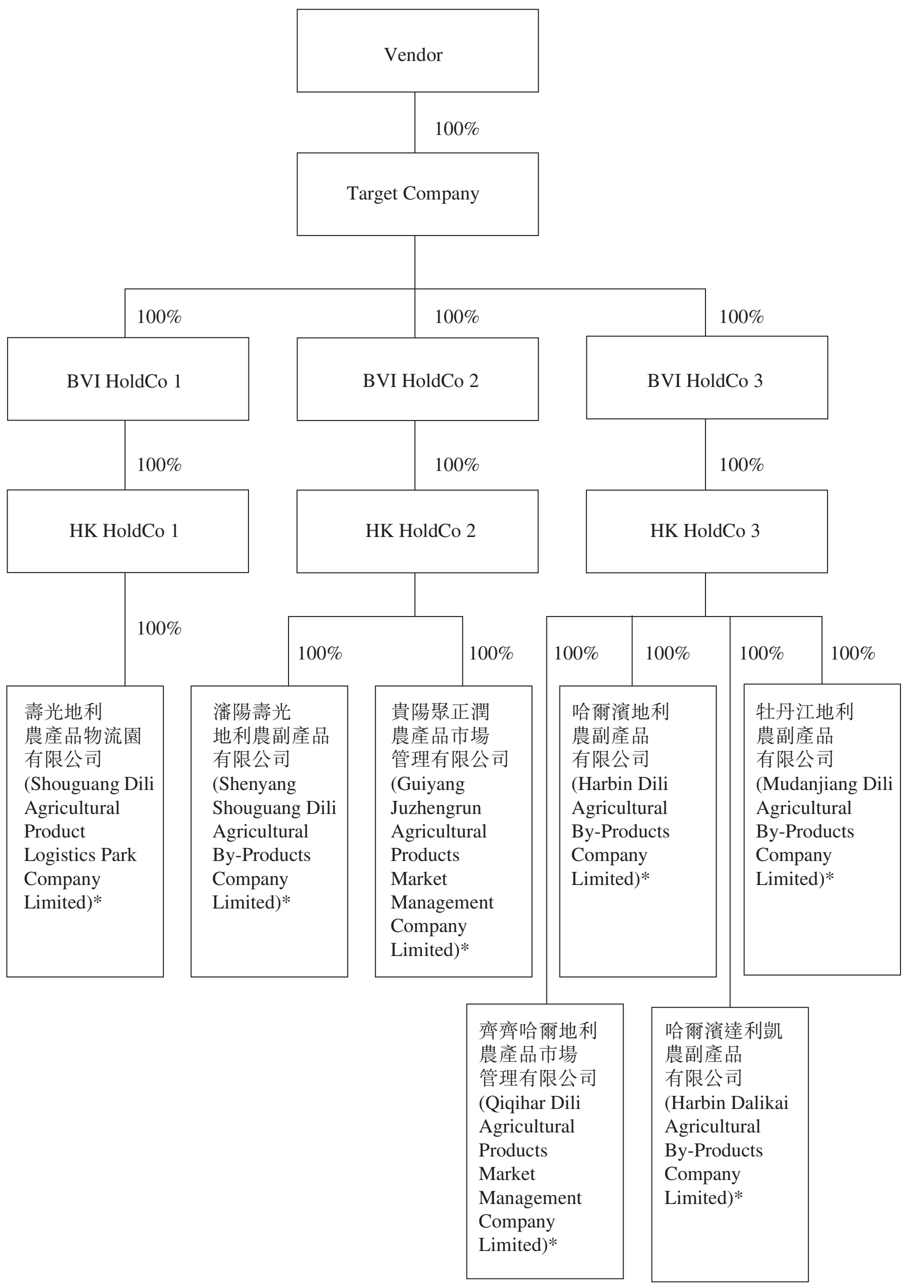
(iii) Reorganisation

The Acquisition is structured as an "asset-light" business acquisition and the Company will only be acquiring the Target Business (excluding the bank borrowings or land and properties on which the Markets operate (some of which have been pledged to the lending banks to secure certain borrowings of the PRC Vendors)). In the circumstances, the Target Company is currently undergoing the Reorganisation pursuant to which the Vendor shall procure the New PRC Operating Companies shall before Completion (i) assume or take up all the existing Business Contracts; (ii) enter into employment agreements with the senior management who were previously employed by the PRC Vendors; and (iii) enter into the Leasing Agreements with the relevant PRC Vendors pursuant to the terms of the Framework Lease Agreement. The existing Business Contracts entered into by the PRC Vendors in relation to the Target Business, including but not limited to (i) tenancy agreements with the traders; (ii) leasing agreements with the existing tenant of the Markets relating to the use of warehouse and logistics park facilities; and (iii) tenancy agreements with independent landlords for the use of land and property of the market.

We understand that the Reorganisation will facilitate the Acquisition, which, in substance, is the acquisition of the Target Business, being the operations of the eight Markets currently operated by the PRC Vendors. We are of the view that the aforesaid components of the Reorganisation are essential for the Target Group to operate the Target Business and will allow the Group to acquire a profit-making operations, without making significant outlays for the acquisition of existing assets (mainly land and properties) and liabilities (mainly bank loans) related to the Target Business from the PRC Vendors.

(iv) Corporate structure of the Target Group

The Target Company is an investment holding company established on 30 March 2015 in BVI. Pursuant to the Reorganisation, three BVI companies (namely BVI HoldCo 1, BVI HoldCo 2 and BVI HoldCo 3 in the chart below) and three Hong Kong companies (namely HK HoldCo 1, HK HoldCo 2 and HK HoldCo 3 in the chart below) have been established, each of the Hong Kong holding companies should hold the entire interest of one to four New PRC Operating Companies in each locality for the purpose of operation of the Target Business. Set out below is the shareholding structure of the Target Group as of the Latest Practicable Date.



* English names are direct translation of the Chinese name and for reference only

(b) Financial information of the Target Business and the Target Group

(i) Financial performance

The accountants' report on the Target Business (including land and buildings) is set out in Appendix III to the Circular. Set out in below is a summary of the combined statements of profit or loss of the Target Business for the three years ended 31 December 2014. For the avoidance of doubt, the discussion of the financial performance of the Target Business in this sub-section include the land and buildings held by the PRC Vendors.

	For the year ended 31 December		
	2014	**2013**	**2012**
	RMB (million)	*RMB (million)*	*RMB (million)*
Revenue	863.8	684.2	675.4
Other net income	1.2	3.3	1.9
Operating income/(expenses)			
Net valuation gain on investment properties	566.7	172.3	34.7
Depreciation and amortisation	(77.7)	(69.2)	(63.1)
Personnel costs	(98.7)	(80.6)	(57.0)
Other operating expenses	(34.5)	(23.0)	(43.6)
Repairs and maintenance	(35.5)	(28.3)	(24.2)
Utilities and fuels	(29.2)	(25.0)	(20.9)
Impairment loss on goodwill	—	—	(722.2)
Profit/(loss) from operations	1,156.1	633.7	(219.0)
Finance income	564.0	142.2	4.3
Finance costs	(667.0)	(229.8)	(57.8)
Profit/(loss) before tax	1,053.1	546.1	(272.5)
Income tax	(267.6)	(153.8)	(160.4)
Profit/(loss) for the year	785.5	392.3	(432.9)
Attributable to:			
Parent's net investment	758.9	391.6	(432.3)
Non-controlling interests	26.6	0.7	(0.6)
Total comprehensive income for the year	785.5	392.3	(432.9)

(1) Revenue

The revenue of the Target Business is primarily derived from (i) commission income; (ii) rental income; and (iii) management and administrative service fee.

Commission income contributed around 60% of total revenue for the years ended 31 December 2012, 2013 and 2014. The commission fee was charged to tenants according to a number of parameters, namely the type of products, trading volume, weight and type of vehicles used for transportation. The Target Business recorded an increase in commission income by approximately 9.9% from approximately RMB390.8 million in 2012 to approximately RMB429.5 million in 2013, and a further increase by approximately 31.9% to approximately RMB566.5 million in 2014. The increase in commission income in 2013 was mainly due to an increase of approximately 76.2% in commission income from the markets in Shenyang. The further increase in commission in 2014 was mainly attributable to the further increase in trading volume of the markets in Shenyang and improved operations of Harbin Hada Agricultural Produce Market (the "**Harbin Market**").

Rental income consists of leasing stalls to tenants in the market and charging tenants according to the usage and location. The rental income decreased from approximately RMB211.7 million in 2012 to approximately RMB185.4 million in 2013, but rebounded to approximately RMB212.6 million in 2014. The management revealed that there was a fierce competition in the Harbin Market in 2013. In response to the competition, the management granted discounts in rental and waived certain administrative service fee, leading to a decline in rental income in 2013. As the rental income from other markets made up the shortfall of the Harbin Market, the rental income in 2014 bounced back to the 2012 level.

The management and administrative service fee income contributed a stable source of income and was between approximately 9.8% and 10.8% of total revenue across the three years.

Set out in the table below is a breakdown of the revenue by the Markets.

	2014		2013		2012	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
The Harbin Market	306,059	33.68%	250,827	34.75%	341,802	46.61%
China Shouguang Agricultural Produce Logistics Park (the "**Shouguang Market**")	150,689	16.58%	145,200	20.12%	159,011	21.68%
Shenyang Fruit and Vegetable Market	161,618	17.79%	99,410	13.77%	50,808	6.93%
Shenyang Fruit Market	34,546	3.80%	34,670	4.80%	25,927	3.54%
Muda International Agricultural Produce Logistics Park	42,481	4.68%	5,796	0.80%	—	0.00%
Guiyang Agricultural Produce Logistics Park	116,555	12.83%	101,131	14.01%	71,615	9.77%
Qiqihar Hada Agricultural Produce Market	76,676	8.44%	66,753	9.25%	69,047	9.42%
Harbin Youyi Agricultural Produce Market	19,983	2.20%	18,060	2.50%	15,155	2.07%
Sub-total	908,607	100.00%	721,847	100.00%	733,365	100.00%
Less: Business tax	(44,803)		(37,598)		(57,962)	
Total	863,804		684,249		675,403	

As set out in the table above, the biggest contributor of revenue was Harbin Market, which provided approximately one-third of the revenue of the Target Business for the year ended 31 December 2014. Shounguang Market's revenue was rather flat in the review period and the percentage of revenue contribution gradually declined when other Markets grew during the period. Shenyang Fruit and Vegetable Market and Shenyang Fruit Market (the "**Shenyang Markets**") had increasing revenue contribution in the last three years, which generated approximately 10.47%, 18.57% and 21.59% of revenue for the Target Group for 2012, 2013 and 2014 respectively.

(2) Net valuation gain on investment properties

Investment properties are the land and properties for the operations of the Markets held by the Target Business. They are stated at their fair value as at each reporting date. Gains or losses arising from changes in the fair values of the Target Business's investment properties are included in the Target Business's combined statements of profit or loss and comprehensive income in the year in which they arise. Pursuant to the Reorganisation and the Acquisition, none of the investment properties held by the companies currently operating the Target Business will be transferred to the Target Group. As such, it is expected that after the Completion the Target Business will not have such net valuation gain on investment properties.

(3) Depreciation and amortisation

As none of the fixed assets and intangible assets currently used by the Target Business will be transferred to the Enlarged Group upon Completion, it is expected that after the Completion the Target Business will not have depreciation and amortisation charges in relation to the existing operations of the Target Business.

(4) Personnel costs

Personnel costs represented the staff hired by the Target Business for the operation of the markets. In 2012, the cleansing, security and maintenance services in certain markets were out-sourced to independent third parties. In 2013, the Target Business recorded an increase by approximately 41.4% in personnel costs from approximately RMB57.0 million in 2012 to approximately RMB80.6 million in 2013. The increase in personnel costs was mainly because certain markets of the Target Business recruited more staff for the cleansing, securities and maintenance services instead of outsourcing to third parties. The number of staff hired by the Target Business rose from 1,481 as at 31 December 2012 to 1,697 as at 31 December 2013 as the operation size of Shenyang Dili expanded during 2013. The number of staff further increased to 2,107 as at 31 December 2014 in response to the full year operation of Mudanjiang Muda Agricultural and Sideline Products Company Limited (the "**Mudanjiang Market**") during 2014. As such, the personnel costs for 2014 increased further by approximately 22.5% to approximately RMB98.7 million.

(5) Other operating expenses

Other operating expenses consisted of property tax, land use tax, transportation expenses and entertainment expenses. The other operating expenses declined by approximately 47.2% from approximately RMB43.6 million in 2012 to approximately RMB23.0 million in 2013. The decrease was mainly attributable to the tax relief ("關於農產品批發市場農貿市場房產稅城鎮土地使用稅政策的通知 (財稅''2012''68號)) announced by the PRC government. The property tax and city and town land use tax were exempted or reduced during the period from 2013 to 2015. The increase in other operating expenses by approximately 50% from approximately RMB23.0 million to approximately RMB34.5 million was mainly due to the full operation of the Mudanjiang Market which opened in 2013 and the general increase in operating activities in 2014.

(6) Impairment loss on goodwill

In 2012, the Target Business recorded an impairment loss on goodwill of approximately RMB722.2 million which was attributable to the acquisition of Shenyang Fruit Market. The goodwill was fully impaired in 2012 as the estimated business growth was slower than expected. No other goodwill was recorded as at each of 31 December 2012, 2013 and 2014.

(7) Finance income and costs

Finance income consisted of mainly interest income on other receivables and bank deposits. The Target Business recorded a significant increase in finance income from approximately RMB4.3 million in 2012 to approximately RMB142.2 million in 2013 and a further increase to approximately RMB564.0 million in 2014, which was mainly attributable to the increased advances to related companies and third parties. The advances bore an approximate range of interest between 6.6% and 12.5% per annum.

Finance cost consisted of mainly uncapitalised interest expense on borrowings, net foreign exchange losses and bank charges. The finance cost surged from approximately RMB57.8 million in 2012 to approximately RMB229.8 million in 2013 and further raised to approximately RMB667.0 million in 2014. The increase was mainly attributable to the increase in uncapitalised interest expense on borrowings in 2013 and 2014 following the increases in outstanding borrowings from banks and other financial institutions.

It is expected that after Completion the Target Business will not have finance income or costs arising from such advances or borrowings of the companies currently operating the Target Business as none of the advances to related parties or third parties or borrowings will be transferred to the Target Group pursuant to the Reorganisation and the Acquisition.

(8) Profit sharing arrangement with non-controlling interests

Based on our discussion with the management of the Group, no non-controlling interest will share any profit or loss of the Target Group upon Completion and the non-controlling interests will have a separate arrangement with the PRC Vendors for sharing of profit or loss.

(9) Profit or loss of the Target Business after the Reorganisation

As majority of assets and liabilities of the Target Business will not be transferred to the Target Group upon Completion, we set out below, for illustrative purpose only, the combined statements of profit or loss of the Target Business for the two years ended 31 December 2014 assuming the Reorganisation has taken place from the first day of the respective financial year. A similar reconciliation between the net profit after taxation of the Target Business before and after the Reorganisation for the two years ended 31

December 2014 are set out in the note to the sub-section headed "Financial information of the Target Business" under the section F headed "Information relating to the Target Business" in the letter from the Board in this Circular. The financial information in the table below has not been reviewed by the auditors of the Company.

	For the year ended 31 December					
	2014			2013		
	As reported *(Note)*	Adjustment for the Reorganisation	Adjusted	As reported *(Note)*	Adjustment for the Reorganisation	Adjusted
	RMB (million)	*RMB (million)*	*RMB (million)*	*RMB (million)*	*RMB (million)*	*RMB (million)*
Revenue	863.8	—	863.8	684.2	—	684.2
Other net income	1.2	—	1.2	3.3	—	3.3
Operating income/(expenses)						
Net valuation gain on investment properties	566.7	(566.7)	—	172.3	(172.3)	—
Depreciation and amortisation	(77.7)	77.7	—	(69.2)	69.2	—
Personnel costs	(98.7)	—	(98.7)	(80.6)	—	(80.6)
Other operating expenses	(34.5)	—	(34.5)	(23.0)	—	(23.0)
Rental expenses	—	(100.0)	(100.0)	—	(100.0)	(100.0)
Repairs and maintenance	(35.5)	—	(35.5)	(28.3)	—	(28.3)
Utilities and fuels	(29.2)	—	(29.2)	(25.0)	—	(25.0)
Impairment loss on goodwill	—	—	—	—	—	—
Profit from operations	1,156.1		567.1	633.7		430.6
Finance income	564.0	(564.0)	—	142.2	(142.2)	—
Finance costs	(667.0)	667.0	—	(229.8)	229.8	—
Profit before tax	1,053.1		567.1	546.1		430.6
Income tax	(267.6)	121.6	(146.0)	(153.8)	28.9	(124.9)
Profit for the year	785.5		421.1	392.3		305.7

Note: The amounts are extracted from the accountants' report of the Target Business set out in appendix III to this Circular.

(ii) Financial position

Set out in below is a summary of the combined statements of financial position of the Target Business as at 31 December 2012, 2013 and 2014. For the avoidance of doubt, the discussion of the financial position of the Target Business in this sub-section include the land and buildings held by the PRC Vendors.

	As at 31 December		
	2014	**2013**	**2012**
	RMB (million)	*RMB (million)*	*RMB (million)*
Non-current assets			
Investment properties	8,417.0	7,750.0	7,261.0
Lease prepayments	1,310.2	1,344.6	1,101.8
Property and equipment	1,258.6	1,279.5	1,273.6
Other receivables	4,646.7	1,611.8	100.0
Other non-current assets	169.7	151.9	147.2
	15,802.2	12,137.8	9,883.6
Current assets			
Inventories	2.8	3.0	3.2
Prepayments and other receivables	6,013.2	2,357.3	610.0
Cash and cash equivalents	112.3	139.2	468.9
	6,128.3	2,499.5	1,082.1
Current liabilities			
Short-term borrowings	3,351.2	1,308.8	603.3
Trade and other payables	1,408.5	984.1	597.2
Current taxation	14.9	15.8	9.4
	4,774.6	2,308.7	1,209.9
Net current assets/(liabilities)	1,353.7	190.8	(127.8)
Total assets less current liabilities	17,155.9	12,328.6	9,755.8
Non-current liabilities			
Long-term borrowings	6,241.1	2,343.3	258.7
Other non-current liabilities	2,176.2	2,032.3	1,936.4
	8,417.3	4,375.6	2,195.1
Net assets	8,738.6	7,953.0	7,560.7
Capital and reserves			
Parent's net investment	8,684.4	7,925.5	7,534.0
Non-controlling interests	54.2	27.5	26.7
Total equity	8,738.6	7,953.0	7,560.7

(1) Investment properties

Investment properties consisted of land and building in each Market. The investment properties were valued by JLL at approximately RMB8,417.0 million as at 31 December 2014. None of the investment properties held by the companies currently operating the Target Business will be transferred to the Target Group after the Reorganisation and the Acquisition.

(2) Lease prepayments

Lease prepayments mainly represented prepayments for rights to use land with lease periods of 40 to 50 years. Consistent with the investment properties, none of the land use rights held by the companies operating the Target Business will be transferred to the Target Group pursuant to the Reorganisation or the Acquisition.

(3) Property, plant and equipment

Property, plant and equipment of the Target Business mainly comprised buildings, machinery, office equipment and vehicles operated by the Target Business. Consistent to the investment properties, property, plant and equipment will not be transferred to the Target Group pursuant to the Reorganisation and the Acquisition.

(4) Prepayments and other receivables

The balance of prepayments and other receivables in current assets mainly comprised advances to related parties and third parties. The advances were unsecured, bore interest at rates of approximately 6.6% to 12.5% per annum. As the advances were not related to the operation of the Markets and thus they will not be transferred to the Target Group after the Reorganisation and Acquisition.

(5) Trade and other payables

Pursuant to the Reorganisation and the Acquisition, all existing business contracts regarding receipt of commission income, rental income and management and administrative service fee will be transferred to the Target Group as the relevant risk and rewards of the business contracts will be transferred. As such, the Target Group will assume the relevant inventories and trade and other payables such as receipts in advance stipulated in the business contracts. As discussed with the management of the Group, the Target Business will be transferred on a zero-NAV basis, the difference between the inventories and trade and other payables will be made up by cash and cash equivalents.

(6) Borrowings

The Target Group's borrowings mainly comprised loans from bank, other financial institutions and a related party. None of the borrowings will be transferred to the Target Group after the Reorganisation and Acquisition.

(c) Financial information of the Target Group

(i) Financial performance

The accountants' report of the Target Group is set out in Appendix IV to this Circular. Set out in below is a summary of the combined statements of profit or loss of the Target Group for the three years ended 31 December 2014.

	For the year ended 31 December		
	2014	**2013**	**2012**
	RMB'000	*RMB'000*	*RMB'000*
Loss from operations	(67)	(47)	(51)
Finance costs	(3)	—	—
Loss before tax	(70)	(47)	(51)
Income tax	—	—	—
Loss for the year	(70)	(47)	(51)

The Target Company is an investment holding company established on 30 March 2015 in the BVI. Pursuant to the Reorganisation, the Target Company will, indirectly through its wholly-owned BVI and Hong Kong subsidiaries, hold the entire interest in each of the New PRC Operating Companies, which will be the new companies operating the Target Business upon completion of the Reorganisation.

During the three years ended 31 December 2014, the companies comprising the Target Group were not engaged in any active business operations. The Target Group did not recognise any revenue and only incurred certain expenses and costs. As such, the Target Group recorded losses for the years ended 31 December 2012, 2013 and 2014.

(ii) Financial position

Set out in below is a summary of the combined statements of financial position of the Target Group as at 31 December 2012, 2013 and 2014.

	As at 31 December		
	2014	**2013**	**2012**
	RMB'000	*RMB'000*	*RMB'000*
Current assets			
Other receivables	61,120	60,927	62,802
Cash and cash equivalents	6	6	6
	61,126	60,933	62,808
Current liabilities			
Other payables	61,453	61,189	63,023
Net current liabilities/ Total assets less current liabilities/Net liabilities	(327)	(256)	(215)
Capital and reserves			
Share capital	—	—	—
Reserves	(327)	(256)	(215)
Total equity	(327)	(256)	(215)

As at 31 December 2014, other receivables included amounts due from the Vendor of approximately RMB54.2 million and Dili Management Limited of approximately RMB6.9 million, both being the related parties to the Target Group, and other payables included amounts due to Great Spread Corporation Limited, being a related party of the Target Group, of approximately RMB61.2 million. The amounts due from and due to related parties were unsecured, non-interest bearing and had no fixed terms of repayment. Based on discussion with management, these related party balances will be settled on or before Completion.

4. Industry overview

China's 12th Five-Year Plan for National Economic and Social Development (the "**12th FYP**") identified agriculture as one of seven "strategic emerging industries" that are essential for China's long-term growth. A modern agricultural sector in China is viewed under the 12th FYP as critical to helping China in increase production yields to provide sufficient food to supplies to support its enormous population and address food safety concerns. Furthermore, recognising that approximately 45% of China's population, or 630 million people, still make a living from agriculture, the Chinese government emphasised that farmers are the country's largest group and the acceleration of agricultural modernisation will be imperative to the country's economic development. In late 2014, Chinese Premier Li Keqiang again mentioned the importance of a modernised agricultural sector in shaping and playing a key role in vitalising the economic growth of the country by driving investment in rural infrastructure and boosting consumption.

Against this background, China's agricultural produce markets plays a key role in the entire agricultural industry. These agricultural produce markets bridge a vast number of small to medium size farmers, agricultural marketers, sourcers and consumers together under a centralised marketplace for commercial, logistical and informational activities for agricultural products. These agricultural markets are also responsible for the concentration, distribution and price setting functions of the Chinese agricultural industry.

According to the statistics published by the State Administration for Industry & Commerce (國家工商行政管理總局), between 2001 and 2009, the number of China's wholesale agricultural produce markets had been stabilised at around 4,000. However, there had been significant increase of commercial activities between 2001 and 2009 suggesting a growing market participation by industry players.

The wholesale agricultural produce markets in the PRC can be classified into two categories: origin markets and distribution markets. Origin markets refer to fruit and vegetable markets where their respective production volume share of national total production is larger than their respective consumption volume share of national total consumption. These origin markets typically located in the place of origin of certain specific types of agricultural produce, provide a trading platform for local farmers as well as national/regional wholesalers who have sourced such agricultural produce from farmers, to sell such produce to other national/regional/local wholesalers for further onward distribution.

Distribution markets refer to fruit and vegetable markets where their respective production volume share of national total production is smaller than their respective consumption volume share of national total consumption. They are typically located in cities with large population, provide a platform for wholesalers to sell a variety of agricultural produce from different origin areas to local retailers who look to further onsell these produces to end customers or enterprises for processing.

According to the statistics published by the Ministry of Agriculture (農業部) (the "**MOA**"), China had about 3,600 agricultural produce markets as at 2009. Origin markets and distribution markets each accounted for approximately 73% and 27% of the total number of markets. According to the MOA, the annual trading volume of agriculture produce amounted to approximately RMB3,740 billion.

In respect to the Target Business, the Markets in Shouguang and Guiyang are origin markets that engage in the trading of vegetables, while the other Markets are distribution markets that facilitate trading of various agricultural produce. According to the MOA, the Markets in Harbin and Guiyang are included the List of Top 100 Key Wholesale Markets for Information Collection in 2014 (2014百家重點批發市場信息採集點名單), which is annual publication that provides a list of key wholesale markets in China used by the MOA for market data collection and policy setting, this recognises the importance of these two Markets, being a part of the Acquisition.

5. Reasons for and benefits of the Acquisition

The Group is an operator of underground shopping malls in the PRC for wholesale and retail sales of apparels, accessories and agriculture produce such as fruits, vegetables and seafood.

As mentioned in the management discussion and analysis section as set out in the 2014 Annual Report, the slowing down of the economic growth in the PRC in 2014, the rapid growth of e-commerce business, the changing consume preference to shop online as well as the increasing new supply of retail space coming onto the market have created a challenging operating environmental for the shopping mall industry and the Company in particular. Given the challenging macro environment and its own capital constraints, the Company has, since 2013, slowed down its expansion and adopted a prudent approach in terms of commencing construction of new projects. The Group therefore had no new shopping malls added to its portfolio and had no commencement of new projects during 2014.

In order to better equip itself for the challenges in the macro environment and adjusting to the "new normal", the Company has been looking for expansion opportunities to broaden its business base and mitigate risks.

The Acquisition was identified and considered by the Directors as beneficial for the Company to diversify its existing business portfolio by tapping into new areas of business with growth potentials. The Acquisition can also be seen as a sensible and natural step in extending the Company's established expertise in operating shopping malls for the trading of agriculture produce and in doing so, broaden the Group's income base. Furthermore, the Acquisition also allows the Group to expand its geographical reach in the PRC as some of the agriculture produce markets are located in areas which the Group does not currently have a presence.

6. Principal terms of the Acquisition Agreement

Date:	9 June 2015
Purchaser:	The Company
Vendor:	New Amuse Limited

(a) Interests to be acquired under the Acquisition

The Company has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sale Shares, representing the entire issued share capital of the Target Company.

(b) Consideration

The consideration payable by the Company to the Vendor pursuant to the Acquisition Agreement is HK$6.5 billion, which shall be satisfied by (i) the allotment and issue of 12,243,902,439 Consideration Shares at an issue price of HK$0.41 per Consideration

Share, credited as fully paid, to the Vendor on the Completion Date; and (ii) the assumption of the Loan in the aggregate amount of approximately USD191 million (together with the interest accrued) by the Company before or upon Completion.

As set out in the letter from the Board in this Circular, the Consideration was arrived at based on normal commercial terms after arm's length negotiations between the parties to the Acquisition Agreement following due consideration of, without limitation, the following factors:

(i) the Business Valuation Report on the Target Business of HK$6.5 billion prepared by JLL, an independent professional valuer, adopting income-based approach using discounted cash flow method;

(ii) the assumption of the Loan;

(iii) the profit guarantee for the financial year ending 31 December 2016 to be provided by the Vendor, based on the price-earnings ratio of 8.66 times;

(iv) the business development and future prospectus of the Target Business; and

(v) the synergies expected to be generated between the Group and the Target Group upon Completion as stated in the section headed "Reasons for and benefits of the Acquisition" in the letter from the Board in this Circular.

The Business Valuation Report on the Target Business prepared by JLL is set out in appendix VI to this Circular and our review on the Business Valuation Report is set out in sub-section 7(a) headed "Business Valuation Report" in this letter.

The Loan represents an aggregate of four loans due from Shouguang Dili to China Minsheng Banking Corporation Limited, Hong Kong Branch. The four loans were drawn down during a period from October 2014 to April 2015 and they are repayable in 12 to 18 months from the respective dates of drawn down. These loans bear interest rate at 3 months London Interbank Offer Rate plus 2.5% per annum and a facility fee of 2.5% per annum. The effective rates, being the sum of the interest rates and the facility fee, of these loans are approximately 5.2% to 5.3% per annum based on the then prevailing market rates and they are lowered than the costs of borrowing of the Group. The aggregate principal balance of the four loans are approximately USD190.5 million (equivalent to approximately HK$1,476.4 million or RMB1,181.1 million). After taking into account the upcoming payment of interest expense and facility fee, the maximum amount of the four loans, including the principal balance, the interest expense and facility fee, to be assumed by the Company from Shouguang Dili will be approximately USD191.4 million (equivalent to approximately HK$1,483.4 million or RMB1,186.7 million) on or before Completion.

(c) Consideration Shares

The Consideration Shares represent approximately 38.60% of the issued share capital of the Company as at the Latest Practicable Date and approximately 27.85% of the issued share capital of the Company as enlarged by the issuance of the Consideration Shares.

The Consideration Shares when allotted and issued, will rank *pari passu* in all respects among themselves and with all existing Shares then in issue on the date of such allotment and issue, including the right to receive all future dividends and distributions declared, made or paid by the Company on or after the date of the issue of the Consideration Shares.

The Consideration Shares will be issued pursuant to a specific mandate to be obtained from the Independent Shareholders at the EGM. Due to the limitation of the existing authorised share capital of the Company, the issuance of the Consideration Shares is also subject to the approval of the Independent Shareholders on the increase of the authorised share capital of the Company.

The Vendor has undertaken to the Company that the Consideration Shares to be issued will be subject to a lock-up for a period of six months from the Completion Date.

(d) Conditions precedent

Completion is subject to, among other things, the satisfaction of the conditions set out in the Acquisition Agreement, among other things:

(i) the completion of the Reorganisation to the satisfaction of the Company;

(ii) the completion of due diligence to the reasonable satisfaction of the Company in its absolute discretion in relation to the Target Business;

(iii) the Company having obtained PRC legal opinion(s), in form and substance absolutely satisfactory to the Company, issued by PRC legal advisers reasonably acceptable to the Company covering all relevant issues of the laws of the PRC reasonably required by the Company to be confirmed including but not limited to opinions on the legality of the Reorganisation, the on-going operation of the Target Business by the Enlarged Group upon Completion and such other matters relevant to the transactions contemplated under the Acquisition as may be reasonably required by the Company;

(iv) the Company continuing to meet the minimum public float requirement under the Listing Rules immediately after Completion and upon issue of Consideration Shares;

(v) all relevant licences, permissions, waivers, orders, exemptions, notification, authorisations, consents, confirmations and approvals from the relevant governmental or regulatory authorities necessary for the consummation and implementation of the transactions contemplated by the Reorganisation and the Acquisition Agreement having been obtained, effective and not having been revoked, including but not limited to:

(a) the approval of Independent Shareholders having been obtained at a duly convened shareholders' meeting of the Company approving the (A) Acquisition Agreement and the transactions contemplated thereunder, including the sale and purchase of the Sale Shares, the issue and allotment of the Consideration Shares under a specific mandate and the increased in the authorised share capital of the Company for the purpose of issuance of the Consideration Shares; and (B) the continuing connected transaction contemplated under the Framework Lease Agreement;

(b) all relevant licences, consents and approvals from relevant PRC government authorities and agencies necessary for the implementation of the transactions contemplated by the Acquisition Agreement in accordance with the applicable PRC laws; and

(c) the consents (if appropriate or required) of the Stock Exchange and all filings with any relevant governmental regulatory authorities and other relevant third parties in Hong Kong, or elsewhere which are required or appropriate for the entering into and the implementation of the Acquisition Agreement having been made;

(vi) the execution of a deed of assignment or any other forms of documents for the Company to assume the Loan from Shouguang Dili;

(vii) the Company as purchaser having received the Business Valuation Report (in substance and form satisfactory to the Company); and

(viii) the approval of the listing of, and permission to deal in, the Consideration Shares on the Stock Exchange being obtained.

The Company may waive in writing any of the conditions precedent specified above (save and except conditions (i), (iv), (v) and (viii)) at any time. Other conditions precedent are set out in sub-section headed "Conditions Precedent" the letter from the Board in this Circular.

In the event that the Purchaser elects to have condition (vii) waived and to proceed to Completion, the Purchaser shall assume the Loan (with interest accrued thereunder) and pay the same to the Vendor as soon as practicable so that the Vendor may repay the same to the bank on or before the respective maturity date(s) of the original Loan.

Pursuant to the Acquisition Agreement, if any of the conditions of the Acquisition Agreement is not fulfilled or waived by the parties to the Acquisition Agreement before the expiry of 31 December 2015 (or such later date to be agreed between the parties to the

Acquisition Agreement in writing), the Acquisition Agreement will lapse and all obligations and liabilities of the parties thereunder shall cease. As at the Latest Practicable Date, none of the conditions above have been fulfilled.

(e) Completion

Completion is expected to take place on or before 31 December 2015 or a date no later than the second Business Days from the date on which all conditions in the Acquisition Agreement have been fulfilled or waived, whichever is earlier.

(f) Profit Guarantee

The Vendor, has warranted and guaranteed to the Company that the net profit before amortisation of intangible assets and after tax of the Target Group as shown in the management accounts (the "**Subsequent Net Profit**") (i) for the financial year ending 31 December 2015 will not be less than RMB500 million assuming the Reorganisation has taken place from the first day of the financial period in relation to the financial year ending 31 December 2015; and (ii) for the financial year ending 31 December 2016 will not be less than RMB600 million (each of RMB500 million and RMB600 million, the "**Guaranteed Amount**") (the "**Profit Guarantee**"). Such profits shall include non-core or one-off profits as the parties to the Acquisition Agreement considered that they are profits generated for the benefits of the Company if there happens to be such non-core or one-off profits and therefore they shall be included for the purpose of the Profit Guarantee. As at the Latest Practicable Date, the Vendor did not foresee any non-core or one-off profits to be generated from the Target Business for the two years ending 31 December 2016. However, the Company and the Vendor will review on a case-by-case basis if there happens to be such non-core or one-off profits, when appropriate. For the avoidance of doubt, the impairment of goodwill will not be included for determining the amount of the Subsequent Net Profit. For the purpose of the Profit Guarantee, the aggregate Guaranteed Amount for the two years ending 31 December 2016 shall not be less than RMB1,100 million (the "**Aggregated Guaranteed Amount**").

The Subsequent Net Profit has explicitly excluded the amortisation expense of intangible asset and impairment of goodwill. Based on our discussion with the management of the Group and with reference to the Pro Forma Financial Information set out in appendix V in this Circular, the Target Business is not expected to carry any intangible asset or goodwill upon Completion. However, goodwill, being the excess of the Consideration over the fair value of the net identifiable assets of the Target Business acquired, and other intangible assets such as rights to use the land and properties of the Markets pursuant to the Framework Lease Agreement may arise upon the consolidation of the accounts of the Enlarged Group as a result of the Acquisition. The aforesaid goodwill and intangible assets will be subject to annual impairment test and the intangible assets will also be amortised over their estimated useful lives. The impairment loss (if any) and the amortisation expenses will be charged to the consolidated statement of profit or loss of the Enlarged Group. The recognition of goodwill and intangible assets (as a result of the consolidation of the accounts of the Target Group in the Enlarged Group) is not related to the operational or financial performance of the Target Business from the Vendor's point of view. As the Profit Guarantee given by the Vendor is to provide a guarantee on the financial performance of the Target Business, it is considered acceptable to exclude the possible expenses arising from these items in the computation of the Subsequent Net Profit for the purpose of determination of fulfilment of the Profit Guarantee.

Pursuant to the Acquisition Agreement, the obligation of the Vendor in relation to the Profit Guarantee shall lapse if force majeure events occur and result in material and adverse change in the operation, business and financial position of the Target Group.

In the event that the aggregate Subsequent Net Profit for the two financial years ending 31 December 2016 is less than the Aggregate Guaranteed Amount, the Vendor shall indemnify the Company an amount in cash equal to the shortfall between the aggregate Subsequent Net Profit and the Aggregate Guaranteed Amount multiplied by 8.66 times, which was the price-earnings ratio upon which the Consideration of HK$6.5 billion (equivalent to approximately RMB5.2 billion) was determined based on a projected profit of RMB600 million for the financial year ending 31 December 2016 (the "**Profit Guarantee Indemnity**"). As set out in the letter from the Board, the projected profit for financial year ending on 31 December 2016 was selected as the reference year because it was expected that Completion will take place in 2015 and so the financial results of the full year of 2016 would be a better benchmark.

The Guaranteed Amount, being RMB500 million and RMB600 million has implied projected growth rates of approximately 19% and 20% from the corresponding prior year respectively. To assess the reasonableness of such implied growth and the viability of such Guaranteed Amount, we took reference of the historical growth in net profit achieved in the recent past. Assuming the Reorganisation has taken place from the first day of the financial period, the historical net profit after taxation of the Target Group would be approximately RMB305.7 million for the year ended 31 December 2013 and RMB421.1 million for the year ended 31 December 2014, which represented a growth of approximately 37.7% from the year ended 31 December 2013. We also noted that the historical growth in net profit for the year ended 31 December 2014 was mainly driven by the significant increase in revenue for that year, which has increased from approximately RMB684.2 million for the year ended 31 December 2013 to approximately RMB863.8 million, representing an increase of approximately 26.2%. Furthermore, based on our discussion with JLL, the independent valuer of the Business Valuation Report set out in appendix VI to this Circular, both the projected net income of the Target Business for the year ending 31 December 2015 and 2016 would exceed the Guaranteed Amount with implied growth rates of approximately 6.3% (on annualised basis) and 3.2% for the respective years. JLL highlighted that its projections of the Target Business's profitability for the early years assumed a more progressive revenue growth pattern on the basis that in 2015 and 2016 (i) the Harbin Market will regain its revenue position once achieved in the 2012; (ii) the Shouguang Market and the Shenyang Markets will realise its expansion plans; and (iii) the transaction volume and transaction value of the agricultural produce and the commission rates will generally increase. Having considered the continued State support for agricultural produce, the prospects of the Target Business, the historical financial information of the Target Business and the financial projection of the Target Business as discussed above, we are of the view that the Guaranteed Amount (including the aforesaid implied net profit growth rates for 2015 and 2016) is reasonable for the purpose of the Profit Guarantee. In addition, the basis of the Profit Guarantee Indemnity is determined with reference to the price-earnings ratio as implied by the Consideration and the Guaranteed Amount for the year ending 31 December 2016, which, in our view, is a common approach adopted in transactions with similar type.

In relation to the Profit Guarantee Indemnity, Ms. Zhang, being the ultimate beneficial owner of the Vendor as to 67.86%, signed a letter of undertaking in favor of the Company on 26 June 2015, pursuant to which, among others, Ms. Zhang will indemnify the Company in the same terms as in the Profit Guarantee Indemnity in the event that the Vendor could not honor (in full or in part) its obligation thereunder.

7. Analysis of the Consideration

(a) The Business Valuation Report

The fair value of approximately HK$6.5 billion as at 30 April 2015 of the Target Business was valued by JLL. We have interviewed JLL regarding its expertise and understand that JLL is an independent professional valuer with a number of completed assignments acting for listed companies in the Greater China Region with an established track record of valuing business enterprises. We understand that the valuer in charge of JLL' valuation team has about 15 years' experience in the field of corporate finance business valuation and accounting, supported by a number of business valuers. JLL confirmed that it is an independent third party to the parties to the Acquisition Agreement and the Framework Lease Agreement and their respective core connected persons. We have also reviewed the terms of JLL's engagement letter and noted that the scope of work is appropriate for arriving at the opinion of fair value on the Target Business and we are unaware that there are any limitations on the relevant scope of work. Furthermore, nothing has come to our attention that parties to the Acquisition Agreement and the Framework Lease Agreement had made formal or informal representation to JLL that contravenes with our understanding of the information, to a material extent, as set out in this circular. Based on the above, we are of the opinion that we have complied with the requirements of Rule 13.80(d) of the Listing Rules. In the course of our review, we have discussed with JLL the methodologies, bases and assumptions adopted in the Business Valuation Report.

(i) Valuation methodologies

The full text of the Business Valuation Report is set out in appendix VI to the Circular for which the Independent Shareholders' attention is drawn to. According to the Business Valuation Report, when faced with the options of using the market approach, cost approach and income approach, JLL selected the income approach in determining its opinion of fair value for the Target Business because the market approach and cost approach are inappropriate for valuing the Target Business on the basis that (i) the market approach requires market transactions of comparable assets, which JLL found difficult to identify, as an indication of value; and (ii) the cost approach, given the asset-light nature of the Target Business, does not directly incorporate information about the economic benefits contributed by the Target Business.

Based on the income approach, JLL valued the fair value of the Target Business, given the relative predictability of the future economic inflow expected of the Target Business, JLL applied an income approach technique known as discounted cash flow method to devolve the future economic value of the Target Business, by using a discount rate to reflect all business risks including intrinsic and extrinsic uncertainties in relation to the Target Business, into a present market value. Under this method, the fair value of the Target Business depends on the present worth of future economic benefits expected to be derived from the projected income of the Target Business. Indications of value have been developed by discounting projected future net cash flows available for payment of the equity interests to their present worth at a discount rate (i.e. the weight average cost of capital) which in JLL's opinion is appropriate for the risks of the Target Business.

(ii) Valuation bases and assumptions

The estimates of the future economic benefits and risk-adjusted discount rate are therefore critical bases adopted in this method. During the planning stage of the valuation exercise, JLL reviewed the projected business performance as provided by the management of the Group as well as the future earnings potential of the Target Business. JLL then conducted discussions with the management of the Group as well as the management of the Target Business to validate the future economic benefits (including terminal value) as estimated by the management of the Group. The future economic benefits are mainly represented by a year-by-year projection of the Target Business's free cashflows for a period starting from May 2015 to 2024. Thereafter, JLL assumed that the Target Business's free cashflows will grow at a fixed long-term growth rate beyond 2024 of 2% as it reaches its optimal operating structure. To gain comfort around the projected free cashflows of the Target Business, JLL examined the historical financial results of the Markets and conducted its own industry research to cross check the reasonableness of the projected free cashflows given by the management team. JLL then translated this knowledge of the projected free cashflows into inputs used in the financial model to derive at the present value of the Target Business.

During the process of deriving the discount rate used in the financial model, JLL adopted the capital assets pricing model to compute the expected required return on equity which then translated into the weight average cost of capital of 15.37% used in the financial model for discounting the project free cashflows. We note that the use of these economic models are fundamental tenets of modern portfolio theory that are well accepted in the investment community.

In addition, JLL had made a number of key assumptions in determining the fair value of the equity interest of the Target Business, including, among others, (i) the projected business performances can be achieved with the effort of the managements of the Target Business; (ii) the operational and contractual terms stipulated in the relevant contracts and agreements will be honored; (iii) the facilities and systems proposed are sufficient for future expansion in order to realise the growth potential of the business and maintain a competitive edge; and (iv) there are no hidden or unexpected conditions associated with the assets valued that might adversely affect the reported values and JLL assumed no responsibility for changes in market conditions after the valuation date (i.e. 30 April 2015). For further details of the key assumptions adopted by JLL, please refer to the section headed "Major assumptions" in Appendix VI to the Circular.

In accordance with Rule 14.62 of the Listing Rules, the Company has engaged KPMG, as the reporting accountant who have reported to the Directors. In their opinion, so far as the calculations of the Business Valuation Report are concerned, the discounted future cash flows have been properly compiled in all material respects in accordance with the bases and assumptions adopted by the Directors as set out in the Business Valuation Report. The Directors have confirmed that the forecasts upon which the valuation has been made, for which they are solely responsible, have been made after due and careful enquiry. The report and letter from KPMG and the Directors respectively are set out in appendix VII to the Circular.

Having discussed these methods with JLL and reviewed with them the reasons for adopting the various valuation methodologies, bases and assumptions used in the Business Valuation Report, we are of the opinion that, the chosen valuation methodologies in establishing the appraised in the Target Business as at 30 April 2015 are in line with the market practice for valuation of businesses of this kind.

(b) Comparable transactions

As a cross-check, we have carried out additional analysis to assess the fairness of the Consideration.

The Target Business is an operator of eight Markets in six cities in the PRC, which are engaged in the wholesaling and retailing of primarily vegetables and also fruits, seafood, meat, grain and oil and other food produce. In assessing the fairness of the Consideration, we have attempted to compare the earnings multiples represented by the Consideration with Hong Kong listed companies with principal activities of operating markets for wholesaling and retailing of agricultural produce in the PRC. However, save for China Agri-Products Exchange Limited (stock code: 149) ("**China Agri-Products Exchange**"), we do not identify any Hong Kong listed company with principal activity similar to the Target Business. However, China Agri-Products Exchange recorded net losses before and after taxation and operating loss in the latest financial year and therefore its earnings multiples were not meaningful for our comparison purpose.

Accordingly, we have selected an exhaustive list of comparable transactions to the Acquisition as far as we are aware that these transaction targets were engaged in operating markets for wholesaling and retailing of agricultural produce in the PRC in the past ten years (the "**Comparable Transactions**"). We set out in the table below the Comparable Transactions and their price-to-earnings multiples (the "**P/E Multiples**") based on their respective transaction values.

Date of announcement	Target company	Principal activities of the target company	Buyer	Seller	Percentage acquired	Transaction value	Implied P/E Multiples *(times)*
29 December 2009	Shandong Shouguang Vegetables Wholesale Market Co Ltd	China based operator of vegetable markets	Shouguang city State-owned Assets Supervision and Administration Commission	Shenzhen Agricultural Products Co., a company listed on the Shenzhen stock exchange	54.51%	RMB86.54 million	5.2
10 May 2007	Wuhan Baisazhou Agricultural by-product Grand Market Co Ltd	China based agricultural products exchange	China Agri-Products Exchange (formerly known as China Velocity Group Limited)	One individual and Wuhan TianJiu Industrial and Commercial Development Co., Ltd	90.00%	HK$1,156 million	16.7
23 November 2006	Shenzhen Jimao Shichang Co Ltd	Operation and management of 20 traditional wet markets in various districts in Shenzhen, the PRC	Regal Smart Investment Limited, a wholly-owned subsidiary of Wang On Group Limited (stock code: 1222), a company listed on the Stock Exchange	Shenzhen Agricultural Products Co.	50.00%	RMB65.5 million	25.2
						Average	**15.7**
						Median	**16.7**
						Maximum	**25.2**
						Minimum	**5.2**
	The Acquisition				**100%**		**12.3** **(based on profit after tax for the year ended 31 December 2014)** **10.4** **(based on guaranteed profit for the year ending 31 December 2015)** **8.7** **(based on guaranteed profit for the year ending 31 December 2016)**

Source: Mergermarket.com

Based on the above, the implied P/E Multiple of the Acquisition of approximately 12.3 times falls within the range of the P/E Multiples of the Comparable Transactions of 5.2 times to 25.2 times and is below the average and median of the P/E Multiples of the Comparable Transactions of 15.7 times and 16.7 times respectively.

8. Consideration Shares issue price analysis

(a) Comparison of market prices of the Shares

The Consideration Shares will be issued at the issue price of HK$0.41 per Consideration Share (the "**Issue Price**"), which was determined after arm's length negotiation between the Company and the Vendor with reference to the trading prices of the Shares in the last 90 days up to and including the Relevant Trading Day, which represents:

(i) a discount of approximately 40.58% to the closing price of the Shares of HK$0.69 as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a discount of approximately 50.00% to the closing price of the Shares of HK$0.8200 as quoted on the Stock Exchange on the Relevant Trading Day;

(iii) a discount of approximately 44.14% to the average closing price of the Shares of HK$0.7340 as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Relevant Trading Day;

(iv) a discount of approximately 32.40% to the average closing price of the Shares of HK$0.6065 as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Relevant Trading Day;

(v) a discount of approximately 15.34% to the average closing price of the Shares of HK$0.4843 as quoted on the Stock Exchange for the last 30 days up to and including the Relevant Trading Day;

(vi) a discount of approximately 4.61% to the average closing price of the Shares of HK$0.4298 as quoted on the Stock Exchange for the last 60 days up to and including the Relevant Trading Day;

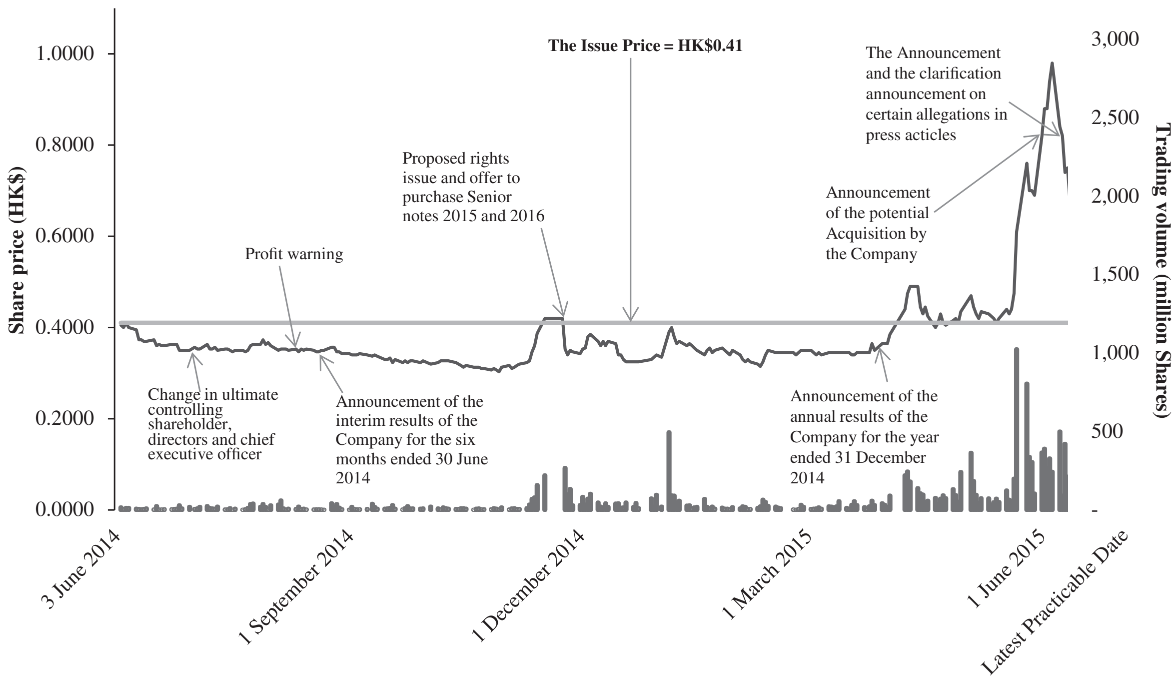
(vii) a premium of approximately 2.42% over the average closing price of the Shares of HK$0.4003 as quoted on the Stock Exchange for the last 90 days up to and including the Relevant Trading Day;

(viii) a discount of approximately 63.16% to the Group's audited net assets per Share as at 31 December 2014 of HK$1.1130; and

(ix) a discount of approximately 51.76% to the Group's net asset value per Share as at 31 December 2014 of HK$0.85, after adjusted for completions of the rights issue and partial repurchase of senior notes in 2015.

(b) Historical price performance and liquidity of the Shares

Set out below is the movement of the closing prices of the Shares from 3 June 2014, being one year prior to the publication of the Announcement dated 9 June 2015 (the "**Announcement**"), to and including the Latest Practicable Date (the "**Review Period**"). As set out in the discussion below, the Company announced a number of developments during the Review Period which we consider to be crucial in shaping the market price of the Shares.



Source: Bloomberg and the website of the Stock Exchange

Note: Share price adjusted for the rights issue announced on 24 November 2014.

As shown in the chart above, the closing prices of the Shares were trading in the range of HK$0.30 and HK$0.42 per Share from 1 June 2014 to around end of March 2015 where the annual result for the year ended 31 December 2014 was announced. In October 2014, the Share price dropped to its trough at approximately HK$0.30 per Share during the Review Period. The Share price rebounded to approximately HK$0.42 on 17 November 2014, being the last trading day immediately before the Company announced the rights issue and the proposed repurchases of senior notes.

There were notable increases in the Share prices and trading volume starting from May 2015, in particular late May 2015. We are of the view that such increases might due to the market speculation on the Acquisition. The closing Share price climbed from the level of around HK$0.41 to HK$0.47 in early May 2015, and surged in late May and reached HK$0.82 on 1 June 2015 amid the publication of the possible acquisition of business announcement on 1 June 2015. The closing Share price touched its peak in the Review Period at HK$0.98 per Share on 5 June 2015.

From the period from 3 June 2014 to 1 June 2015, 209 days out of 241 trading days were closed at or below HK$0.41. The average closing price for the aforesaid period is HK$0.367, representing a discount of approximately 10.5% to the Issue Price of HK$0.41. The Shares closed between HK$0.68 and HK$0.80 after the publication of the Announcement and until the Latest Practicable Date.

(c) P/B Multiples of the Comparable Companies

The Group primarily engage in and generate substantially its revenue and profit of losses from the development, leasing and management of underground shopping malls. In assessing the fairness and reasonableness of the Issue Price, we have attempted to compare the pricing ratios represented by the Issue Price with other Hong Kong listed companies with principal activities of the Group. However, due to the Group's uniqueness in its business model, there are no directly comparable companies engaging in underground shopping mall leasing in the Stock Exchange for our analysis.

Given the above, we therefore expand our review to Hong Kong listed companies engaging in leasing commercial and retail properties, which has nature similar to the underground shopping mall, in the PRC (the "**Comparable Companies**"). Although the Group generally do not own or hold the legal title of the underground shopping malls developed from civil defense air shelters, the Group is able to obtain economic benefits from leasing of the underground shopping malls. Such business model is, in a large extent, similar to companies deriving rental income from leasing commercial and retail properties with proper legal titles. Accordingly, we consider it is relevant to compare the Group with the Comparable Companies. In particular, the selection of these companies are based on, (i) the significance of revenue and profit contribution from commercial and retail property leasing activities; and (ii) a greater investment property portfolio as compared to development property portfolio, in the latest financial year.

As the Group recorded loss before taxes in the recent financial years, we have adopted price-to-book multiples ("**P/B Multiples(s)**"). We consider P/B Multiples is relevant for analysis particularly for companies in capital intensive industry including property investment and leasing. We also note that the book value of the investment properties held by the Company and the Comparable Companies are carried at fair value and the property portfolio of the investment properties significantly outweigh that of the development properties (which were carried at cost), if any, held by them. Therefore P/B Multiples of the Company and the Comparable Companies are considered comparable for analysis set out below. Set out in the table below is an exhaustive list of the Comparable Companies in all sizes (i.e. market capitalisation) as far as we are aware and their respective P/B Multiples.

Company name	**Stock code**	**Principle activities**	**Market capitalisation (HK$ million)** *(Note 1)*	**P/B Multiples (times)** *(Note 1)*
Shui On Land Ltd	272	Shui On Land Limited engages principally in the development, sale, leasing, management and ownership of residential, office, retail, entertainment and cultural properties in the PRC.	18,059.9	0.38
Sinolink Worldwide Holdings Ltd	1168	Sinolink Worldwide Holdings Limited develops real estate. The company constructs residential communities and redevelops mixed-use properties. Sinolink holds interests in a company that generates electricity and distributes natural gas.	5,240.8	0.69
Lai Fung Holdings Ltd	1125	Lai Fung Holdings Limited, through its subsidiaries, develops and invests in commercial and residential properties in China.	2,871.1	0.22
China Sandi Holdings Ltd	910	China Sandi Holdings Limited engages in holding of properties for investment and rental purpose and property development.	775.0	0.29 *(Note 5)*
Zhonghua International Holdings Ltd	1064	Zhong Hua International Holdings Limited develops and invests in properties of prime cities in China. The company also sells online English learning courses and leases equipment in China. In addition, Zhong Hua International provides telecommunication and other related services to online game developers and provider in China.	660.1	0.79
			Average	**0.47**
			Median	**0.38**
			Maximum	**0.79**
			Minimum	**0.22**
The Company	1387	The Company develops underground shopping centers in China. The Company converts underground civil defense shelters for retail use.	26,012.2 *(Note 2)*	0.48 *(Note 3)*

Source: Bloomberg and the latest published financial statements of the Comparable Companies.

Notes:

1. The P/B Multiples of the Comparable Companies (except for the Company) are calculated based on the market capitalisation as at the Latest Practicable Date divided by the most recent consolidated net assets value attributable to the shareholders of the Comparable Companies as shown in their respective latest published financial statements of the Comparable Companies.

2. The P/B Multiple of the Company is calculated based on the market capitalisation as at 9 June 2015, being the last trading day immediately before the publication of the Announcement.

3. The implied P/B Multiple of the Renhe Commercial Holdings Shares of 0.48 times is calculated based on the consideration of HK$0.41 per share divided by the adjusted total equity attributable to equity shareholders of the Company per share as at 31 December 2014 as extracted from the audited consolidated financial statement of the Renhe Commercial Holdings Company Limited. The adjusted consolidated total equity attributable to the equity shareholders of the Company as at 31 December 2014 of RMB21,627.0 million was derived after taking into account the rights issue of and repurchase of senior notes in early 2015.

4. China Oceanwide Holdings Limited ("***China Oceanwide***", stock code in the Stock Exchange: 715), a company engages in property investments, Madex International Holdings Limited ("***Madex***", stock code in the Stock Exchange: 231), a company that develops and invests in properties and South West Eco Development Ltd ("***South West***", stock code in the Stock Exchange: 1908), a building property developer based in Hong Kong, are not included in the above table as China Oceanwide, Madex and South West had extreme P/B Multiple values of 3.3 times, 3.3 times and 3.5 times respectively, which we considered not meaningful for our analysis.

5. The P/B Multiple of China Saudi Holdings Limited was adjusted for the placing of new shares announced in May 2014.

The implied P/B Multiple of the Issue Price is approximately 0.48 times, which is higher than the average and the median of that of the Comparable Companies of approximately 0.47 times and 0.38 times and is within the range of that of the Comparable Companies of between approximately 0.22 and 0.79 times.

Having taken into account (i) a premium of approximately 2.42% over the average closing price of the Shares of HK$0.4003 as quoted on the Stock Exchange for the last 90 days up to and including the Relevant Trading Day; (ii) from the period from 3 June 2014 to 1 June 2015, 209 days out of 241 trading days are closed at or below HK$0.41 and the average closing price for the aforesaid period is HK$0.367, representing a discount of approximately 10.5% to the Issue Price of HK$0.41; (iii) the implied P/B Multiple of the Issue Price of approximately 0.48 times is higher than the average and the median of that of the Comparable Companies of approximately 0.47 times and 0.38 times, we concur with the Directors' view that the Issue Price is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

9. Financial effects of the Acquisition and the Framework Lease Agreement and the transactions contemplated thereunder

(a) Earnings

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and the financial results of the Target Group (including those of the Target Business) will be consolidated into the consolidated financial statements of the Group.

The net profit of the Target Business attributable to its shareholders (excluding the non-controlling interests) was approximately RMB758.9 million for the year ended 31 December 2014 while the net loss of the Group attributable to the Shareholders was approximately RMB1,666.5 million for the same year. Based on the Pro Forma Financial Information as set out in appendix V to this Circular and assuming the Acquisition was completed on 1 January 2014, the net loss attributable to the Shareholders of the Enlarged Group for the year ended 31 December 2014 would have increased to approximately RMB4,114.3 million. The increased loss is mainly attributable to the one-off impairment loss on goodwill of approximately RMB2,582.7 million. The goodwill is arisen from the Acquisition and is determined based on mainly the fair value of the Consideration Shares (which is assumed to be HK$0.69 per Consideration Share but not the Issue Price of HK$0.41 per Consideration Share) less the fair value of net identifiable assets acquired (mainly represent the fair value of the Framework Lease Agreement). However, as the recoverable value of the Target Business is significantly below the aggregate fair value of net assets acquired and goodwill, an impairment charge on goodwill is made. The impairment charge on goodwill is one-off and non-cash in nature and therefore is not expected to affect the cashflow of the Enlarged Group. After excluding such impairment loss, the net loss attributable to the Shareholders of the Enlarged Group would have improved to approximately RMB1,531.6 million, representing an enhancement of approximately RMB134.9 million.

On a per Share basis, the loss per Share of the Group for the year ended 31 December 2014 would have decreased from approximately RMB0.079 (based on 21,148,132,000 Shares in issue as at 31 December 2014) to approximately RMB0.046 (based on 21,148,132,000 Shares in issue as at 31 December 2014 plus 12,243,902,439 Consideration Shares), assuming the Acquisition was completed on 1 January 2014 and after excluding the one-off impairment loss on goodwill. The decrease in the loss per Share was mainly attributable to the earnings contribution of the Target Group and the issue of Consideration Shares.

(b) Net asset value attributable to the Shareholders

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and, accordingly, all assets and liabilities of the Target Group (including those of the Target Business) will be consolidated into that of the Group.

Based on the Pro Forma Financial Information as set out in appendix V to this Circular and assuming the Acquisition was completed on 31 December 2014, the net asset value of the Group attributable to the Shareholders would increase from approximately RMB18,428.5 million by approximately RMB4,063.8 million to approximately RMB22,492.3 million. On the above basis, the net asset value attributable to the Shareholders per Share of the Enlarged Group as at 31 December 2014 would have decreased from approximately RMB0.87 (based on 21,148,132,000 Shares in issue as at 31 December 2014) to approximately RMB0.67 (based on 21,148,132,000 Shares in issue as at 31 December 2014 plus 12,243,902,439 Consideration Shares).

The actual impact on the net asset value of the Enlarged Group will be subject to change as such amount will be calculated based on carrying values of assets and liabilities of the Target Group as of the date on which Completion shall take place.

(c) Gearing and liquidity

As at 31 December 2014, the Group's net borrowing was approximately RMB7,703.7 million, representing interest-bearing borrowings of approximately RMB8,588.2 million less cash and bank balances of approximately RMB884.5 million, and the gearing ratio, being interest-bearing borrowings divided by total assets, was approximately 23.0%. Based on the Pro Forma Financial Information as set out in appendix V to this Circular and assuming the Acquisition was completed on 31 December 2014, the Enlarged Group's net borrowings would have increased by RMB1,056.4 million to approximately RMB8,760.1 million mainly due to the assumption of the Loan. The gearing ratio, on the other hand, would have slightly reduced to approximately 21.9%.

As at 31 December 2014, the Group had net current liabilities of approximately RMB381.8 million. Based on the Pro Forma Financial Information as set out in appendix V to this Circular and assuming the Acquisition was completed on 31 December 2014, the Enlarged Group's net current liabilities would have increased to approximately RMB400.3 million.

Although the Enlarged Group's borrowings are anticipated to increase, the Enlarged Group is still expected to have sufficient working capital for at least the next twelve months from the date of this Circular after taking into account, the expected completion of the Acquisition, the cash flow generated from the operating activities, the financial resources available to the Enlarged Group including internally generated funds and the available credit facilities, and including the extension of the repayment of the Loan in the aggregate principal balance of approximately USD70.7 million (equivalent to approximately RMB438.3 million), which will fall due within the next twelve months from the date of this Circular, for at least one year from the respective original repayment dates, after receiving a letter of intent from China Minsheng Banking Corporation Limited, Hong Kong Branch in June 2015 for the aforesaid extension.

10. Shareholding structure of the Company

Details of the shareholding structure of the Company as at the Latest Practicable Date and immediately after Completion are set out below:

	As at the Latest Practicable Date		Shareholding immediately after Completion	
	Number of Shares held	Approximate percentage of total issued share capital	Number of Shares held	Approximate percentage of total issued share capital
Super Brilliant Investments Limited *(Note 1)*	15,383,738,082	48.49%	15,383,738,082	34.99%
Gloss Season Limited	122,400,000	0.39%	122,400,000	0.28%
Wealthy Aim Holdings Limited	640,762,050	2.02%	640,762,050	1.45%
Mr. Dai *(Note 2)*	153,900,000	0.48%	153,900,000	0.35%
Vendor *(Note 3)*	—	—	12,243,902,439	27.85%
Other Shareholders	15,421,397,868	48.62%	15,421,397,868	35.08%
Total	31,722,198,000	100%	43,966,100,439	100%

Notes:

1. Super Brilliant Investments Limited is wholly owned by Shining Hill Investments Limited, which is in turn wholly owned by Mr. Dai. Gloss Season Limited is wholly owned by Broad Long Limited, which is wholly owned by Mr. Dai.

2. Mr. Dai is directly interested in 153,900,000 Shares, together with his interest in Super Brilliant Investments Limited, Gloss Season Limited and Wealthy Aim Holdings Limited, Mr. Dai is interested in (directly and indirectly) 16,300,800,132 Shares in aggregate, amounting to approximately 51.38% of the total issued shares of the Company. Ms. Zhang is deemed to be interested in the Shares which Mr. Dai is interested in (directly and indirectly) as she is the spouse of Mr. Dai.

3. As the Vendor is ultimately controlled by Ms. Zhang, as such Mr. Dai, being her spouse will also be deemed to be interested in the Consideration Shares issued as a result of the Acquisition.

As shown in the table above, the shareholding of the existing other Shareholders in the Company will decrease from approximately 48.62% to approximately 35.08% immediately after the Completion (representing a dilution by approximately 27.85%). Although the shareholding interest of the existing other Shareholders will be diluted, having taken into account (i) the benefits which can bring forth by the Acquisition; (ii) the fairness and reasonableness of the Consideration; (iii) the fairness and reasonableness of the Issue Price; (iv) the reduction of loss per Share after Completion; and (v) the strengthening of the capital base of the Group, we are of the opinion that the dilution effect on shareholding of the existing other Shareholders to be acceptable.

11. Risk factors

Independent Shareholders' attention is also drawn to the section headed "Risk factors" in the letter from the Board in the Circular for the risks relating to, among other things, the Acquisition, the Target Business and the Target Group when considering the Acquisition and the Framework Lease Agreement and the transactions contemplated thereunder.

12. The Framework Lease Agreement

(a) Reasons for and benefits of entering into of the Framework Lease Agreement

The land and properties where the Markets are situated are important to the continuous operation of the Target Business. Details of such land and properties of the Markets are set out in the section 3 headed "Information on the Target Group and the Target Business" in this letter. Currently, the land and properties at the Markets are generally occupied by relevant PRC Vendors as the respective Markets' marketplaces, stalls, administration offices, quarters, canteens, carparks, cold rooms, warehouses, logistics and other ancillary facilities. By occupying of these land and properties, the Vendor, through the PRC Vendors, is able to manage and operate the Markets.

For the on-going operation of the Target Business subsequent to Completion, the Vendor (as lessor) entered into the Framework Lease Agreement with the Target Company (as lessee) on 9 June 2015, pursuant to which the Target Company will procure the New PRC Operating Companies to enter into the Leasing Agreements with the PRC Vendors in respect of the leasing of certain properties (including land and buildings) which are all held by the PRC Vendors, necessary for the on-going operation of the Target Business by the New PRC Operating Companies in the relevant locality.

As discussed in the letter from the Board in the Circular, the Framework Lease Agreement is arrived at after arm's length negotiations between the PRC Vendors and the New PRC Operating Companies based on normal commercial terms.

(b) Principal terms of the Framework Lease Agreement

The principal terms of the Framework Lease Agreement are set out below:

Premises: Certain land and properties in each of the six cities in the PRC namely Harbin, Qiqihar, Shenyang, Guiyang, Mudanjiang and Shouguang.

Permitted usage: For operation of Markets for wholesaling and retailing of agricultural produce.

Term: Fixed term of 20 years commencing from the Completion Date and shall terminate on 31 December 2035, subject to the option to renew as described below.

During the term of the Framework Lease Agreement, the Vendor (as lessor) and the Target Company (as lessee) will procure the New PRC Operating Companies to enter into the Leasing Agreements with the PRC Vendors in respect of the leasing of the premises stipulated above.

Annual rent:

Commencement date	Ending date	Annual rent *(RMB million)*
the Completion Date	31 December 2018	100
1 January 2019	31 December 2021	105
1 January 2022	31 December 2024	110.25
1 January 2025	31 December 2027	115.76
1 January 2028	31 December 2030	121.55
1 January 2031	31 December 2033	127.63
1 January 2034	31 December 2035	134.01

The above rent is exclusive of operating charges, property tax and other outgoings.

Option to renew: At the discretion of the Target Company or the relevant entity of the Target Group (being part of the Enlarged Group post Completion), the Framework Lease Agreement can be renewed with RMB134.01 million as the base rent with 5% increments for every three years for the renewed term.

Pursuant to the Framework Lease Agreement, in the event that the operations of the Target Business would not be able to be conducted on the land and properties so leased from the PRC Vendors as a result of enforcement of the security by the lending banks in the event of a default, defects on title or otherwise, the Vendor will indemnify the

Company of all costs (including relocation costs) arising from its breach of the Framework Lease Agreement and/or the relevant Leasing Agreements (the "**Land and Properties Indemnity**").

In relation to the Land and Properties Indemnity, Ms. Zhang, being the ultimate beneficial owner of the Vendor as to 67.86%, signed a letter of undertaking in favor of the Company on 26 June 2015, pursuant to which, among others, Ms. Zhang will indemnify the Company in the same terms as in the Land and Properties Indemnity in the event that the Vendor could not honor its obligation thereunder.

(c) Our view on the principal terms of the Framework Lease Agreement

(i) Annual rent and option to renew

The annual rent as stipulated in the sub-section above is determined after making reference to the prevailing market rents payable for similar land and properties of comparable size, vicinity and location, if available. With respect to the proposed 5% increase from the base rent for every three years for the renewed term, it is lower than the generally expected inflation rate of approximately 2% for each year for the coming years.

JLL, the independent valuer, for the purpose of estimating the fair values of the identifiable intangible assets of the Target Business for the Company's financial reporting purpose, has estimated the fair market rental of subject land and properties during the term of the Framework Lease Agreement by having examined the historical financial results of the Markets and the projected income after deducting all the charges and expenses of the Markets not associated with the subject land and properties and conducted its own industry research. JLL considered that the level of the annual rent as stipulated in the Framework Lease Agreement was below the fair market rental. In fact, the fair market rental during the term of the Framework Lease Agreement, on an annual basis, represent a range of 6.7 times to 11.3 times of the corresponding annual rent as stipulated in the Framework Lease Agreement. In terms of the proposed 5% increase from the base rent for every three years for the renewed term, we are aware that the average inflation rate in China between 2005 and 2014, according to the World Bank, averaged around 4.3% per annum, which is significantly above the level of the proposed 5% increment of base rent for every three years.

Since (i) the terms of the Framework Lease Agreement were arrived at after arm's length negotiations between the PRC Vendors and the New PRC Operating Companies based on normal commercial terms; and (ii) the pricing of the annual rent during the original and renewal terms are favourable as compared to the fair market rental and the relevant statistical information, we consider the terms of the Framework Lease Agreement and the transactions contemplated thereunder are on normal commercial terms and fair and reasonable so far as the Company and the Independent Shareholders are concerned.

In fulfilling the requirements under Rule 13.80(d) of the Listing Rules, we performed the same procedures with JLL in the same manner as set out in the sub-section (a) headed "The Business Valuation Report" under the section 7 headed "Analysis of the Consideration" in this letter.

(ii) Duration

As required under Rule 14A.52 of the Listing Rules, the term of an agreement governing continuing connected transactions of an issuer must not exceed three years except in special circumstances. As the term of the Framework Lease Agreement (i.e. 20 years) exceeds three years, the Company has appointed us to explain why a longer period is required and to confirm that it is normal business practice for contracts of the same type as the Framework Lease Agreement to be of such duration.

In this respect, we have obtained lease agreements which we considered to be comparable agricultural land and properties lease agreements that were entered into in 2014 (the "**Comparable Lease Agreements**"). One was entered into between 瀋陽地利農副產品有限公司 (Shenyang Dili Agricultural and Sideline Products Company Limited*) ("**Shenyang Dili**") and an independent third party landlord dated 19 November 2014 in respect of the leasing by Shenyang Dili of a land and properties in the adjacent areas to the Shenyang Markets for fruit market operation with a duration of 20 years. Another one was entered into between a wholly-owned subsidiary of China Agri-Products Exchange and Huangshi Xingang Commercial and Trading Development Limited (黃石市新港商貿發展有限公司**) dated 20 November 2014 in relation to the leasing of the existing agricultural produce exchange in Huangshi City, Hubei Province, the PRC with a duration of 5 years and 3-year renewal right. We noted that the duration under the Comparable Lease Agreements varies but the lease agreement entered into by Shenyang Dili has the same duration as that of the Framework Lease Agreement.

On the basis that the (i) the pricing of the annual rent during the original and renewal terms are favourable as compared to the fair market rental and the relevant statistical information; and (ii) the duration of the Comparable Lease Agreements ranges from 5 to 20 years, we are of the view that the duration of over 3 years of the Framework Lease Agreement is required for the operation of the Target Business and is normal business practice for lease agreement of this type to be of such duration.

(iii) Land and Properties Indemnity

We consider the Land and Properties Indemnity as a welcoming mechanism adopted by the Vendor and Ms. Zhang to support and protect the interests of the Enlarged Group in the event of any default or defects on title of the subject land and properties, which can undermine the future operation of the Target Business. The fact that the Vendor and Ms. Zhang are willing to commit to such indemnity also openly signifies their confidence in the subject land and properties to be fit for the operation of the Target Business.

DISCUSSION AND ANALYSIS

The Group is principally engaged in the development, lease and management of underground malls in the PRC. The overall financial performance of the Group were not satisfactory. In particular, significant losses were recorded for the last two financial years, even if the one-off items were excluded. The Group's business faces a certain degree of uncertainty. The Acquisition appears to offer an expansion opportunity to broaden its business base and diversify its operating risks.

The Target Business is an operator of eight Markets in six cities in the PRC namely Harbin, Qiqihar, Shenyang, Guiyang, Mudanjiang and Shouguang, which are engaged in the wholesaling and retailing of primarily vegetables and also fruits, seafood, meat, grain and oil and other food produce. In general, the industry outlook is positive. The Acquisition allows the Group to diversify its existing business and expand its geographical reach.

The Target Business will be acquired on an asset-light basis, i.e. only the Business Contracts and relevant senior management but not the properties, assets and liabilities of the Target Business will be transferred to the Group. The Consideration therefore was determined with reference to, among other things, the business development and future prospects of the Target Business. The Target Business is worth for HK$6.5 billion based on the Business Valuation Report prepared by an independent valuer. The valuation methodologies in establishing the appraised value of the Target Business are considered in line with the market practice for valuation of businesses of this kind.

The Consideration will be satisfied by the issue of the Consideration Shares and assumption of the Loan. The Consideration Shares will be issued at HK$0.41 per Consideration Share, which is considered fair and reasonable after considering the Share prices in the last twelve months and the favourable implied P/B Multiple as compared to that of the Comparable Companies.

The Vendor has provided a Profit Guarantee Indemnity on the profit of the Target Business for the two years ending 31 December 2016. This term of the Profit Guarantee Indemnity is in line with the normal practices and is beneficial to the Group.

The financial effects are generally positive. The loss of the Group is expected to be reduced and the net assets value of the Group is anticipated to be enhanced as a result of the Acquisition.

In addition, the issue of the Consideration Shares to satisfy part of the Consideration for the Acquisition, demonstrates the controlling shareholder's confidence in the prospect of the Enlarged Group.

The shareholding of the existing other Shareholders in the Company will decrease from approximately 48.62% to approximately 35.08% immediately after the Completion (representing a dilution by approximately 27.85%). Although the shareholding interest of the existing other Shareholders will be diluted, having taken into account (i) the benefits which can bring forth by the Acquisition; (ii) the fairness and reasonableness of the Consideration; (iii) the fairness and reasonableness of the Issue Price; (iv) the reduction of loss per Share after Completion; and (v) the strengthening of the capital base of the Group, the dilution effect on shareholding of the existing other Shareholders to be acceptable.

The entering into of the Framework Lease Agreement is crucial for the Group as it can secure the necessary land and properties of the Markets for the future operations of the Target Business. We are also of the view that as a result of the Framework Lease Agreement, the fairness and reasonableness of the Acquisition can be preserved and the interests of the Company and the Shareholders as a whole can be safeguarded.

In the event that the Acquisition is not approved by the Independent Shareholders at the EGM, the Acquisition Agreement will lapse. In such circumstances, the Independent Shareholders will be unable to benefit from the Acquisition as discussed above. Based on the principal factors and reasons as set forth above, we do not see the merit to be gained by the Independent Shareholders not voting in favour of the resolutions to approve the Acquisition.

RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that the Acquisition, though not in the ordinary and usual course of business of the Company, are in the interests of the Company and the Shareholders as a whole and the Framework Lease Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole. We also consider the terms of the Acquisition Agreement, the Framework Lease Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned. We therefore advise the Independent Board Committee to recommend, and ourselves recommend, the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Acquisition Agreement, the Framework Lease Agreement and the transactions contemplated thereunder.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED
Danny Cheng
Director

A. SUMMARY OF FINANCIAL RESULTS

Financial information of the Group for each of the years ended 31 December 2012, 2013 and 2014 are disclosed in the following documents which have been published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.renhebusiness.com):

- annual report of the Company for the year ended 31 December 2012 published on 29 April 2013 (pages 41–124);
- annual report of the Company for the year ended 31 December 2013 published on 29 April 2014 (pages 43–132); and
- annual report of the Company for the year ended 31 December 2014 published on 30 April 2015 (pages 44–132).

B. INDEBTEDNESS STATEMENT

As at the close of business on the 31 May 2015, being the latest practicable date prior to the printing of this circular for the purposes of ascertaining information contained in this indebtedness statement, the Enlarged Group's outstanding borrowings was approximately RMB6,201,727,000. The Group has provided guarantees and made deposits to banks to assist the buyers of operation rights to obtain bank loans. As at 31 May 2015, the outstanding guarantees provided by the Group to the banks to facilitate buyers financing amounted to approximately RMB245,085,000. Such guarantees and deposits will be released along with the repayment of loan principal by the buyers.

Save as aforesaid, and apart from intra-group liabilities and normal accounts payable in the ordinary course of the business, as at the close of business on the Latest Practicable Date, the Enlarged Group did not have any outstanding mortgages, charges, debentures or other loan capital, bank overdrafts or loans or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits, guarantees or other material contingent liabilities.

C. WORKING CAPITAL

The Directors, after due and careful enquiries, are of the opinion that, in the absence of unforeseen circumstances and after taking into account, the expected completion of the Acquisition, the cash flow generated from the operating activities, the financial resources available to the Enlarged Group including internally generated funds and the available credit facilities, the Enlarged Group has sufficient working capital for at least the next twelve months from the date of this circular.

Upon completion of the Reorganization, which is a condition precedent to the Completion, the Target Group will become the new operator of the Target Business by assuming or taking up all the existing Business Contracts and entering into certain employment agreements and the Leasing Agreements. The following discussions and analyses relate to the results of operations and financial condition of each of the Target Business and the Target Group as at and for the years ended 31 December 2012, 2013 and 2014. You should read the following discussions and analyses in conjunction with both of (i) the combined financial information of the Target Business and the accompanying notes set out in the Accountants' Report on the Target Business set out in Appendix III to this circular and (ii) the combined financial information of the Target Group and the accompanying notes set out in the Accountants' Report on the Target Group set out in Appendix IV to this circular.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE TARGET BUSINESS

Business Review

The Target Business comprises the operation of eight Markets in the PRC for the wholesaling and retailing of primarily vegetables and also fruits, seafood, meat, grain and oil and other food produce. These Markets are located in the following six cities in the PRC: Harbin, Qiqihar and Mudanjiang in Heilongjiang Province; Shenyang, Liaoning Province; Shouguang; Shandong Province; and Guiyang, Guizhou Province.

Prior to completion of the Reorganization, the PRC Vendors were the main companies operating the Target Business. Please refer to note 1(a) in Section B to the Accountants' Report on the Target Business set out in Appendix III to this circular for more information on the Target Business.

Results of Operations

Revenue

Revenue of the Target Business comprises (i) commission income from the operation of the Markets, (ii) property rental income for the lease of space at the Markets, and (iii) management and administrative service fee income. The following table sets out the breakdown of revenue for the years indicated:

	Years ended 31 December		
	2012	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*
Commission income	390,754	429,472	566,549
Rental income	211,723	185,380	212,597
Management and administrative service fee income	72,926	69,397	84,658
	675,403	684,249	863,804

Revenue increased by 1.3% from RMB675.4 million in 2012 to RMB684.2 million in 2013, and further by 26.2% to RMB863.8 million in 2014.

The increases in revenue were mainly attributable to increases in commission income of RMB38.7 million in 2013 and RMB137.1 million in 2014. Such increase in 2013 was primarily due to the increased trading volume of the Markets in Shenyang as they continued to expand in business scale. The increase in commission income in 2014 was primarily due to the improved operations of Harbin Hada Agricultural Produce Market and the continued increase in trading volume of the Markets in Shenyang.

Net Valuation Gain on Investment Properties

Net valuation gain on investment properties of the Target Business in 2012, 2013 and 2014 was RMB34.7 million, RMB172.3 million and RMB566.7 million, respectively.

Investment properties are land or buildings which are owned or held under a leasehold interest to earn rental income or for capital appreciation or both. They are stated at fair value and any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss.

None of the investment properties held by the companies currently operating the Target Business will be transferred to the Target Group pursuant to the Reorganization or the Acquisition. As such, it is expected that after the Completion the Target Business will not have such net valuation gain on investment properties.

Impairment Loss on Goodwill

The Target Business recorded an impairment loss on goodwill amounting to RMB722.2 million in 2012. This goodwill related to the acquisition of 瀋陽金東貿置業有限公司 (Shenyang Jim Thomas Property Development Company Limited**), the PRC Vendor operating Shenyang Fruit Market, in 2011. This goodwill was fully impaired in 2012 because the business growth of this Market was estimated to be not as fast as previously expected. The net book value of goodwill was RMBnil as at each of 31 December 2012, 2013 and 2014.

Profit or Loss from Operations

The Target Business derived its profit or loss from operations by deducting all operating income (net valuation gain on investment properties) and operating expenses (mainly impairment loss on goodwill, personnel costs, and depreciation and amortization) from revenue and other net income.

Loss from operations of the Target Business in 2012 was RMB219.0 million, which was primarily due to the impact of the impairment loss on goodwill recorded in 2012. Excluding the one-time impact of the impairment loss on goodwill, the Target Business would have had profit from operations in the amount of RMB503.2 million.

Profit from operations of the Target Business was RMB633.7 million in 2013, which increased by 82.4% to RMB1,156.1 million in 2014. This increase was mainly attributable to the RMB394.3 million increase in net valuation gain on investment properties, partially offset by an RMB18.0 million increase in personnel costs primarily due to an increase in the number of employees, in particular for Muda International Agricultural Produce Logistics Park which completed its expansion in the second half of 2013.

Finance Income and Costs

Finance income of the Target Business consisted of mainly interest income on other receivables and, to a much lesser extent, interest income on bank deposits. Finance income increased significantly from RMB4.3 million in 2012 to RMB142.2 million in 2013, and further to RMB564.0 million in 2014. These increases were mainly attributable to an increase in interest income on other receivables derived from advances to related parties and third parties.

Finance costs of the Target Business consisted of mainly uncapitalised interest expense on borrowings and, to a much lesser extent, net foreign exchange losses, bank charges and others. Finance costs increased significantly from RMB57.8 million in 2012 to RMB229.8 million in 2013, and further to RMB667.0 million in 2014. These increases were mainly attributable to increases in uncapitalised interest expense on borrowings in 2013 and 2014 because of the increases in outstanding borrowings from banks and other financial institutions.

None of the advances to related parties or third parties or borrowings from banks or other financial institutions will be transferred by the companies currently operating the Target Business to the Target Group pursuant to the Reorganization or the Acquisition. As such, it is expected that after the Completion the Target Business will not have finance income or costs arising from such advances or borrowings of the companies currently operating the Target Business.

Income Tax

Each of the companies operating the Target Business was established in the PRC and was subject to PRC corporate income tax at a rate of 25% during each of the three years ended 31 December 2014.

Income tax of the Target Business decreased by 4.1% from RMB160.4 million in 2012 to RMB153.8 million in 2013 and then increased by 74.0% to RMB267.6 million in 2014. In 2012, the Target Business had income tax charge of RMB160.4 million despite its loss before taxation because the impairment loss on goodwill was not tax-deductible. The increase in income tax in 2014 compared to 2013 was mainly attributable to an increase in deferred tax related primarily to the net valuation gain on investment properties.

Profit or Loss for the Year

As a result of the foregoing, the Target Business recorded a loss for the year in the amount of RMB432.9 million in 2012 and profit for the year in the amounts of RMB392.3 million in 2013 and RMB785.5 million in 2014.

Liquidity and Financial Resources

The Target Business financed working capital and capital expenditures principally through cash generated from operating activities, borrowings (mainly bank loans and loans from other financial institutions) and internal cash resources. As at 31 December 2014, cash at bank and on hand of the companies operating the Target Business amounted to RMB112.3 million.

Cash inflows from operations of the Target Business were primarily generated from commission, rental, and management and administrative service fee income. Cash outflows from operations were mainly for expenditures on personnel costs and various operating expenses, as well as income tax payments. Net cash generated from operating activities in 2012, 2013 and 2014 was RMB319.3 million, RMB460.0 million and RMB604.9 million, respectively. These increases were primarily due to the increased receipt of commission and other income from operations.

Net cash used in investing activities in 2012, 2013 and 2014 was RMB814.3 million, RMB3,386.8 million and RMB6,524.9 million, respectively. Net cash used in investing activities primarily reflected payments for advances to related parties and third parties.

Net cash generated from financing activities in 2012, 2013 and 2014 was RMB402.0 million, RMB2,847.1 million and RMB5,893.2 million, respectively. Net cash generated from financing activities primarily reflected proceeds from net borrowings.

As at 31 December 2014, total borrowings of the Target Business amounted to RMB9,592.3 million. These included mainly bank loans in an aggregate amount of RMB4,866.5 million and loans from other financial institutions in an aggregate amount of RMB4,637.8 million. None of the borrowings will be transferred by the companies currently operating the Target Business to the Target Group pursuant to the Reorganization or the Acquisition.

Capital Commitments

The companies operating the Target Business make capital commitments in respect of development of the Markets. As at 31 December 2014, the amount of expenditures contracted but not provided for in respect of such uses was RMB148.0 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE TARGET GROUP

Business Review

The Target Company is an investment holding company established on 30 March 2015 in the BVI.

Pursuant to the Reorganization, the Target Company will, indirectly through its wholly-owned BVI and Hong Kong subsidiaries, hold the entire interest in each of the New PRC Operating Companies, which will be the new companies operating the Target Business upon completion of the Reorganization.

During the three years ended 31 December 2014, the companies comprising the Target Group were not engaged in any active business operations.

Results of Operations

For each of the three years ended 31 December 2014, the Target Group did not recognize any revenue and only incurred certain expenses and costs. As such, the Target Group recorded loss for the year for each of the three years ended 31 December 2014. No tax provision was made for each of the three years ended 31 December 2014.

In 2012, loss for the year of the Target Group was RMB51,000, which was entirely attributable to other operating expenses incurred in 2012.

In 2013, loss for the year of the Target Group was RMB47,000, which was entirely attributable to other operating expenses incurred in 2013.

In 2014, loss for the year of the Target Group was RMB70,000, which was attributable to other operating expenses in the amount of RMB67,000 and finance costs in the amount of RMB3,000.

Liquidity and Financial Resources

As at 31 December 2014, cash at bank of the Target Group amounted to RMB6,000.

The Target Group had no borrowings as at each of 31 December 2012, 2013 and 2014.

Related Party Balances

As at 31 December 2014, amounts due from related parties to the Target Group were RMB61.1 million and amounts due to related parties from the Target Group were RMB61.4 million. Both amounts due from and due to related parties were unsecured and non-interest bearing and had no fixed terms of repayment.

The following is the text of a report, prepared for the purpose of incorporation in this circular, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong.

KPMG

8th floor
Prince's Building
10 Chater Road
Central
Hong Kong

29 June 2015

The Directors
Renhe Commercial Holdings Company Limited

Dear Sirs,

INTRODUCTION

We set out below our report on the combined financial information relating to the eight agricultural produce wholesale markets operated by the companies set out in note 1 (a) of section B below (the "Target Business") comprising the combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined cash flow statements of the Target Business, for each of the years ended 31 December 2012, 2013 and 2014 (the "Relevant Periods"), and the combined statements of financial position of the Target Business as at 31 December 2012, 2013 and 2014, together with the explanatory notes thereto (the "Financial Information"), for inclusion in the circular of Renhe Commercial Holdings Company Limited (the "Company") dated 29 June 2015 (the "Circular") in connection with the proposed acquisition of the entire issued share capital of Yield Smart Limited (the "Proposed Acquisition").

As detailed in the section headed "LETTER FROM THE BOARD — INFORMATION RELATING TO THE TARGET BUSINESS" in the Circular, the Target Business is operated by companies that are controlled by Shouguang Dili Agri-Products Group Company Limited ("Shouguang Dili"), which was incorporated in the Cayman Islands on 2 February 2011 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

No financial statements for the Target Business have previously been prepared and reported on a standalone basis as the Target Business is not operated in the form of standalone entities.

In connection with the Proposed Acquisition, the directors of Shouguang Dili have prepared the combined financial statements of the Target Business for the Relevant Periods (the "Underlying Financial Statements") on the same basis as used in the preparation of the Financial Information set out in section B below. The Underlying Financial Statements for each of the years ended 31 December 2012, 2013 and 2014 were audited by KPMG Huazhen (Special General Partnership) in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The Financial Information has been prepared by the directors of the Company for inclusion in the Circular in connection with the Proposed Acquisition based on the Underlying Financial Statements, with no adjustments made thereon, and in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Financial Information that gives a true and fair view in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") and the applicable disclosure provisions of the Listing Rules, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to form an opinion on the Financial Information based on our procedures performed in accordance with Auditing Guideline "Prospectuses and the Reporting Accountant" (Statement 3.340) issued by the HKICPA. We have not audited any financial statements of the Target Business in respect of any period subsequent to 31 December 2014.

OPINION

In our opinion, the Financial Information gives, for the purpose of this report, and on the basis of preparation set out in note 1(b) of section B below, a true and fair view of the state of affairs of the Target Business as at 31 December 2012, 2013 and 2014 and the Target Business's combined results and cash flows for the Relevant Periods then ended.

A COMBINED FINANCIAL INFORMATION OF THE TARGET BUSINESS

Combined Statements of Profit or Loss and Other Comprehensive Income

	Section B Note	Years ended 31 December 2012 *RMB'000*	2013 *RMB'000*	2014 *RMB'000*
Revenue	*4*	675,403	684,249	863,804
Other net income	*5*	1,888	3,318	1,234
Operating income/(expenses)				
Net valuation gain on investment properties	*10*	34,687	172,348	566,662
Depreciation and amortisation		(63,118)	(69,225)	(77,714)
Personnel costs	*6(a)*	(57,036)	(80,611)	(98,658)
Repairs and maintenance		(24,200)	(28,326)	(35,468)
Utilities and fuels		(20,947)	(25,042)	(29,182)
Impairment loss on goodwill	*13*	(722,200)	—	—
Other operating expenses		(43,468)	(22,998)	(34,555)
(Loss)/profit from operations		(218,991)	633,713	1,156,123
Finance income	*6(b)*	4,275	142,210	563,973
Finance costs	*6(b)*	(57,837)	(229,833)	(666,968)
(Loss)/profit before taxation	*6*	(272,553)	546,090	1,053,128
Income tax	*7*	(160,367)	(153,789)	(267,596)
(Loss)/profit for the year		(432,920)	392,301	785,532
Attributable to:				
Parent's net investment		(432,277)	391,582	758,854
Non-controlling interests		(643)	719	26,678
(Loss)/profit for the year		(432,920)	392,301	785,532
Other comprehensive income for the year (after tax and reclassification adjustment)		—	—	—
Total comprehensive income for the year		(432,920)	392,301	785,532
Attributable to:				
Parent's net investment		(432,277)	391,582	758,854
Non-controlling interests		(643)	719	26,678
Total comprehensive income for the year		(432,920)	392,301	785,532

The accompanying notes form part of the Financial Information.

Combined Statements of Financial Position

		At 31 December		
	Section B	**2012**	**2013**	**2014**
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets				
Investment properties	*10*	7,261,001	7,750,002	8,417,000
Lease prepayments	*11*	1,101,772	1,344,592	1,310,232
Property and equipment	*12*	1,273,644	1,279,484	1,258,552
Intangible assets		5,595	7,842	28,452
Other receivables	*14*	100,000	1,611,838	4,646,683
Deferred tax assets	*18(b)*	141,593	144,066	141,318
		9,883,605	12,137,824	15,802,237
Current assets				
Inventories		3,188	2,953	2,842
Prepayments and other receivables	*14*	610,025	2,357,283	6,013,209
Cash at bank and on hand	*15*	468,852	139,216	112,292
		1,082,065	2,499,452	6,128,343
Current liabilities				
Short-term borrowings	*17(b)*	603,320	1,308,879	3,351,239
Trade and other payables	*16*	597,157	984,063	1,408,494
Current taxation	*18(a)*	9,388	15,761	14,923
		1,209,865	2,308,703	4,774,656
Net current assets/(liabilities)		(127,800)	190,749	1,353,687
Total assets less current liabilities		9,755,805	12,328,573	17,155,924
Non-current liabilities				
Long-term borrowings	*17(a)*	258,720	2,343,300	6,241,080
Deferred income	*19*	531,665	554,691	553,280
Deferred tax liabilities	*18(b)*	1,395,296	1,452,369	1,609,531
Other non-current payables		9,388	25,176	13,464
		2,195,069	4,375,536	8,417,355
Net assets		7,560,736	7,953,037	8,738,569
Parent's net investment	*20*	7,533,964	7,925,546	8,684,400
Non-controlling interests		26,772	27,491	54,169
Total equity		7,560,736	7,953,037	8,738,569

The accompanying notes form part of the Financial Information.

Combined Statements of Changes in Equity

	Section B Note	**Parent's net investment** *RMB'000* *(note 20)*	**Non-controlling interests** *RMB'000*	**Total** *RMB'000*
Balance at 1 January 2012		7,966,241	27,415	7,993,656
Changes in equity for 2012:				
Loss for the year and total comprehensive income for the year		(432,277)	(643)	(432,920)
Balance at 31 December 2012		**7,533,964**	**26,772**	**7,560,736**
Changes in equity for 2013:				
Profit for the year and total comprehensive income for the year		391,582	719	392,301
Balance at 31 December 2013		**7,925,546**	**27,491**	**7,953,037**
Changes in equity for 2014:				
Profit for the year and total comprehensive income for the year		758,854	26,678	785,532
Balance at 31 December 2014		**8,684,400**	**54,169**	**8,738,569**

The accompanying notes form part of the Financial Information.

Combined Cash Flow Statements

	Section B Note	Years ended 31 December 2012 RMB'000	2013 RMB'000	2014 RMB'000
Operating activities				
(Loss)/profit before taxation		(272,553)	546,090	1,053,128
Adjustments for:				
Depreciation and amortisation		63,118	69,225	77,714
Net valuation gain on investment properties		(34,687)	(172,348)	(566,662)
Impairment loss on goodwill		722,200	—	—
Finance costs		57,273	229,164	665,962
Finance income		(3,790)	(141,433)	(563,549)
Loss on disposals of property and equipment and investment properties		217	129	2,246
Government grants		(1,395)	(1,374)	(2,741)
Changes in working capital:				
Decrease/(increase) in prepayments and other receivables		65,602	(1,897)	(10,734)
Increase in trade and other payables		14,016	25,044	57,901
(Increase)/decrease in inventories		(634)	235	111
Cash generated from operating activities		**609,367**	**552,835**	**713,376**
Income tax paid		(290,080)	(92,816)	(108,524)
Net cash generated from operating activities		319,287	460,019	604,852
Investing activities				
Payments for the purchase of property and equipment, lease prepayments, intangible assets and investment properties		(456,544)	(553,567)	(414,146)
Payments for advances to related parties		(274,823)	(2,061,427)	(8,292,007)
Repayment of advances to related parties		831	602,535	2,826,832
Increase in deposits with banks		(250,000)	—	—
Withdrawal of deposits with banks		100,000	250,000	—
Government grants received		124,160	24,400	1,330
Payments for advances to third parties		(102,061)	(1,798,306)	(1,251,870)
Repayment of advances to third parties		38,755	—	37,008
Proceeds from disposals of property and equipment and investment properties		1,557	8,143	4,367
Interest received		3,790	141,433	563,549
Net cash used in investing activities		(814,335)	(3,386,789)	(6,524,937)

The accompanying notes form part of the Financial Information.

	Section B Note	2012 RMB'000	2013 RMB'000	2014 RMB'000
		Years ended 31 December		
Financing activities				
Proceeds from advances from related parties		23,796	312,900	633,015
Repayment of advances from related parties		—	(4,555)	(312,900)
Proceeds from advances from third parties		2,400	2,400	298,868
Repayment of advances from third parties		(136,589)	—	—
Proceeds from borrowings		1,100,360	3,415,659	8,385,460
Repayment of borrowings		(538,320)	(625,520)	(2,445,320)
Interest and other finance cost paid		(49,602)	(253,748)	(665,961)
Net cash generated from financing activities		402,045	2,847,136	5,893,162
Net decrease in cash and cash equivalents		(93,003)	(79,634)	(26,923)
Effect of exchange rate change		—	(2)	(1)
Cash and cash equivalents at 1 January		311,855	218,852	139,216
Cash and cash equivalents at 31 December	*15*	218,852	139,216	112,292

The accompanying notes form part of the Financial Information.

B NOTES TO COMBINED FINANCIAL INFORMATION

1 Description of the Target Business and Basis of Preparation

Pursuant to the announcement dated 9 June 2015, the Company proposed to acquire the entire issued share capital of Yield Smart Limited (the "Proposed Acquisition") from New Amuse Limited ("New Amuse"or the "Vendor"), a company wholly owned by Shouguang Dili. Shouguang Dili and New Amuse controlled the following companies, as listed below in section B note 1(a), which were operating eight agricultural produce wholesale markets (the "Target Business"). The Financial Information set out in this report has been prepared to present the historical operations of the Target Business for the purpose of inclusion in the Circular.

(a) Nature of Business

The Target Business represents the operation of eight agricultural produce wholesale markets (the "Markets") in the People's Republic of China (the "PRC") in which various agricultural produce, such as vegetables, fruits, seafood, meat, grain, oil, and etc., are traded by the sellers and buyers. The Markets provide a physical platform (in the form of trading halls) for sellers and buyers (the "dealers") to sell and buy the agricultural produce. The Target Business are operated by the companies controlled by Shouguang Dili. They operate and manage the Markets and collect various income, such as commission income, rental income and management and administrative service fee from the dealers.

During the Relevant Periods, the companies operating the Target Business are set out as follows:

Name of entity	Place and date of establishment	Registered/ issued paid-in capital	Percentage of interest attributable to the parent's net investment Direct	Indirect	Markets operated
Harbin Hada Agricultural and Sideline Products Joint Stock Company Limited (i) ("Harbin Hada") (哈爾濱哈達農副產品股份有限公司)	Harbin the PRC 29 March 2002	RMB154,000,000	99%	1%	Harbin Hada Agricultural Produce Market
Harbin Youyi Warehouse Company Limited (i) ("Harbin Youyi") (哈爾濱友誼倉儲有限責任公司)	Harbin the PRC 25 April 2005	RMB45,000,000	100%	—	Harbin Youyi Agricultural Produce Market
Shouguang Agri-Products Logistics Park Company Limited (i) ("Shouguang Logistics Park") (壽光農產品物流園有限公司)	Shouguang the PRC 26 December 2008	USD229,300,000	100%	—	China Shouguang Agricultural Produce Logistics Park
Shenyang Dili Agricultural and Sideline Products Company Limited (i) ("Shenyang Dili") (瀋陽地利農副產品有限公司)	Shenyang the PRC 21 December 2010	RMB100,000,000	60%	—	Shenyang Fruit and Vegetable Market
Shenyang Jim Thomas Property Development Company Limited (i) ("Jim Thomas") (瀋陽金東貿置業有限公司)	Shenyang the PRC 26 December 2006	USD28,967,281	100%	—	Shenyang Fruit Market
Mudanjiang Muda Agricultural and Sideline Products Company Limited (i) ("Mudanjiang Muda") (牡丹江牡達農副產品有限公司)	Mudanjiang the PRC 28 December 2009	USD30,000,000	100%	—	Muda International Agricultural Produce Logistics Park
Guiyang Dili Agri-Products Logistics Park Company Limited (i) ("Guiyang Dili") (貴陽地利農產品物流園有限公司)	Guiyang the PRC 15 November 2010	USD30,000,000	100%	—	Guiyang Agricultural Produce Logistics Park
Qiqihar Hada Agricultural and Sideline Products Company Limited (i) ("Qiqihar Hada") (齊齊哈爾哈達農副產品有限責任公司)	Qiqihar the PRC 14 August 2008	RMB50,000,000	—	100%	Qiqihar Hada Agricultural Produce Market

Name of entity	Place and date of establishment	Registered/ issued paid-in capital	Percentage of interest attributable to the parent's net investment		Markets operated
			Direct	Indirect	
Shenyang Jiangnan Agricultural Products Trading Center Co., Ltd. (i)(ii) ("Shenyang Jiangnan") (瀋陽江南農副產品貿易中心有限公司)	Shenyang the PRC 28 May 2010	RMB30,000,000	—	100%	Shenyang Fruit Market
Liaoning Yindali Property Investment Company Limited (i) ("Yindali") (遼寧銀達利置業投資有限公司)	Shenyang the PRC 25 January 2007	RMB20,000,000	—	60%	Shenyang Fruit and Vegetable Market

(i) The English translation of the names are for reference only. The official names of these entities are in Chinese.

(ii) Shenyang Jiangnan ceased to operate Shenyang Fruit Market in December 2012. In this respect, Shenyang Fruit Market has been operated by Jim Thomas since January 2013.

(b) Basis of preparation

The Financial Information of the Target Business has been prepared for inclusion in the Circular of the Company in connection with the Proposed Acquisition. Since the Target Business was operated by the companies which are all under common control of Shouguang Dili during the Relevant Periods but do not constitute a separate legal consolidated group, the Financial Information has been presented on a combined basis and the parent's net investment is shown in lieu of shareholders' equity in the Financial Information. Parent's net investment mainly includes the initial capital injection made by the investors, the investors' share of accumulated profit or loss and other distributions to or contributions by the investors.

The combined statements of profit or loss and other comprehensive income, combined statements of changes in equity, the combined cash flow statements of the Target Business for the years ended 31 December 2012, 2013 and 2014 and the combined statements of financial position of the Target Business as at 1 December 2012, 2013 and 2014 are prepared by combination of relevant financial statements of the companies operating the Target Business for the Relevant Periods (or where the companies were acquired at a date later than 1 January 2012, for the period from the date of acquisition to 31 December 2014), which are directly derived from the historical books and records of these companies, excluding certain investments invested by Harbin Hada and Shouguang Logistics Park which are not relevant and do not constitute the Target Business. All material intra-group transactions and balances have been eliminated when preparing the Financial Information.

The basis of preparation described above is intended to reflect the historical financial information of the Target Business. As detailed in the section headed "LETTER FROM THE BOARD-INFORMATION OF THE TARGET BUSINESS" in the Circular upon completion of the reorganisation (the "Reorganisation"), Yield Smart Limited (the "Target Company") and its subsidiaries (collectively as the "Target Group") will take over the Target Business pursuant to which New Amuse shall procure the Target Group shall before completion of the Reorganisation (i) assume or take up all the existing business contracts; (ii) enter into employment agreements with the senior management who were previously employed by the companies operating the Target Business (if applicable); and (iii) enter into the leasing agreements with the companies operating the Target Business (if applicable) pursuant to the terms of the framework lease agreement.

Under the Proposed Acquisition the Company will not acquire the majority of the exiting assets and liabilities currently held by the Target Business, except for assuming the other payables amounting to RMB313 million as at 31 December 2014 which mainly represent the receipt in advance and deposits collected from the existing customers of the Target Business. To settle this RMB313 million, the Vendor expects to transfer the cash at bank and on hand and relevant inventory kept by the Target Business amounting to RMB112 million and RMB3 million, respectively, as at 31 December 2014 to the Company and the rest RMB198 million will be paid by the Vendor after the completion of Proposed Acquisition.

2 Significant Accounting Policies

(a) Statement of compliance

The Financial Information set out in this report has been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which collective term includes International Accounting Standards and related interpretations, promulgated by the International Accounting Standards Board (the "IASB"). Further details of the significant accounting policies adopted are set out in the remainder of this section.

The IASB has issued a number of new and revised IFRSs. For the purpose of preparing this Financial Information, the companies operating the Target Business have adopted all applicable new and revised IFRSs to the Relevant Periods, except for any new standards or interpretations that are not yet effective for the accounting period beginning 1 January 2014. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period beginning 1 January 2014 are set out in note 25.

The Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The accounting policies set out below have been applied consistently to all periods presented in the Financial Information.

(b) Basis of measurement

The Financial Information is presented in Renminbi ("RMB"), rounded to the nearest thousand. The Financial Information is prepared on the historical cost basis except for investment properties (see note 2(f)) that are stated at their fair value.

(c) Use of estimates and judgments

The preparation of Financial Information in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the Financial Information and major sources of estimation uncertainty are discussed in note 3.

(d) Non-controlling interest

Non-controlling interests represent the equity interest in an entity not attributable directly or indirectly to the companies operating the Target Business, and in respect of which these companies have not agreed any additional terms with the holders of those interests which would result in these companies as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability.

Non-controlling interests are presented in the combined statements of financial position within net assets, separately from parent's net investment. Non-controlling interests in the results are presented on the face of the combined statements of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the parent's net investment of the Target Business. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the combined statements of financial position in accordance with note 2(n) below depending on the nature of the liability.

(e) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non controlling interest in the acquiree, and the fair value of the previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost, less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit ("CGU"), or groups of CGUs, that is expected to benefit from the synergies of the combination and is tested annually for impairment.

On disposal of a CGU during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(f) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 2(s)(i) below.

When the companies operating the Target Business hold a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease (see note 2(i)(ii)), and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases. Lease payments are accounted for as described in 2(i)(iii).

(g) Property and equipment

Items of property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses (see note 2(j)(ii)).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains or losses arising from the retirement or disposal of an item of property and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

— buildings	10–40 years
— machinery	5–15 years
— office equipment	4–5 years
— vehicles	5–8 years

Where parts of an item of property and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(h) Intangible assets (other than goodwill)

Intangible assets are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 2(j)(ii)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

— Software	5–10 years

Both the period and method of amortisation are reviewed annually.

(i) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the companies operating the Target Business determine that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the companies operating the Target Business

Assets that are held by the companies operating the Target Business under leases which transfer to the companies operating the Target Business substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the companies operating the Target Business are classified as operating leases, with the following exceptions:

— property held under operating leases that would otherwise meet the definition of an investment property is classified as investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (see note 2(i)(ii)); and

— land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by companies operating the Target Business, or taken over from the previous the lessee.

(ii) Assets acquired under finance leases

Where the Target Business acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments of such assets are included in property and equipment and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost or valuation of the assets over the term of the relevant lease or, where it is likely the companies operating the Target Business will obtain ownership of the asset, the life of the asset, as set out in note 2(g). Impairment losses are accounted for in accordance with the accounting policy as set out in note 2(j)(ii). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(iii) Operating lease charges

Where the companies operating the Target Business have the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term except when the property is classified as an investment property (see note 2(f)).

(j) Impairment of assets

(i) Impairment of other receivables

Other current and non-current receivables that are stated at cost or amortised cost are reviewed at the end of the reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention about one or more of the following loss events:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, any impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the companies operating the Target Business are satisfied that recovery is remote, the amount considered irrecoverable is written off against the respective receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of the reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, impairment loss previously recognised no longer exists or may have decreased:

— lease prepayments;

— property and equipment;

— intangible assets; and

— goodwill.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

— Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable), or value in use (if determinable).

— Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(k) Inventories

Inventories are carried at the lower of cost and net realisable value cost and net realisable value.

Cost is calculated using the specific identification of their individual costs and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(l) ***Trade and other receivables***

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 2(j)(i)), except where the receivables are interest-free loans made to related parties or third parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(m) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(n) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for finance guarantee liabilities measured in accordance with note 2(r)(i), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(p) Employee benefits

(i) Short term employee benefits and contribution to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Terminate benefits

Termination benefits are recognised at the earlier of when the companies operating the Target Business can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

(q) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in net assets, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in net assets, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Target Business controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 2(f), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the companies operating the Target Business has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Target Business intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

    — the same taxable entity; or

    — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(r) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the companies operating the Target Business issue a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within trade and other payables. The fair value of financial guarantees issued at the time of issuance is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Target Business's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 2(r)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Target Business under the guarantee, and (ii) the amount of that claim on the Target Business is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Other provisions and contingent liabilities

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

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

(s) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the companies operating the Target Business and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Rental income from operating lease

Rental income from operating lease is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised in profit or loss as an integral part of the total lease income, over the term of lease. Contingent rentals are recognised as income in the accounting period in which they are earned.

(ii) Commission income

Commission income from lease and management of agricultural wholesale market is recognised in profit or loss on a straight-line basis over the period in which the goods are traded in the agricultural produce wholesale market.

(iii) Rendering of services

Revenue from the rendering of services is recognised in profit or loss by reference to the stage of completion of the transaction based on the progress of work performed.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method.

(v) Government grants

Government grants are recognised in the statements of financial position initially when there is reasonable assurance that they will be received and that the companies operating the Target Business will comply with the conditions attaching to them. Grants that compensate these companies for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate these companies for the cost of an asset are initially recognised as deferred income and are subsequently recognised in profit or loss over the useful life of the asset.

(t) Translation of foreign currencies

Foreign currency transactions during the Relevant Periods are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of reporting period. Exchange gains and losses are recognised in profit or loss.

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statements of financial position items are translated into RMB at the closing foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

(u) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(v) Related parties

(a) A person, or a close member of that person's family, is related to the companies operating the Target Business if that person:

(i) has control or joint control over these companies;

(ii) has significant influence over these companies; or

(iii) is a member of the key management personnel of these companies or these companies' parent.

(b) An entity is related to these companies if any of the following conditions applies:

(i) The entity and these companies are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either these companies or an entity related to these companies.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(w) Segment reporting

Operating segments, and the amounts of each segment item reported in the Financial Information, are identified from the financial information provided regularly to the most senior executive management of the companies operating the Target Business for the purposes of allocating resources to, and assessing the performance of these companies' various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the type or class of customers, the methods used to provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

The companies operating the Target Business manage their business in a single segment, namely the wholesale markets operating business. The most senior executive management assesses performance and allocates resources on a group basis. Accordingly, no operating segment information is presented.

As the companies operating the Target Business are all located in the PRC, no geographic segment reporting is presented.

3 Accounting Judgement and Estimates

The Target Business's financial position and results of operations are sensitive to accounting methods, assumptions and estimates that underlie the preparation of the Financial Information. The companies operating the Target Business base the assumptions and estimates on historical experience and on various other assumptions that they believe to be reasonable and which form the basis for making judgements about matters that are not readily apparent from other sources. On an on-going basis, management evaluates its estimates. Actual results may differ from those estimates as facts, circumstances and conditions change.

The selection of critical accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing the Financial Information. The significant accounting policies are set forth in note 2. These companies believe the following critical accounting policies involve the most significant judgements and estimates used in the preparation of the Financial Information.

(a) Valuation of investment property

As described in note 2(f), completed investment properties and investment properties under construction are stated at fair value based on the valuation performed by an independent firm of professional valuers.

In determining the fair value of investment properties, the valuers have based on a method of valuation which involves discounting a projected cash flow series associated with properties using risk-adjusted discount rates. Valuers may make adjustments to risk-adjusted discount rates, expected market rental growth and expected occupancy rate by taking into account factors and other matters affecting the value of property. Investment properties under development are valued by estimating the fair value of such properties as if they were completed in accordance with the relevant development plan and then deducting from that amount the estimated costs to complete the construction, financing costs and an allowance for developer's risk and profit. In relying on the valuation report, the management has exercised their judgement and is satisfied that the method of valuation is reflective of the current market condition.

(b) Impairment losses for bad and doubtful debts

The companies operating the Target Business estimate impairment losses for bad and doubtful debts resulting from the inability of the customers and other debtors to make the required payments. These companies base the estimates on the aging of the receivable balance, debtors' creditworthiness, and historical write-off experience. If the financial condition of the customers and debtors were to deteriorate, actual write-offs would be higher than estimated.

(c) Impairment losses of non-current assets

If circumstances indicate that the net book value of a non-current asset may not be recoverable, the asset may be considered "impaired", and an impairment loss may be recognised in accordance with the accounting policy as set out in note 2(j)(ii). The carrying amounts of non-current assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount. The recoverable amount is the greater of the net selling price and the value in use. It is difficult to precisely estimate selling price because quoted market prices for the assets are not readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to level of sales volume, selling price and amount of operating costs. The companies operating the Target Business use all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of sale volume, selling price and amount of operating costs.

(d) Depreciation

Property and equipment are depreciated on a straight-line basis over the estimated useful lives, after taking into account the estimated residual value. The companies operating the Target Business reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expense to be recorded during the Relevant Periods. The useful lives are based on these companies' historical experience with similar assets and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

(e) Recognition of deferred tax assets

Deferred tax assets in respect of unused tax losses and tax credit carried forward and deductible temporary differences are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the assets, using tax rates enacted or substantively enacted at the end of reporting period. In determining the carrying amounts of deferred assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Target Business and requires a significant level of judgement exercised by the directors. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future years.

(f) Taxes

The companies operating the Target Business file taxes in numerous tax authorities. Judgement is required in determining the provisions for taxes. There are many transactions and calculating for which the ultimate tax determination is uncertain during the course of business. The ultimate tax determination therefore might be different from the tax provision made in the Financial Information.

4 Revenue

Revenue primarily represents commission income from the wholesale markets, property rental income and management and administrative service fee income. The amount of each significant category of revenue and net income recognised for the years ended 31 December 2012, 2013 and 2014 is as follows:

	Years ended 31 December		
	2012	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*
Commission income	390,754	429,472	566,549
Rental income	211,723	185,380	212,597
Management and administrative service fee income	72,926	69,397	84,658
	675,403	684,249	863,804

The Target Business's customer base is diversified and there is no customer with whom transactions have exceeded 10% of the Target Business's revenue during the Relevant Periods.

5 Other Net Income

	Years ended 31 December		
	2012	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*
Loss on disposals of property and equipment and investment properties	(217)	(129)	(2,246)
Government grants	2,105	3,447	3,480
	1,888	3,318	1,234

6 (Loss)/profit Before Taxation

(a) Personnel costs

	Years ended 31 December		
	2012	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*
Wages and salaries and other benefits	52,604	74,192	88,858
Contributions to defined contribution retirement plans *(note (i))*	4,432	6,419	9,800
	57,036	80,611	98,658

Note:

(i) Pursuant to the relevant labour rules and regulations in the PRC, the companies operating the Target Business participate in defined contribution retirement benefit schemes (the "Schemes") organised by the relevant local government authorities in the cities. These companies are required to make contributions to the Schemes at the rates ranging from 18% to 22% of the eligible employee's salaries during the Relevant Periods. The local government authorities are responsible for the entire pension obligations payable to retired employees.

These companies have no other obligation for the payment of pension benefits associated with the Schemes and other post-retirement benefits beyond the annual contributions described above.

(b) Net finance costs

	Years ended 31 December		
	2012	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*
Finance income			
— Interest income on bank deposits	4,275	8,684	424
— Interest income on other receivables *(note 14)*	—	133,526	563,549
	4,275	142,210	563,973
Finance costs			
— Interest expense on borrowings	(60,737)	(227,654)	(658,462)
Less: interest expenses capitalised into investment properties*	5,917	5,991	—
	(54,820)	(221,663)	(658,462)
— Net foreign exchange losses	(753)	(1)	(1)
— Bank charges and others	(2,264)	(8,169)	(8,505)
	(57,837)	(229,833)	(666,968)
	(53,562)	(87,623)	(102,995)

* The borrowing costs have been capitalised at rates ranging from 6.6% to 7.2% per annum for the years ended 31 December 2012 and 2013.

(c) Other items

	Years ended 31 December		
	2012	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*
Amortisation			
— lease prepayments	18,656	27,348	34,360
— intangible assets	739	790	888
Depreciation	43,723	41,087	42,466
Impairment loss on goodwill *(note 13)*	722,200	—	—
Auditors' remuneration			
— audit services	244	238	236
— tax services	—	2	3
Rental receivables from investment properties less direct outgoings *(note (i))*	(205,749)	(173,024)	(196,871)

(i) The direct outgoings (including repairs and maintenance) for the years ended 31 December 2012, 2013 and 2014 is RMB5,974,000, RMB12,356,000 and RMB15,726,000, respectively.

7 Income Tax in The Combined Statements of Profit or Loss and Other Comprehensive Income

(a) Taxation in the combined statements of profit or loss and other comprehensive income:

	Years ended 31 December		
	2012	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*
Current tax *(note 18(a))*			
Provision for the year	260,810	98,045	107,677
Under-provision in respect of the prior years	578	1,144	9
Deferred tax *(note 18(b))*			
Origination and reversal of temporary differences	(101,021)	54,600	159,910
	160,367	153,789	267,596

The companies operating the Target Business are established in the PRC and subject to PRC Corporate Income Tax rate of 25% during the Relevant Periods.

(b) Reconciliations between tax expense and accounting profit at applicable tax rate:

	Years ended 31 December		
	2012	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*
(Loss)/profit before taxation	(272,553)	546,090	1,053,128
Notional tax on (loss)/profit before tax, calculated at the PRC Corporate Income Tax rate	(68,138)	136,523	263,282
Effect on non-deductible expenses	180,790	35,324	141,329
Effect on non-taxable income	—	(28,325)	(140,888)
Effect on unused tax losses and temporary differences not recognised	—	406	995
Effect on overpaid income tax	49,105	7,445	—
Under-provision in respect of the prior years	578	1,144	9
Others	(1,968)	1,272	2,869
Actual tax expense	160,367	153,789	267,596

8 Directors' Remuneration

The directors believe the presentation of such information is not meaningful for the purpose of this report.

9 Individuals with Highest Emoluments

The directors believe the presentation of such information is not meaningful for the purpose of this report.

10 Investment Properties

	RMB'000
At fair value:	
At 1 January 2012	7,110,000
Additions	117,561
Disposals	(1,247)
Fair value adjustment	34,687
At 31 December 2012	7,261,001
Additions	294,156
Transfer from property and equipment	47,212
Transfer to property and equipment	(17,146)
Disposals	(7,569)
Fair value adjustment	172,348
At 31 December 2013	7,750,002
Additions	101,185
Disposals	(849)
Fair value adjustment	566,662
At 31 December 2014	8,417,000

Notes:

(i) All of the investment properties owned by the companies operating the Target Business are located in the PRC.

(ii) As at 31 December 2012, 2013 and 2014, investment properties with original cost of RMB592,198,000, RMB748,940,000 and RMB1,432,809,000 were pledged as securities for interest-bearing borrowings, respectively (see note 17).

(iii) The companies operating the Target Business are in the process of applying for the ownership certificates for certain investment properties, with a total original cost of RMB25,505,000, RMB25,670,000 and RMB25,670,000 as at 31 December 2012, 2013 and 2014, respectively. The directors are of the opinion that these companies are entitled to lawfully occupy or use these properties.

(iv) Fair value measurement of investment properties

(a) Fair value hierarchy

The following table presents the fair value of the properties measured at the end of each reporting period at recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

The investment properties were measured using Level 3 valuations during the Relevant Periods. There were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The accounting policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All completed and under development investment properties of the Target Business were revalued at 31 December 2012, 2013 and 2014. The valuations were carried out by an independent firm of surveyors, Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL"), who has among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of properties being valued. The property manager and the chief financial officer have discussion with the surveyors on the valuation assumptions and valuation results when the valuation is performed at the end of each reporting period.

(b) Information about Level 3 fair value measurements

The fair value of investment properties is determined by discounting a projected cash flow series associated with the properties using risk-adjusted discount rates. The valuation takes into account expected income growth of the respective properties. The discount rates used have been adjusted for the quality and location of the buildings and the tenant credit quality. The fair value measurement is positively correlated to the expected income growth and negatively correlated to the risk-adjusted discount rates.

The discount rate of investment properties are 10.79%, 10.73% and 10.46% as at 31 December 2012, 2013 and 2014. The expected income growth ranges from 2.5% to 17.9%.

Fair value adjustment of investment properties is recognised in the line item "net valuation gain on investment properties" on the face of statements of profit or loss and other comprehensive income.

All the gain recognised in profit or loss for the year arises from the properties held at the end of each reporting period.

11 Lease Prepayments

	At 31 December		
	2012	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*
Cost:			
At 1 January	876,834	1,128,201	1,398,369
Additions	251,367	270,168	—
At 31 December	1,128,201	1,398,369	1,398,369
Accumulated amortisation:			
At January 1	(7,773)	(26,429)	(53,777)
Charge for the year	(18,656)	(27,348)	(34,360)
At 31 December	(26,429)	(53,777)	(88,137)
Net book value:	1,101,772	1,344,592	1,310,232

Notes:

(i) Lease prepayments mainly represent prepayments for rights to use land, which are all located in the PRC, with lease periods of 40 to 50 years.

(ii) As at 31 December 2012, 2013 and 2014, the companies operating the Target Business were in the process of applying for registration of ownership certificates for certain land use rights. The aggregate carrying value of such land use rights is approximately RMBnil, RMB512,843,000, and RMB499,805,000 as at 31 December 2012, 2013 and 2014 respectively. The directors are of the opinion that these companies are entitled to lawfully occupy or use these land.

(iii) As at 31 December 2012, 2013 and 2014, certain of land use rights with a total carrying value of RMBnil, RMB831,748,000 and RMB810,427,000 were pledged as securities for interest-bearing borrowings, respectively (see note 17).

12 Property and Equipment

	Buildings	Machinery	Office equipment	Vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:						
At 1 January 2012	1,327,977	14,913	38,612	12,959	242,710	1,637,171
Additions	33	162	578	431	7,626	8,830
Transfer from construction in progress	1,175	—	1,398	—	(2,573)	—
Disposals	(488)	—	(33)	(728)	—	(1,249)
At 31 December 2012	1,328,697	15,075	40,555	12,662	247,763	1,644,752
Additions	48,378	55	3,607	1,102	24,502	77,644
Transfer from construction in progress	8,546	—	198	—	(8,744)	—
Transfer from investment properties	17,146	—	—	—	—	17,146
Transfer to investment properties	(54,554)	—	—	—	—	(54,554)
Disposals	(97)	(61)	(494)	(758)	—	(1,410)
At 31 December 2013	1,348,116	15,069	43,866	13,006	263,521	1,683,578
Additions	3,233	1,285	3,088	3,029	16,657	27,292
Transfer from construction in progress	30,727	—	—	—	(30,727)	—
Disposals	(1,010)	—	(7,024)	(529)	—	(8,563)
At 31 December 2014	1,381,066	16,354	39,930	15,506	249,451	1,702,307
Accumulated depreciation						
At 1 January 2012	(81,743)	(2,470)	(11,215)	(6,613)	—	(102,041)
Charge for the year	(34,425)	(1,484)	(5,951)	(1,863)	—	(43,723)
Written back on disposals	—	—	19	706	—	725
At 31 December 2012	(116,168)	(3,954)	(17,147)	(7,770)	—	(145,039)
Charge for the year	(32,244)	(1,496)	(5,844)	(1,503)	—	(41,087)
Transfer to investment properties	7,342	—	—	—	—	7,342
Written back on disposals	24	9	414	312	—	759
At 31 December 2013	(141,046)	(5,441)	(22,577)	(8,961)	—	(178,025)
Charge for the year	(33,499)	(1,604)	(5,404)	(1,959)	—	(42,466)
Written back on disposals	142	—	2,501	162	—	2,805
At 31 December 2014	(174,403)	(7,045)	(25,480)	(10,758)	—	(217,686)
Accumulated impairment loss						
At 1 January 2012, 31 December 2012, 2013 and 2014	—	—	—	—	(226,069)	(226,069)
Net book value:						
At 31 December 2012	1,212,529	11,121	23,408	4,892	21,694	1,273,644
At 31 December 2013	1,207,070	9,628	21,289	4,045	37,452	1,279,484
At 31 December 2014	1,206,663	9,309	14,450	4,748	23,382	1,258,552

Notes:

(i) As at 31 December 2012, 2013 and 2014, the companies operating the Target Business are in the process of applying for the ownership certificates for certain properties. The aggregate carrying value of such properties is approximately RMB14,271,000, RMB13,833,000 and RMB43,701,000 as at 31 December 2012, 2013 and 2014, respectively. The directors are of the opinion that these companies are entitled to lawfully occupy or use these properties.

(ii) As at 31 December 2012, 2013 and 2014, certain of properties were pledged as securities for interest-bearing borrowings, which had an aggregate carrying value of RMB62,448,000, RMB708,343,000 and RMB689,394,000, respectively (see note 17).

(iii) Certain of property and equipment which main represent staff apartments of RMB226,069,000 are suspended for construction due to change of plan. As at 31 December 2011, management assessed the recoverable amounts of these assets to be RMBnil, and as a result, the carrying amounts of these assets were written down to RMBnil.

13 Goodwill

	At 31 December		
	2012	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*
Cost:			
At 1 January	732,109	732,109	732,109
Accumulated impairment loss:			
At 1 January	(9,909)	(732,109)	(732,109)
Charge for the year	(722,200)	—	—
At 31 December	(732,109)	(732,109)	(732,109)
Net book value:	—	—	—

Goodwill relates to the acquisition of Harbin Youyi on 16 December 2010 and Jim Thomas on 28 December 2011, which are identified to be two cash-generating units ("CGUs"), respectively. The recoverable amounts of the CGU of Harbin Youyi and the CGU of Jim Thomas are determined based on value-in-use calculations. Cash flows are extrapolated using estimated weighed average growth rates of 6.40% and 17.90%, respectively. The cash flows are discounted using discount rates of 10.40% and 10.78%, respectively. The discount rates used is pre-tax and reflect specific risks relating to the business.

The goodwill related to acquisition of Harbin Youyi and Jim Thomas were fully impaired during the years ended 31 December 2011 and 2012, respectively.

14 Prepayments and Other Receivables

	At 31 December		
	2012	2013	2014
	RMB'000	*RMB'000*	*RMB'000*
Advances to			
— related parties *(note (ii))*	508,381	1,967,273	7,432,448
— third parties *(note (iii))*	189,873	1,988,179	3,203,041
Prepayments	4,158	6,830	14,196
Others	7,613	6,839	10,207
Less: allowance for doubtful debts	—	—	—
	710,025	3,969,121	10,659,892
Representing			
— non-current	100,000	1,611,838	4,646,683
— current	610,025	2,357,283	6,013,209
	710,025	3,969,121	10,659,892

Notes:

(i) Except as disclosed in note 14(ii)&(iii), the balances of prepayments and other receivables are interest-free and expected to be settled or recovered within one year.

(ii) Advances to related parties of RMB100,600,000, RMB1,389,071,000 and RMB5,862,973,000 as at 31 December 2012, 2013 and 2014 are unsecured, bear interest rates ranging with 6.6% per annum, ranging from 6.8% to 12.5% per annum, ranging from 6.0% to 12.5% per annum for the years ended 31 December 2012, 2013 and 2014, respectively.

(iii) Advances to third parties of RMBnil, RMB1,211,838,000 and RMB2,796,518,000 as at 31 December 2012, 2013 and 2014 are unsecured, bear interest rates with nil per annum, 12.5% per annum and ranging from 6.6% to 12.5% per annum for the years ended 31 December 2012, 2013 and 2014, respectively.

15 Cash at Bank and on Hand

	At 31 December		
	2012	2013	2014
	RMB'000	*RMB'000*	*RMB'000*
Cash on hand	3,699	6,609	1,360
Cash at bank	465,153	132,607	110,932
	468,852	139,216	112,292
Representing:			
— cash and cash equivalents	218,852	139,216	112,292
— time deposits with original maturity over three months	250,000	—	—
	468,852	139,216	112,292

16 Trade and Other Payables

	At 31 December		
	2012	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	3,709	721	9,879
Other taxes payable	9,059	10,036	10,889
Payables for purchase of properties	282,141	351,852	99,399
Salaries and welfare expenses payable	1,718	2,094	2,238
Deposits *(note (ii))*	53,976	59,206	64,296
Advances from			
— related parties	39,376	347,721	667,836
— third parties	12,131	14,531	313,399
Interest payables	18,594	—	—
Others	59,447	60,042	61,530
Financial liabilities	480,151	846,203	1,229,466
Receipts in advance *(note (i))*	117,006	137,860	179,028
	597,157	984,063	1,408,494

(i) All amounts of receipts in advance as at 31 December 2012, 2013 and 2014 are expected to be recognised as income in one year.

(ii) Deposits mainly represent deposits paid by tenants for the privilege to renew the operating lease contracts upon expiry, to sign new operating lease contracts and to secure the execution of the lease agreements.

(iii) All trade and other payables are interest-free, unsecured and have no fixed terms of repayment as at 31 December 2012, 2013 and 2014.

17 Borrowings

(a) The long-term interest-bearing borrowings comprise:

	At 31 December					
	2012		2013		2014	
	Interest rate	*RMB'000*	*Interest rate*	*RMB'000*	*Interest rate*	*RMB'000*
Bank loans						
— secured	8.7%	178,800	6.8%–8.7%	758,800	6.8%–9.1%	2,138,000
— unsecured	6.6%	93,240	6.6%	80,379	6.6%–7.1%	167,519
Loans from other financial institutions						
— secured	—	—	12.5%	1,499,900	8.2%–12.5%	4,057,800
— unsecured	—	—	7.2%	100,000	7.2%–12.0%	580,000
Unsecured loan from a related party	8.0%	60,000	8.0%	60,000	8.0%	60,000
		332,040		2,499,079		7,003,319
Less: current portion of long-term borrowings		73,320		155,779		762,239
		258,720		2,343,300		6,241,080

(b) The short-term interest-bearing borrowings comprise:

	At 31 December					
	2012		2013		2014	
	Interest rate	*RMB'000*	*Interest rate*	*RMB'000*	*Interest rate*	*RMB'000*
Bank loans						
— secured	8.6%	145,000	6.6%–8.6%	835,000	6.6%–8.6%	1,751,000
— unsecured	6.0%–7.8%	365,000	6.0%–7.8%	203,000	6.0%–8.4%	810,000
Unsecured loans from other financial institutions	—	—	12.0%	95,100	—	—
Secured government loan (ii)	12.0%	20,000	12.0%	20,000	12.0%	20,000
Unsecured loan from a related party	—	—	—	—	—	8,000
		530,000		1,153,100		2,589,000
Add: current portion of long-term borrowing		73,320		155,779		762,239
		603,320		1,308,879		3,351,239

Notes:

(i) Secured long-term and short-term interest-bearing borrowings as at 31 December 2012, 2013 and 2014 were guaranteed by related parties and/or secured by investment properties (note 10), lease prepayments (note 11) and property and equipment (note 12) and except for a loan from other financial institutions of RMB1,558,100,000 was secured by the equity interests of Guiyang Dili by its parent company as at 31 December 2014.

(ii) Harbin Hada borrowed an interest free loan from the Financial Bureau of Nangang District, Harbin, in April 2002 amounting to RMB20,000,000, which was guaranteed by Harbin Renhe Industrial Joint Stock Company Limited, a related party. The loan was due in December 2008. According to the terms of the loan agreement, overdue penalty of RMB2,400,000, RMB2,400,000 and RMB2,400,000 has been accrued for the years ended 31 December 2012, 2013 and 2014, respectively, at the rate of 12% per annum.

(c) The long-term borrowings are repayable as follows:

	At 31 December		
	2012	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	73,320	155,979	762,239
After 1 year but within 2 years	93,320	680,320	4,041,220
After 2 years but within 5 years	165,400	1,662,780	2,199,860
	332,040	2,499,079	7,003,319

18 Income Tax in the Combined Statements of Financial Position

(a) Current taxation in the combined statements of financial position represents:

	At 31 December		
	2012	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*
At 1 January	38,080	9,388	15,761
Provision for the year *(note 7)*	260,810	98,045	107,677
Under-provision in respect of prior years	578	1,144	9
Income tax paid	(290,080)	(92,816)	(108,524)
At 31 December	9,388	15,761	14,923

(b) Deferred tax assets and liabilities recognised

The components of deferred tax assets/(liabilities) recognised in the combined statements of financial position and the movements during the Relevant Periods are as follows:

Deferred tax arising from:	**Government grant**	**Tax losses**	**Revaluation of investment properties**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2012	14,806	4,256	(1,373,786)	(1,354,724)
Credited/(charged) to profit or loss	118,110	4,421	(21,510)	101,021
At 31 December 2012	132,916	8,677	(1,395,296)	(1,253,703)
Credited/(charged) to profit or loss	5,756	(3,283)	(57,073)	(54,600)
At 31 December 2013	138,672	5,394	(1,452,369)	(1,308,303)
Charged to profit or loss	(685)	(2,063)	(157,162)	(159,910)
At 31 December 2014	137,987	3,331	(1,609,531)	(1,468,213)

19 Deferred Income

	At 31 December		
	2012	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*
At 1 January	408,900	531,665	554,691
Additions	124,160	24,400	1,330
Amortisation for the year	(1,395)	(1,374)	(2,741)
At 31 December	531,665	554,691	553,280

Deferred income mainly represents government grants relating to acquisition of land use rights or construction of properties, which would be recognised as income on a straight-line basis over the expected useful life of the relevant assets. The deferred income recognised is included in "other net income" in the combined statements of profit or loss and other comprehensive income.

20 Parent's Net Investment

For the purpose of these combined financial statements, parent's net investment of the Target Business as at 31 December 2012, 2013 and 2014 represents the aggregate amount of the net assets attributable to the shareholders/owners of the companies operating the Target Business at the end of each reporting period.

21 Operating Lease

(a) Leases as lessor

The companies operating the Target Business lease out their investment properties under operating lease. The future minimum lease income under non-cancellable lease is receivable as follows:

	At 31 December		
	2012	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*
Less than one year	3,570	6,852	10,669

(b) Leases as lessee

Non-cancellable operating lease rentals are payables as follows:

	At 31 December		
	2012	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*
Less than one year	1,154	8,052	9,211
Between one and five years	5,542	38,862	33,017
More than five years	1,333	116,425	109,892
	8,029	163,339	152,120

22 Commitments

(a) *Capital commitments*

As at 31 December 2012, 2013 and 2014, the companies operating the Target Business have the following commitments in respect of development of agriculture produce wholesale markets not provided for in the Financial Information:

	At 31 December		
	2012	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*
Contracted for	198,495	242,105	147,963
Authorised but not contracted	29,772	18,508	14,450
	228,267	260,613	162,413

23 Financial Risk Management and Fair Values

Exposure to credit, liquidity and interest rate arises in the normal course of the Target Business.

The exposure to these risks and the financial risk management policies and practices used by the companies operating the Target Business to manage these risks are described below.

(a) *Credit risk*

The Target Business's credit risk is primarily attributable to other receivables.

Other receivables mainly represent advances to third parties and related parties accounted for 99.8% of all the receivables as at 31 December 2014. Majority of receivables from related parties and third parties are mainly for funding purposes. According to the agreements signed by third parties, Renhe Investment Holdings Company Limited ("Renhe Investment") and the companies operating the Target Business on 10 June 2015, all advances to third parties are taken over by Renhe Investment, a related party. After carefully evaluating the financial ability of those related parties, the directors expect such balances of advances to related parties are with minimal credit risks. The companies operating the Target Business do not obtain collateral from debtors.

Expect for the financial guarantees given by the companies operating the Target Business as set out in note 26, these companies do not provide any other guarantees which would expose to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the end of each report period is disclosed in note 26.

Further quantitative disclosures in respect of the exposure to credit risk arising from other receivables are set out in note 14.

(b) *Liquidity risk*

Shouguang Dili manages cash investments of cash surpluses and raising of loans to cover expected cash demands on a group basis. The policy is to regularly monitor its liquidity requirements and its compliance with lending covenant, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the respective reporting period end dates of the non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the respective reporting period end dates) and the earliest date the companies operating the Target Business can be required to pay:

	Contractual undiscounted cash outflow				
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**Total**	**Balance sheet carrying amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2012					
Borrowings					
— long-term *(note 17 (a))*	4,800	109,307	215,685	329,792	258,720
— short-term *(note 17 (b))*	654,078	—	—	654,078	603,320
Trade and other payables (excluding receipts in advance) *(note 16)*	480,151	—	—	480,151	480,151
	1,139,029	109,307	215,685	1,464,021	1,342,191
At 31 December 2013					
Borrowings					
— long-term *(note 17 (a))*	4,800	923,428	2,019,905	2,948,133	2,343,300
— short-term *(note 17 (b))*	1,603,087	—	—	1,603,087	1,308,879
Trade and other payables (excluding receipts in advance) *(note 16)*	846,203	—	—	846,203	846,203
	2,454,090	923,428	2,019,905	5,397,423	4,498,382
At 31 December 2014					
Borrowings					
— long-term *(note 17 (a))*	324,787	4,494,472	2,671,288	7,490,547	6,241,080
— short-term *(note 17 (b))*	3,787,701	—	—	3,787,701	3,351,239
Trade and other payables (excluding receipts in advance) *(note 16)*	1,229,466	—	—	1,229,466	1,229,466
	5,341,954	4,494,472	2,671,288	12,507,714	10,821,785

(c) Interest rate risk

(i) Interest bearing financial instruments profile

The interest rate risk arises primarily from interest bearing borrowings. Borrowings issued at variable rates and at fixed rates expose to cash flow interest rate risk and fair value interest risk, respectively.

Net fixed rate borrowings:

	At 31 December		
	2012	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*
Borrowings	508,240	2,550,379	5,398,319
Less: bank deposits	250,000	—	—
other receivables	—	539,072	855,469
non-current other receivables	100,000	1,011,838	4,201,480
	158,240	999,469	341,370

Net variable rate borrowings:

	At 31 December		
	2012	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*
Borrowings	353,800	1,101,800	4,194,000
Less: bank deposits	215,153	132,607	110,932
other receivables	—	450,000	3,157,339
non-current other receivables	—	600,000	445,203
Total net borrowing	138,647	(80,807)	480,526

Details of the interest rates are disclosed same as notes 14, 16 and 17.

(ii) Sensitive analysis

At 31 December 2012, 2013 and 2014, it is estimated that a general increase/decrease of 100 basis points in interest rate of net variable borrowings, with all other variables held constant, the Target Business's profit after tax would have decreased/increased and net assets by approximately RMB1,039,853, RMB606,053 and RMB3,603,945, respectively.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of reporting period and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at the end of reporting period. The impact on the Target Business's profit after tax and net assets is estimated as an annualised impact on interest expense or income of such a change in interest rates.

The estimated 100 basis points increase or decrease represents management's assessment of a reasonable change in interest rates over the period until the next annual reporting period end. The analysis is performed on the same basis during the Relevant Periods.

(d) Fair values

Fair value hierarchy of financial instruments is the same as disclosed in note 10.

As at 31 December 2012, 2013 and 2014, there is no financial instrument carried at fair value.

The carrying amounts of the financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2012, 2013 and 2014.

24 Material Related Party Transactions

(a) Material related party transactions

	Years ended 31 December		
	2012	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*
Working capital provided to			
— other related parties	274,823	2,061,427	8,292,007
Working capital repaid from			
— other related parties	831	602,535	2,826,832
Working capital repaid to			
— other related parties	—	4,555	312,900
Working capital obtained from			
— Ms. Zhang Xingmei	—	—	52,156
— other related parties	23,796	312,900	580,859
Interest income	—	18,778	301,202
Financial guarantees provided by other related parties	—	2,785,000	4,230,800

(b) Key management personnel remuneration

Remuneration for key management personnel of the companies operating the Target Business is as follows:

	Years ended 31 December		
	2012	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*
Salaries and other emoluments	4,548	4,327	5,570
Retirement plan contributions	265	255	365
	4,813	4,582	5,935

(c) Related party balance

	At 31 December		
	2012	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*
Amounts due to related parties			
— Ms. Zhang Xingmei (i)	—	—	52,156
— other related parties	39,376	347,721	615,680
Amounts due from related parties			
— other related parties	508,381	1,967,273	7,432,448
Borrowings guaranteed by related parties			
— other related parties	—	2,785,000	7,015,800
Net book value of pledged assets for related parties' bank loans			
— other related parties (ii)	—	—	284,129

(i) Ms. Zhang Xingmei is the controlling shareholder of the Win Spread, the ultimate controlling company of Shouguang Dili.

(ii) The companies operating Target Business have provided securities for related parties in relation to bank loans during the Relevant Periods.

25 Possible Impact of Amendments, New Standards and Interpretations Issued But Not Yet Affect

Up to the date of issue of the Financial Information, the IASB has issued a few amendments and new standards which are not effective for the year ended 31 December 2014 and which have not been adopted in the Financial Information.

	Effective for accounting periods beginning on or after
Amendments to IAS 19, *Defined benefit plans: Employee contributions*	1 July 2014
Annual improvements to IFRSs 2010–2012 cycle	1 July 2014
Annual improvements to IFRSs 2011–2013 cycle	1 July 2014
IFRS 14, *Regulatory deferral accounts*	1 January 2016
Amendments to IFRS 11, *Accounting for acquisition of interests in joint operations*	1 January 2016
Amendments to IFRS 16 and IAS 38, *Clarification of Acceptable methods of depreciation and amortisation*	1 January 2016
Amendments to IAS 16, *Property, plant and equipment*, and IAS 41, *Agriculture "Agriculture: Bearer Plants"*	1 January 2016
Amendments to IAS 27, *Separate financial statements "Equity method in separate financial statements"*	1 January 2016
IFRS 15, *Revenue from contracts with customers*	1 January 2018
IFRS 9, *Financial instruments*	1 January 2018

The companies operating the Target Business are in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far these companies have concluded that the adoption of them is unlikely to have a significant impact on the Financial Information.

26 Contingent Liabilities

The companies operating the Target Business provided financial guarantees to a related party in respect of bank loans of RMBnil, RMBnil and RMB245,000,000 and to a third party in respect of bank loans of RMBnil, RMBnil and RMB1,100,000,000 as at 31 December 2012, 2013 and 2014.

As at the end of each reporting period, the directors do not consider it probable that a claim will be made against the companies operating the Target Business under any of the guarantees.

As at the date of this report, there is a dispute between Shenyang Dili and Shenyang Municipal Bureau of Land and Resources on the penalty amount for delay of land transfer price payment. The management of Shenyang Dili was of opinion that there is still uncertainty on the penalty amount, which could not be reliably estimated.

C SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or the companies operating the Target Business in respect of any period subsequent to 31 December 2014.

Yours faithfully
KPMG
Certified Public Accountants
Hong Kong

The following is the text of a report, prepared for the purpose of incorporation in this circular, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong.

KPMG

8th floor
Prince's Building
10 Chater Road
Central
Hong Kong

29 June 2015

The Directors
Renhe Commercial Holdings Company Limited

Dear Sirs,

INTRODUCTION

We set out below our report on the financial information relating to Yield Smart Limited ("Yield Smart" or the "Target Company") and its subsidiaries (hereinafter collectively referred to as the "Target Group") comprising the combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined cash flow statements of the Target Group, for each of the years ended 31 December 2012, 2013 and 2014 (the "Relevant Periods"), and the combined statements of financial position of the Target Group as at 31 December 2012, 2013 and 2014, together with the explanatory notes thereto (the "Financial Information"), for inclusion in the circular of Renhe Commercial Holdings Company Limited (the "Company") dated 29 June 2015 (the "Circular") in connection with the proposed acquisition of the entire issued share capital of Yield Smart (the "Proposed Acquisition").

Yield Smart was incorporated in the British Virgin Islands on 30 March 2015 as an exempted company with limited liability under the Business Companies Act of the British Virgin Islands (2004). Pursuant to the group reorganisation (the "Reorganisation") as detailed in the section headed "LETTER FROM THE BOARD — INFORMATION OF THE VENDOR AND THE TARGET COMPANY" in the Circular, Yield Smart became the holding company of the companies now comprising the Target Group on 4 June 2015. Yield Smart has not carried on any business since the date of its incorporation save for the aforementioned reorganisation.

As at the date of this report, no audited financial statements have been prepared for Yield Smart or its subsidiaries set out below, as they either have not carried on any business since the date of incorporation or are investment holding companies and not subject to statutory audit requirements under the relevant rules and regulations in the jurisdiction of incorporation.

Name of subsidiaries

Jade Tone Limited
Chaoyi Limited
Feng Pei Limited
Shouguang Dili Agricultural Product Logistics Park Company Limited
Shenyang Shouguang Dili Agricultural By-Products Company Limited
Guiyang Juzhengrun Agricultural Products Market Management Company Limited
Harbin Dili Agricultural By-Products Company Limited
Harbin Dalikai Agricultural By-Products Company Limited
Qiqihar Dili Agricultural Products Market Management Company Limited
Mudanjiang Dili Agricultural By-Products Company Limited

Details of the companies now comprising the Target Group that are subject to audit during the Relevant Periods are set out in note 13 of section B. The statutory financial statements of these companies were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"). All companies now comprising the Target Group have adopted 31 December as their financial year end date.

In connection with the Proposed Acquisition, the directors of Yield Smart have prepared the combined financial statements of the Target Group for the Relevant Periods (the "Underlying Financial Statements") on the same basis as used in the preparation of the Financial Information set out in section B below. The Underlying Financial Statements for each of the years ended 31 December 2012, 2013 and 2014 were audited by KPMG Huazhen (Special General Partnership) in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The Financial Information has been prepared by the directors of the Company for inclusion in the Circular in connection with the Proposed Acquisition based on the Underlying Financial Statements, with no adjustments made thereon, and in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Financial Information that gives a true and fair view in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") and the applicable disclosure provisions of the Listing Rules, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to form an opinion on the Financial Information based on our procedures performed in accordance with Auditing Guideline "Prospectuses and the Reporting Accountant" (Statement 3.340) issued by the HKICPA. We have not audited any financial statements of the Target Group in respect of any period subsequent to 31 December 2014.

OPINION

In our opinion, the Financial Information gives, for the purpose of this report, and on the basis of preparation set out in note 1(a) of Section B below, a true and fair view of the state of affairs of the Target Group as at 31 December 2012, 2013 and 2014 and the Target Group's combined results and cash flows for the Relevant Periods then ended.

A COMBINED FINANCIAL INFORMATION OF THE TARGET GROUP

Combined Statements of Profit or Loss and Other Comprehensive Income

		Years ended 31 December		
	Section B	**2012**	**2013**	**2014**
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Other operating expenses/Loss from operations		(51)	(47)	(67)
Finance costs		—	—	(3)
Loss before taxation		(51)	(47)	(70)
Income tax	*3*	—	—	—
Loss for the year		(51)	(47)	(70)
Other comprehensive income for the year (after tax and reclassification adjustments)				
Items that may be reclassified subsequently to profit or loss:				
Exchange difference on translation into presentation currency		—	6	(1)
Total comprehensive income for the year		(51)	(41)	(71)

The accompanying notes form part of the Financial Information.

Combined Statements of Financial Positions

		At 31 December		
	Section B	**2012**	**2013**	**2014**
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Current assets				
Other receivables	*6*	62,802	60,927	61,120
Cash at bank		6	6	6
		62,808	60,933	61,126
Current liabilities				
Other payables	*7*	63,023	61,189	61,453
Net current liabilities/ Total assets less current liabilities/ Net liabilities		(215)	(256)	(327)
Capital and reserves				
Share capital	*8(a)*	—	—	—
Reserves	*8(b)*	(215)	(256)	(327)
Total equity		(215)	(256)	(327)

The accompanying notes form part of the Financial Information.

Combined Statements of Changes in Equity

	Share Capital *RMB'000* *note 8(a)*	Other reserve *RMB'000* *note 8(b)(i)*	Exchange reserve *RMB'000* *note 8(b)(ii)*	Accumulated loss *RMB'000*	Total *RMB'000*
Balance at 1 January 2012	—	—	17	(181)	(164)
Changes in equity for 2012:					
Loss for the year	—	—	—	(51)	(51)
Other comprehensive income	—	—	—	—	—
Total comprehensive income	—	—	—	(51)	(51)
Balance at 31 December 2012	—	—	17	(232)	(215)
Changes in equity for 2013:					
Loss for the year	—	—	—	(47)	(47)
Other comprehensive income	—	—	6	—	6
Total comprehensive income	—	—	6	(47)	(41)
Balance at 31 December 2013	—	—	23	(279)	(256)
Changes in equity for 2014:					
Loss for the year	—	—	—	(70)	(70)
Other comprehensive income	—	—	(1)	—	(1)
Total comprehensive income	—	—	(1)	(70)	(71)
Balance at 31 December 2014	—	—	22	(349)	(327)

The accompanying notes form part of the Financial Information.

Combined Cash Flow Statements

		Years ended 31 December		
	Section B	**2012**	**2013**	**2014**
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Operating activities				
Loss before taxation		(51)	(47)	(70)
Changes in working capital				
(Decrease)/increase in other payables		(29)	12	(24)
Net cash used in operating activities		(80)	(35)	(94)
Investing activities				
Proceeds from repayment of advances to related parties		17	2	26
Net cash generated in investing activities		17	2	26
Financing activities				
Proceeds from advances from related parties		63	27	69
Net cash generated from financing activities		63	27	69
Net decrease in cash and cash equivalents		—	(6)	1
Cash and cash equivalents at 1 January		6	6	6
Effect of exchange rate change		—	6	(1)
Cash and cash equivalents at 31 December		6	6	6

The accompanying notes form part of the Financial Information.

B NOTES TO COMBINED FINANCIAL INFORMATION

1 Significant Accounting Policies

(a) Basis of preparation and presentation

Yield Smart was incorporated in the British Virgin Islands on 30 March 2015 as an exempted company with limited liability under the Business Companies Act of the British Virgin Islands (2004). It was wholly owned by New Amuse Limited ("New Amuse"), a subsidiary of Shouguang Dili Agri-Products Group Company Limited ("Shouguang Dili"). New Amuse transferred its entire equity interest in certain subsidiaries, listed below, to Yield Smart on 4 June 2015 and after then Yield Smart became the holding company of the companies now comprising the Target Group.

Shouguang Dili controlled the companies now comprising the Target Group before and after the share transfer mentioned above. The Financial Information has been prepared on a combined basis. The net assets of the companies now comprising the Target Group are combined using the existing book values from Shouguang Dili's perspective.

The combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and the combined cash flow statements of the Target Group for the Relevant Periods have been prepared on a combined basis and include the results of operations of the companies comprising the Target Group for the Relevant Periods (or where the companies were incorporated at a date later than 1 January 2012, for the period from the date of incorporation to 31 December 2014). The combined statements of financial position of the Target Group as at 31 December 2012, 2013 and 2014 have been prepared to present the state of affairs of the companies comprising the Target Group as at the respective dates.

All material intra-group transactions and balances have been eliminated on combination.

At the date of this report, Yield Smart has direct or indirect interests in the following subsidiaries, all of which are private companies. The particulars of these subsidiaries are set out below:

			Proportion of ownership interest	
Name of entity	**Place and date of establishment/incorporation**	**Particulars of registered and paid-in capital**	**Direct interest**	**Indirect interest**
Jade Tone Limited ("Jade Tone")	the British Virgin Islands (the "BVI") 1 April 2002	Authorised capital of USD50,000 of USD1 each and issued share capital of USD1	100%	—
Chaoyi Limited ("Chaoyi")	the BVI 15 April 2010	Authorised capital of USD50,000 of USD1 each and issued share capital of USD1	100%	—
Feng Pei Limited ("Feng Pei")	the BVI 13 May 2010	Authorised capital of USD50,000 of USD1 each and issued share capital of USD1	100%	—
Sure Cheer Limited ("Sure Cheer")	Hong Kong 25 March 2010	1 share	—	100%
Luck Champion Limited ("Luck Champion")	Hong Kong 13 May 2010	1 share	—	100%
Fine Winner Limited ("Fine Winner")	Hong Kong 13 May 2010	1 share	—	100%

Name of entity	Place and date of establishment/incorporation	Particulars of registered and paid-in capital	Proportion of ownership interest Direct interest	Indirect interest
Shouguang Dili Agricultural Products Logistics Park Company Limited (i) ("Shoguaung Dili Logistics Park") (壽光地利農產品物流園有限公司)	Shouguang, the PRC December 18, 2014	Registered capital of USD32,600 and paid-in capital of USDnil	—	100%
Shenyang Shouguang Dili Agricultural By-Products Company Limited (i) ("Shenyang Shouguang Dili") (瀋陽壽光地利農副產品有限公司)	Shenyang, the PRC October 24, 2014	Registered capital of RMB200,000 and paid-in capital of RMBnil	—	100%
Guiyang Juzhengrun Agricultural Products Market Management Company Limited (i) ("Guiyang Juzhengrun") (貴陽聚正潤農產品市場管理有限公司)	Guiyang, the PRC 6 November 2014	Registered capital of HKD200,000 and paid-in capital of HKDnil	—	100%
Harbin Dili Agricultural By-Products Company Limited (i) ("Harbin Dili") ("哈爾濱地利農副產品有限公司")	Harbin, the PRC 14 November 2014	Registered capital of RMB200,000 and paid-in capital of RMBnil	—	100%
Harbin Dalikai Agricultural By-Products Company Limited (i) ("Harbin Dalikai") ("哈爾濱達利凱農副產品有限責任公司")	Harbin, the PRC 10 October 2014	Registered capital of RMB100,000 and paid-in capital of RMBnil	—	100%
Qiqihar Dili Agricultural Products Market Management Company Limited (i) ("Qiqihar Dili") ("齊齊哈爾地利農產品市場管理有限公司")	Qiqihar, the PRC 18 October 2014	Registered capital USD20,000 and paid-in capital of USDnil	—	100%
Mudanjiang Dili Agricultural By-Products Company Limited (i) ("Mudanjiang Dili") ("牡丹江地利農副產品有限公司")	Mudanjiang, The PRC 23 December 2014	Registered capital RMB100,000 and paid-in capital of RMBnil	—	100%

(i) The English translation of the names are for reference only. The official names of these entities are in Chinese.

(b) Statement of compliance

The Financial Information set out in this report has been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which collective term includes International Accounting Standards and related interpretations, promulgated by the International Accounting Standards Board (the "IASB"). Further details of the significant accounting policies adopted are set out in the remainder of this section B.

The IASB has issued a number of new and revised IFRSs. For the purpose of preparing this Financial Information, the Target Group has adopted all applicable new and revised IFRSs to the Relevant Periods, except for any new standards or interpretations that are not yet effective for the accounting period beginning 1 January 2014. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period beginning 1 January 2014 are set out in note 12.

The Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The accounting policies set out below have been applied consistently to all periods presented in the Financial Information.

(c) Basis of measurement

The Financial Information are presented in Renminbi ("RMB"), rounded to the nearest thousand, which is the functional currency of the subsidiaries established in the PRC. The functional currency of Yield Smart and its subsidiaries established out of PRC is Hong Kong dollar ("HKD").

The Financial Information is prepared on the historical cost basis.

(d) Use of estimates and judgments

The preparation of Financial Information in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the Financial Information and major sources of estimation uncertainty are discussed in note 2.

(e) Subsidiaries

Subsidiaries are entities controlled by entities within the Target Group. Control exists when the Target Group is exposed, or has rights, to variable returns from its involvement with the subsidiaries and has the ability to affect those returns through its power over the subsidiaries. When assessing whether the Target Group has power, only substantive rights (held by the Target Group and other parties) are considered.

An investment in a subsidiary is reflected into the Financial Information from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the Financial Information. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Changes in the Target Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within combined equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Target Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

(f) Impairment of other receivables

Other receivables that are stated at cost or amortised cost are reviewed at the end of the reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention about one or more of the following loss events:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, any impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Target Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against the respective receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(g) Other receivables

Other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 1(f)), except where the receivables are interest-free loans made to related parties or third parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(h) Other payables

Other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(j) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Target Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of the reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Target Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Target Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  — the same taxable entity; or

  — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(k) Other provisions and contingent liabilities

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

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

(l) Interest income

Interest income is recognised as it accrues using the effective interest method.

(m) Translation of foreign currencies

Foreign currency transactions during the Relevant Periods are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statements of financial position items are translated into RMB at the closing foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

(n) Related parties

(a) A person, or a close member of that person's family, is related to the Target Group if that person:

(i) has control or joint control over the Target Group;

(ii) has significant influence over the Target Group; or

(iii) is a member of the key management personnel of the Target Group or the Target Group's parent.

(b) An entity is related to the Target Group if any of the following conditions applies:

(i) The entity and the Target Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Target Group or an entity related to the Target Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2 Accounting Judgement and Estimates

The Target Group's financial position and results of operations are sensitive to accounting methods, assumptions and estimates that underlie the preparation of the Financial Information. The Target Group bases the assumptions and estimates on historical experience and on various other assumptions that the Target Group believes to be reasonable and which form the basis for making judgements about matters that are not readily apparent from other sources. On an on-going basis, management evaluates its estimates. Actual results may differ from those estimates as facts, circumstances and conditions change.

The selection of critical accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing the Financial Information. The significant accounting policies are set forth in note 1. The Target Group believes the following critical accounting policies involve the most significant judgements and estimates used in the preparation of the Financial Information.

(a) Impairment losses for bad and doubtful debts

The Target Group estimates impairment losses for bad and doubtful debts resulting from the inability of the debtors to make the required payments. The Target Group bases the estimates on the aging of the receivable balance, debtors' creditworthiness, and historical write-off experience. If the financial condition of the customers and debtors were to deteriorate, actual write-offs would be higher than estimated.

3 Income Tax in the Combined Statement of Profit or Loss

Pursuant to the rules and regulations of the BVI, the subsidiaries of the Target Group incorporated in the BVI are not subject to any income tax.

The Hong Kong Profits Tax rate is 16.5%. No provision for Hong Kong Profits Tax has been made as the subsidiaries of the Target Group incorporated in Hong Kong did not earn any income during the Relevant Periods.

According to the Corporate Income Tax Law of the PRC, the statutory income tax rate applicable to the Target Group's subsidiaries established in the PRC is 25%. No provision for these subsidiaries has been made as these companies did not earn any income during the Relevant Periods.

4 Directors' Remuneration

The directors believe the presentation of such information is not meaningful for the purpose of this report.

5 Individuals With Highest Emolument

The directors believe the presentation of the five highest paid employees information is not meaningful for the purpose of this report.

6 Other Receivables

	At 31 December		
	2012	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*
Amounts due from related parties	62,802	60,927	61,120

Amounts due from related parties as at 31 December 2012, 2013 and 2014 are unsecured, non-interest bearing and have no fixed terms of repayment.

7 Other Payables

	At 31 December		
	2012	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*
Amounts due to related parties	62,996	61,150	61,438
Others	27	39	15
	63,023	61,189	61,453

Amounts due to related parties as at 31 December 2012, 2013 and 2014 are unsecured, non-interest bearing and have no fixed terms of repayment. All other payables are repayable on demand.

8 Capital and Reserves

(a) Share capital

Yield Smart was incorporated in the BVI on 30 March 2015 with an authorised share capital of USD50,000 divided into 50,000 ordinary shares of a par value USD1 each. Upon incorporation of Yield Smart, 1 ordinary share for cash at par were allotted to New Amuse.

(b) Nature and purpose of reserves

(i) Other reserve

For the purpose of this Financial Information, the balance of other reserve as at 31 December 2012, 2013 and 2014 represented the aggregate of the share/paid-in capital of the subsidiaries in which the shareholders of Yield Smart held direct interest, after elimination of its investment in the subsidiaries.

(ii) Exchange reserve

The exchange reserve comprises all foreign differences arising from the translation of the financial statements of companies incorporated out of the PRC.

9 Financial Risk Management and Fair Values

Exposure to credit and liquidity risks arises in the normal course of the Target Group's business.

The Target Group's exposure to these risks and the financial risk management policies and practices used by the Target Group to manage these risks are described below.

(a) Credit risk

The Target Group's credit risk is primarily attributable to other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Other receivables are all advances due from related parties. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset in the combined statements of financial position after deducting any impairment allowance.

Further quantitative disclosures in respect of the Target Group's exposure to credit risk arising from other receivables are set out in note 6.

(b) Liquidity risk

Individual operating entities within the Target Group are responsible for their own cash management. The Target Group's policy is to regularly monitor its liquidity requirements, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from the shareholder or other group companies to meet its liquidity requirements in the short and longer term.

The contracted undiscounted cash flows of financial liabilities is the same as the carrying value of the payables disclosed in note 7.

(c) Fair values

The carrying amounts of significant financial assets and liabilities carried at cost or amortised cost are not materially different from their fair values as at 31 December 2012, 2013 and 2014.

10 Material Related Party Transactions

(a) Material related party transactions

	Years ended 31 December		
	2012	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*
Working capital obtained from related parties	63	27	69
Working capital repaid from related parties	17	2	26

(b) Related party balances

Details of the outstanding balances with related parties are set out in notes 6 and 7.

11 Immediate and Ultimate Controlling Party

The directors consider the immediate and ultimate holding company of the Target Group as at the date of this report to be New Amuse which is incorporated in BVI and Win Spread Limited which is also incorporated in BVI. Neither of those companies produces financial statements available for public use.

12 Possible Impact of Amendments, New Standards and Interpretations Issued But Not Yet Affect

Up to the date of issue of the Financial Information, the IASB has issued a few amendments and new standards which are not effective for the year ended 31 December 2014 and which have not been adopted in the Financial Information.

	Effective for accounting periods beginning on or after
Amendments to IAS 19, *Defined benefit plans: Employee contributions*	1 July 2014
Annual improvements to IFRSs 2010–2012 cycle	1 July 2014
Annual improvements to IFRSs 2011–2013 cycle	1 July 2014
IFRS 14, *Regulatory deferral accounts*	1 January 2016
Amendments to IFRS 11, *Accounting for acquisition of interests in joint operations*	1 January 2016
Amendments to IFRS 16 and IAS 38, *Clarification of Acceptable methods of depreciation and amortisation*	1 January 2016
Amendments to IAS 16, *Property, plant and equipment*, and IAS 41, *Agriculture* "*Agriculture: Bearer Plants*"	1 January 2016
Amendments to IAS 27, *Separate financial statements "Equity method in separate financial statements*"	1 January 2016
IFRS 15, *Revenue from contracts with customers*	1 January 2018
IFRS 9, *Financial instruments*	1 January 2018

The Target Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Financial Information.

13 Statutory Audit

The financial statements of the companies now comprising the Target Group which are subject to audit during the Relevant Periods were audited by the following auditors:

Name of company	Financial period	Statutory auditors
Fine Winner Limited (i)	Year ended 31 December 2012	Chan Chee Cheng & CO. Certified Public Accountants (Practising) ("Chan Chee Cheng")(ii)
	Year ended 31 December 2013	Chan Chee Cheng (ii)
Luck Champion Limited (i)	Year ended 31 December 2012	Chan Chee Cheng (ii)
	Year ended 31 December 2013	Chan Chee Cheng (ii)
Sure Cheer Limited (i)	Year ended 31 December 2012	Chan Chee Cheng (ii)
	Year ended 31 December 2013	Chan Chee Cheng (ii)

(i) At the date of this report, there are no statutory financial statements for the year ended 31 December 2014.

(ii) The firm is a certificated public accounting firm registered in Hong Kong.

C SUBSEQUENT FINANCIAL STATEMENTS AND DIVIDENDS

No audited financial statements have been prepared by Yield Smart and its subsidiaries comprising the Target Group in respect of any period subsequent to 31 December 2014. No dividend or distribution has been declared or made by any companies comprising the Target Group in respect of any period subsequent to 31 December 2014.

Yours faithfully
KPMG
Certified Public Accountants
Hong Kong

A. PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

1. Introduction

The following is the illustrative and unaudited pro forma financial information of the Enlarged Group being the Company and its subsidiaries (collectively referred to as the "**Group**") together with the Target Group as if the Reorganization and Acquisition had been completed on 31 December 2014 for the unaudited pro forma consolidated statement of financial position, and as if it had been completed on 1 January 2014 for the unaudited pro forma consolidated statement of profit or loss and the unaudited pro forma consolidated cash flow statement for the year ended 31 December 2014. Details of the Reorganization and Acquisition are set out in the section headed "LETTER OF THE BOARD" contained in this Circular.

The unaudited pro forma financial information of the Enlarged Group has been prepared in accordance with Paragraph 4.29 and 14.69(4)(a)(ii) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), for the purpose of illustrating the effect of the Reorganization and Acquisition pursuant to the terms of the purchase agreement signed by and between the Company and New Amuse Limited (the "**New Amuse**") (the "**Acquisition Agreement**"). Because of its hypothetical nature, the unaudited pro forma financial information may not give a true picture of the financial position or results of the Enlarged Group had the Reorganization and Acquisition been completed as of the specified dates or any future date.

The unaudited pro forma financial information of the Enlarged Group is based upon the consolidated financial information of the Group for the year ended 31 December 2014, which has been derived from the Company's annual report for the year then ended as referred to in Appendix I contained in this Circular and the combined financial information of the Target Group for the year ended 31 December 2014 which have been derived from the accountants' report as referred to in Appendix IV contained in this Circular, and adjusted on a pro forma basis to reflect the effect of the Reorganization and Acquisition. These pro forma adjustments are (i) directly attributable to the Reorganization and Acquisition and not relating to other future events and decisions and (ii) factually supportable based on the terms of the Acquisition Agreement and the Framework Lease Agreement.

The unaudited pro forma financial information of the Enlarged Group should be read in conjunction with the historical financial information of the Group set out in the annual report of the Company for the year ended 31 December 2014 and other financial information included elsewhere in this Circular.

2. Unaudited pro forma consolidated statements of financial position of the Enlarged Group as at 31 December 2014

(Expressed in RMB'000)

	The Group	Combined financial information of the Target Group	Pro forma adjustments					Pro forma of the Enlarged Group
			Note 5a(i)	*Note 5a(ii)*	*Note 5b(i)(ii)(iii)(iv)*	*Note 5b(v)*	*Note 5f*	
Non current assets								
Property and equipment	474,215	—	1,258,552	(1,258,552)				474,215
Investment properties	26,198,046	—	8,417,000	(8,417,000)				26,198,046
Lease prepayments	—	—	1,310,232	(1,310,232)				—
Goodwill	363,792	—			2,968,661	(2,582,661)		749,792
Intangible assets	11,123	—	28,452	(28,452)	6,486,667			6,497,790
Other assets	1,249,634	—						1,249,634
Deferred tax assets	135,262	—	141,318	(141,318)				135,262
Trade and other receivables	520,528	—	4,646,683	(4,646,683)				520,528
Total non-current assets	**28,952,600**	**—**						**35,825,267**
Current assets								
Inventory	4,579,443	—	2,842					4,582,285
Trade and other receivables	2,892,110	61,120	6,013,209	(5,814,845)				3,151,594
Cash at bank and on hand	884,493	6	112,292					996,791
Total current assets	**8,356,046**	**61,126**						**8,730,670**

	The Group	Combined financial information of the Target Group	Pro forma adjustments					Pro forma of the Enlarged Group
			Note 5a(i)	*Note 5a(ii)*	*Note 5b(i)(ii)(iii)(iv)*	*Note 5b(v)*	*Note 5f*	
Current liabilities								
Loans and borrowings	3,185,101	—	3,351,239	(3,351,239)				3,185,101
Trade and other payables	5,534,252	61,453	1,408,494	(1,094,996)			18,144	5,927,347
Current taxation	18,538	—	14,923	(14,923)				18,538
Total current liabilities	**8,737,891**	**61,453**						**9,130,986**
Net current liabilities	**(381,845)**	**(327)**						**(400,316)**
Total assets less current liabilities	**28,570,755**	**(327)**						**35,424,951**
Non-current liabilities								
Loans and borrowings	5,403,091	—	6,241,080	(6,241,080)	1,168,729			6,571,820
Deferred income	—	—	553,280	(553,280)				—
Deferred tax liability	4,059,703	—	1,609,531	(1,609,531)	1,621,667			5,681,370
Non-current receipt in advance	539,617	—						539,617
Other non-current liabilities	—	—	13,464	(13,464)				—
Total non-current liabilities	**10,002,411**	**—**						**12,792,807**
Net assets/(liabilities)	**18,568,344**	**(327)**						**22,632,144**
Equity								
Share capital	186,376	—			96,588			282,964
Reserves	18,242,088	(327)			6,568,344	(2,582,661)	(18,144)	22,209,300
Parent's net investment	—	—	8,684,400	(8,684,400)				—
Non-controlling interests	139,880	—	54,169	(54,169)				139,880
Total Equity	**18,568,344**	**(327)**						**22,632,144**

3. Unaudited pro forma consolidated statement of profit or loss of the Enlarged Group for the year ended 31 December 2014

(Expressed in RMB'000)

	The Group	Combined financial information of the Target Group	Pro forma adjustments							Pro forma of the Enlarged Group
			Note 5a(i)	*Note 5a(ii)*	*Note 5b(v)*	*Note 5c*	*Note 5d*	*Note 5e*	*Note 5f*	
Revenue	555,357	—	863,804							1,419,161
Cost of sales	(11,825)	—	(275,577)	77,714		(100,000)				(309,688)
Gross profit	**543,532**	**—**								**1,109,473**
Net valuation loss on investment properties	(1,364,462)	—	566,662	(566,662)						(1,364,462)
Other operating income	104,659	—	1,234							105,893
Other operating expenses	(339,600)	(67)					(324,333)			(664,000)
Administrative expenses	(409,490)	—			(2,582,661)				(18,144)	(3,010,295)
Profit on disposal of investment properties	7,736	—								7,736
Loss from operations	**(1,457,625)**	**(67)**								**(3,815,655)**
Finance income	123,174	—	563,973	(563,973)						123,174
Finance expenses	(541,490)	(3)	(666,968)	666,968				(24,704)		(566,197)
Net finance expenses	**(418,316)**	**(3)**								**(443,023)**
Loss before income tax	**(1,875,941)**	**(70)**								**(4,258,678)**
Income tax	161,398	—	(267,596)	96,488		25,000	81,083			96,373
Loss for the year	**(1,714,543)**	**(70)**								**(4,162,305)**
Attributable to:										
Equity shareholders of the Company/parent's net investment	(1,666,513)	(70)	758,854	(262,787)	(2,582,661)	(75,000)	(243,250)	(24,704)	(18,144)	(4,114,275)
Non-controlling interests	(48,030)	—	26,678	(26,678)						(48,030)
Loss for the year	**(1,714,543)**	**(70)**								**(4,162,305)**

4. Unaudited pro forma consolidated cash flow statement of the Enlarged Group for the year ended 31 December 2014

(Expressed in RMB'000)

	The Group	Combined financial information of the Target Group	Pro forma adjustments							Pro forma of the Enlarged Group
			Note 5a(i)	*Note 5a(ii)*	*Note 5b(v)*	*Note 5c*	*Note 5d*	*Note 5e*	*Note 5f*	
Operating activities										
Loss for the year	(1,714,543)	(70)	785,532	(289,465)	(2,582,661)	(75,000)	(243,250)	(24,704)	(18,144)	(4,162,305)
Adjustments for:										
Depreciation and amortisation	41,930	—	77,714	(77,714)			243,250			285,180
Net finance expenses	407,284	—	102,413	(102,413)				24,704		431,988
(Gain)/loss on disposal of property and equipment	(2,648)	—	2,246	(2,246)						(2,648)
Profit on disposal of investment properties	(7,736)	—								(7,736)
Net gain on liquidation of a subsidiary	(1,374)	—								(1,374)
Change in fair value of investment properties	1,364,462	—	(566,662)	566,662						1,364,462
Impairment losses on goodwill	—	—			2,582,661					2,582,661
Impairment losses on receivables	15,747	—								15,747
Government grants	—	—	(2,741)	2,741						—
Income tax	(161,398)	—	267,596	(96,488)		(25,000)				(15,290)
Operating (loss)/profit before changes in working capital	**(58,276)**	**(70)**								**490,685**
Decrease in bank deposits	56,309	—								56,309
Decrease in trade receivables and other assets	156,184	—	(10,734)							145,450
Increase in trade and other payables	18,053	(24)	57,901						18,144	94,074
Increase in inventories	(254,517)	—	111							(254,406)
Cash (used in)/generated from in operating activities	**(82,247)**	**(94)**								**532,112**
Income tax paid	(47,286)	—	(108,524)			25,000				(130,810)
Net cash (used in)/ generated from operating activities	**(129,533)**	**(94)**								**401,302**

	The Group	Combined financial information of the Target Group	Pro forma adjustments							Pro forma of the Enlarged Group
			Note 5a(i)	*Note 5a(ii)*	*Note 5b(v)*	*Note 5c*	*Note 5d*	*Note 5e*	*Note 5f*	
Investing activities										
Proceeds from disposal of subsidiaries, net of cash disposed of	260,190	—								260,190
Net proceeds from disposal of investment properties	124,240	—	849	(849)						124,240
Net proceeds from disposal of fixed assets	4,063	—	3,518	(3,518)						4,063
Interest received	13,949	—	563,549	(563,549)						13,949
Payments for the purchase of property and equipment, lease prepayments, intangible assets and investment properties	(513,639)	—	(414,146)	414,146						(513,639)
Advance to related parties	—	—	(8,292,007)	8,292,007						—
Repayment of advance to related parties	—	26	2,826,832	(2,826,832)						26
Advance to third parties	—	—	(1,251,870)	1,251,870						—
Repayment of advances to third parties	—	—	37,008	(37,008)						—
Government grants received	—	—	1,330	(1,330)						—
Increase in time deposits	228,448	—								228,448
Net cash generated from investing activities	**117,251**	**26**								**117,277**
Financing activities										
Proceeds from new borrowings	1,200,000	—	8,385,460	(8,385,460)						1,200,000
Repayment of borrowings	(461,800)	—	(2,445,320)	2,445,320						(461,800)
Advances from related parties	48,521	69	633,015	(633,015)						48,590
Repayment of advances from related parties	(29,973)	—	(312,900)	312,900						(29,973)
Advances from third parties	—	—	298,868	(298,868)						—
Interest paid	(916,106)	—	(665,961)	665,961				(2,863)		(918,969)
Net cash (used in)/ generated from financing activities	**(159,358)**	**69**								**(162,152)**
Net (decrease)/increase in cash and cash equivalents	**(171,640)**	**1**	**(26,923)**							**356,427**
Cash and cash equivalents at 1 January	**1,004,100**	**6**	**139,216**							**1,143,322**
Effect of foreign exchange rate changes	**481**	**(1)**	**(1)**							**479**
Cash and cash equivalents at 31 December	**832,941**	**6**	**112,292**							**1,500,228**

5. Notes to the unaudited pro forma financial information of the Enlarged Group

a. (i) The adjustment represents the combined financial information of the Target Business for the year ended 31 December 2014, which was derived from the accountants' report of the Target Business as referred to in Appendix III to this Circular.

(ii) The adjustment represents the exclusion of certain assets and liabilities of the Target Business which will not be acquired by the Company under the terms of the Reorganization and Acquisition as set out in LETTER FROM THE BOARD contained in this Circular, as well as the related income and expenses and cash flows impacts. The Target Group will take over the Target Business pursuant to which the Vendor shall procure the New PRC Operating Companies shall before completion (i) assume or take up all the existing Business Contracts; (ii) enter into employment agreements with the senior management who were previously employed by the PRC Vendors; and (iii) enter into the Leasing Agreements with the relevant PRC Vendors pursuant to the terms of the Framework Lease Agreement. In connect with the Reorganization and Acquisition, the Company will not acquire the exiting assets and liabilities currently held by the PRC Vendors, except for assuming the other payables amounting to RMB313 million as at 31 December 2014 which mainly represent the receipt in advance and deposits collected from the existing customers of the Target Business. To settle this RMB313 million, the Vendor expects to transfer the cash at bank and on hand and relevant inventory kept by the Target Business amounting to RMB112 million and RMB3 million, respectively, as at 31 December 2014 to the Company and the rest RMB198 million will be paid by the Vendor after the completion of the Acquisition, which is presented as other receivables when preparing the unaudited pro forma statement of financial position of the Enlarge Group as at 31 December 2014.

Accordingly, the impact of depreciation expenses, valuation loss from the investment properties, the finance income and expenses and relevant income tax impact and etc. is excluded when preparing the unaudited pro forma consolidated statement of profit or loss and the unaudited pro forma consolidated cash flow statement. In addition, no cash flows in respect of the investing activities and financing activities of the Target Business are included in the unaudited pro forma consolidated cash flow statement.

b. The identifiable assets and liabilities of the Target Group to be acquired by the Group will be accounted for in the consolidated financial statements of the Group at fair value under the acquisition accounting in accordance with International Financial Reporting Standard ("**IFRS**") 3, *Business Combinations*.

Pro forma adjustments made represent:

	Notes	*RMB'000*
Consideration:		
Fair value of Consideration Shares issued	*(i)*	6,664,605
Assumption of the Loan to be taken	*(ii)*	1,168,729
Total consideration		7,833,334
Less:		
Fair value of net assets acquired	*(iii)*	4,864,673
Goodwill arising from the Acquisition ("**Goodwill**")	*(iv)*	2,968,661

(i) The consideration payable by the Company to the Vendor pursuant to the Acquisition Agreement shall be satisfied by (i) the allotment and issue of 12,243,902,439 Consideration Shares, credited as fully paid, to the Vendor on the Completion Date; and (ii) the assumption of the Loan by the Company before or upon Completion.

For the purposes of the unaudited pro forma financial information, the fair value of the 12,243,902,439 Consideration Shares to be issued by the Company amounted to RMB6,665 million is determined with reference to the closing price of the Company of HKD0.69 per share as at 26 June 2015 (the Latest Practical Date). The increase of equity is as follows:

	RMB'000
Issued capital	96,588
Reserves — share premium	6,568,017

In the opinion of the Directors, the fair value of the Consideration Shares is subject to the changes upon completion of the Acquisition because the fair value of the Consideration Shares shall be determined on the Completion Date.

(ii) The assumption of the Loan represents a loan of approximately USD191 million due from Shouguang Dili Agri-Products Group Company Limited ("**Shouguang Dili**") to China Minsheng Banking Corporation Limited, Hong Kong Branch, and to be assumed by the Company pursuant to a deed of assignment or any other forms of documents to be entered into by Shouguang Dili, China Minsheng Banking Corporation Limited and the Company. The annual interest rate of the Loan ranged from 2.73% to 2.78%.

(iii) Fair value of net assets to be acquired represents:

	RMB'000
Intangible asset	6,486,667
Net liabilities of the Target Group	(327)
Other receivables	198,364
Cash at bank and on hand	112,292
Inventory	2,842
Trade and other payables	(313,498)
Effect of deferred tax liabilities	(1,621,667)
	4,864,673

The intangible asset represents the fair value of long term lease agreement which have been determined by reference to the valuation report issued by JLL which was the Leasing Agreement to be entered between the New PRC Operating Companies and the PRC Vendors in respect of leasing of certain properties (including land and buildings) to facilitate the on-going operations of the Target Business following to Completion.

For the purposes of the unaudited pro forma financial information, the allocation of the purchase price is determined based on the Directors' estimates of the fair value of the identifiable assets and liabilities to be acquired. In the opinion of the Directors, the fair value of the identifiable assets and liabilities being acquired is subject to changes upon completion of the Acquisition because the fair value of the assets and liabilities being acquired shall be assessed at the Completion Date.

Since the unaudited pro forma financial information of the Enlarged Group is prepared solely for illustrative purposes, the Directors had assumed that the fair values of all assets and liabilities to be their respective fair values at the Completion Date. The possible changes to fair values of the assets and liabilities being acquired were not reflected in the unaudited pro forma financial information of the Enlarged Group.

(iv) Pursuant to the Acquisition Agreement, the Company has conditionally agreed to purchase total shares of the Target Company by the allotment and issue of Consideration Shares and the assumption of the Loan by the Company before or upon Completion.

The goodwill of RMB2,969 million mainly represents the differences between (i) the fair value of the total consideration of RMB7,833 million which is partly determined by the closing share price of the Company (see Note 5(b)(i) for the detailed disclosure on the basis in determining the total consideration) and (ii) the fair value of the net identifiable assets acquired of the Target Business of

RMB4,865 million, assuming the completion of the Acquisition on 31 December 2014. The significant amount of the goodwill is mainly resulted from the difference of the closing price of the Company's shares of HKD0.69 per share as at the Latest Practical Date and the price of HKD0.41 per share used to determine the number of Consideration Shares to be issued to the Vendor as detailed in the "LETTER FROM THE BOARD" in the Circular.

Under IFRS 3, consideration transferred in relation to business combination is required to be fair valued on the acquisition date. For the purpose of preparing the unaudited pro forma financial information, the Consideration Shares and the Loan have been fair valued based on the closing price of the Company's share of HKD0.69 per share as at the Latest Practical Date. Accordingly, any goodwill or gain on bargain purchase arising from the Acquisition will be dependent on, amongst other factors, the closing price of the Company's share on the Completion Date.

As mentioned in note 5(b)(i) and 5(b)(iii) above, in the preparation of this unaudited pro forma financial information of the Enlarged Group, the Directors had not considered the fair value adjustments of the Consideration Shares and all assets and liabilities as at the Completion Date. Upon the completion, the fair values of the Consideration Shares and all identifiable assets and liabilities to be acquired, will be assessed. Accordingly, the Goodwill so calculated, if any, may be materially different from that calculated above.

(v) According to the Group's accounting policy, after initial recognition, the Goodwill will be measured at cost less any accumulated impairment losses. The Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, the Goodwill is, from the Completion Date, allocated to one of the Group's cash generating units, or group of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Further, according to the Group's accounting policy, impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash generating units) to which the Goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, of the unit (or group of units), an impairment loss will be recognized by reducing the carrying amount of any goodwill allocated to the unit (or group of units) at first.

For the purpose of the unaudited pro forma financial information, the Company has ensured the steps taken on the assessment of impairment performed in accordance with International Accounting Standard 36, "*Impairment of Assets*" ("**IAS 36**"), which is consistent with the accounting policy of the Company.

In accordance with the requirements of IAS 36, management has assessed the impairment of goodwill by considering whether the carrying amounts of goodwill plus the net identifiable assets of the underlying business of the Target Group exceed the recoverable amount of such underlying business as at 31 December 2014 for the unaudited pro forma consolidated statement of financial position as if the Acquisition had been completed on 31 December 2014 and as at 1 January 2014 for the unaudited pro forma consolidated statement of profit or loss as if the Acquisition had been completed on 1 January 2014. Should the recoverable amount is below the carrying amounts of Goodwill plus the net identifiable assets of the underlying business of the Target Business, an impairment loss will be recognized by reducing the carrying amount of any goodwill at first.

Such recoverable amount mainly represented the discounted cash inflows from the operation of the Target Business upon the completion of the Acquisition. Taking into consideration that the fair value of the Target Business of RMB5,251 million approximates the recoverable amount based on the independent valuation report as disclosed in Appendix VI of the Circular, the carrying value of the goodwill of RMB2,969 million is considered to be not recoverable, and an impairment loss of the same amount has been included in the unaudited pro forma financial information.

The recoverable amount of the underlying business of the Target Group was determined with reference to the valuation report dated 29 June 2015 on the fair value of the Target Business as of 30 April 2015 using the discounted cash flows model prepared by an independent valuer, JLL.

(vi) Excluding the impact of the impairment of the Goodwill as mentioned in 5(b)(v), the profit for the year ended 31 December 2014 of the Target Group as if the Reorganization had been completed on 1 January 2014 amounted to RMB421 million.

c. The adjustment represents the annual rents for leasing certain properties (including land and buildings) to facilitate the on-going operations of the Target Business according to the Framework Lease Agreement.

d. The adjustment represents the annual amortisation charges for the intangible assets identified (see note 5(b)(iii)) in the Acquisition on a straight-line basis over its estimated useful lives of 20 years. The adjustments are expected to have a continuing effect on the Group.

e. The adjustment represents the interest expense of the Loan mentioned in 5(b)(ii) and its related cash flow impact.

f. The adjustment represents payment for estimated acquisition-related costs (including fees to legal advisers, financial adviser, reporting accountants, valuer, printer and other expenses) of approximately RMB18,144,000 in cash, which will be expensed as incurred in the consolidated statement of profit or loss in accordance with IFRS 3. The adjustments for the estimated acquisition-related costs are not expected to have a continuing effect.

g. No adjustment has been made to the pro forma financial information to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2014.

h. The Directors assume that the exchange rate of USD against RMB used in the unaudited pro forma financial information of the Enlarge Group was USD1 to RMB6.1190 and the exchange rate of HKD against RMB was HKD1 to RMB0.78887, which is the exchange rate of the People's Bank of China on 31 December 2014.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the Group's pro forma financial information for the purpose in this Circular.

KPMG

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

29 June 2015

TO THE DIRECTORS OF RENHE COMMERCIAL HOLDINGS COMPANY LIMITED (THE "COMPANY")

We have completed our assurance engagement to report on the compilation of pro forma financial information of Renhe Commercial Holdings Company Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 December 2014 and the unaudited pro forma consolidated income statement and pro forma consolidated cash flow statement for the year ended 31 December 2014 and related notes as set out in Part A of Appendix V to the circular dated 29 June 2015 (the "**Circular**") issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Part A of Appendix V to the Circular.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the acquisition of the entire issued share capital of Yield Smart Limited (the "**Acquisition**") on the Group's financial position as at 31 December 2014 and the Group's financial performance and cash flows for the year ended 31 December 2014 as if the Acquisition had taken place at 31 December 2014 and 1 January 2014, respectively. As part of this process, information about the Group's financial position as at 31 December 2014 and the Group's financial performance and cash flows for the year ended 31 December 2014 has been derived by the Directors from the consolidated financial statements of the Company for the year then ended, on which an audit report has been published.

Directors' Responsibilities 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" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants ("**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 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 AG 7 issued by the HKICPA.

For purpose 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 an investment circular is solely to illustrate the impact of a significant event or transaction on the 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 events or transactions at 31 December 2014 or 1 January 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 event or 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' judgement, 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
KPMG
Certified Public Accountants
Hong Kong

VALUATION REPORT
CONSIDERING
THE FAIR VALUE
OF
TARGET BUSINESS

Client : Renhe Commercial Holdings Company Limited

Ref. No. : CON000242342 BV-3

Report Date : 29 June 2015

The following is the text of a report prepared for the purpose of incorporation in this circular and received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent professional valuer, in connection with the valuation of the Target Business as at 30 April 2015 of the business of the Company.

JLL®
仲量聯行

Jones Lang LaSalle Corporate Appraisal and Advisory Limited
6/F Three Pacific Place 1 Queen's Road East Hong Kong
tel +852 2846 5000 fax +852 2169 6001
Licence No.: C-030171

29 June 2015

The Directors
Renhe Commercial Holdings Company Limited
Suites 603–606, One International Finance Centre
1 Harbour View Street, Central
Hong Kong

Dear Sirs/Madams,

In accordance with your ("**Renhe Commercial Holdings Company Limited**" or "**Renhe**") instructions, we, Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("**JLL**" or "**we**"), have been required to undertake a valuation exercise to express an independent opinion of the fair value of the operation of the eight Markets in six cities in the PRC (namely Harbin, Qiqihar, Shenyang, Guiyang, Mudanjiang and Shouguang) currently operated by the PRC Vendors (the "**Target Business**") as at 30 April 2015 (the "**Valuation Date**"). The following report is dated 29 June 2015 (the "**Report Date**").

The purpose of this valuation is for circular reference.

Our valuation was carried out on a fair value basis. Fair value is defined as "*the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date*".

In arriving at our assessed value for the equity interest, we have considered three generally accepted approaches, namely, market approach, cost approach and income approach. In our opinion, the market approach and cost approach are inappropriate for valuing the subject asset. Firstly, the market approach requires market transactions of comparable assets as an indication of value. However, we have not identified any current market transactions which are comparable. Secondly, the cost approach does not directly incorporate information about the economic benefits contributed by the subject asset. We have therefore relied solely on the income approach, through the use of the discounted cash flow method, in determining our opinion of value.

As part of our analysis, we have been furnished with information prepared by Renhe regarding the subject business. We have relied to a considerable extent on such information in arriving at our opinion of value.

The conclusion of value is based on accepted valuation procedures and practices that rely substantially on our use of numerous assumptions and our consideration of various factors that are relevant to the operation of the Target Business. We have also considered various risks and uncertainties that have potential impact on the businesses. Further, while the assumptions and consideration of such matters are considered by us to be reasonable, they are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Target Business and Jones Lang LaSalle Corporate Appraisal and Advisory Limited.

We do not intend to express any opinion on matters which require legal or other specialized expertise or knowledge, beyond what is customarily employed by valuers. Our conclusions assume continuation of prudent management of the Target Business over whatever period of time that is reasonable and necessary to maintain the character and integrity of the assets valued.

Based on the results of our investigation and analysis outlined in the following report, we are of the opinion that the fair value of the Target Business as at the Valuation Date is reasonably stated as below:

Valuation Date@30 April 2015	**Estimated Fair Values** *(RMB'000)*	**Exchange Rate** *(RMB/HKD)*	**Estimated Fair Values** *(HKD'000)*
Fair Value	5,251,000	0.8006	6,559,024

The following pages outline the factors considered, methodology and assumptions employed in formulating our opinions and conclusions. Any opinions are subject to the assumptions and limiting conditions contained therein.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Simon M.K. Chan
Regional Director

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BASIS OF VALUE

Our valuation was carried out on a fair value basis. Fair value is defined as "*the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date*".

We have conducted our valuation in accordance with IFRS 13 — Fair Value Measurement and taken into account the International Valuation Standards issued by the International Valuation Standards Council. We planned and performed our valuation so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to express our opinion on the subject asset. We believe that the valuation procedures we employed provide a reasonable basis for our opinion.

BACKGROUND

The Target Business Background

Renhe Commercial Holdings Company Limited is controlled by Mr. Dai Yongge (戴永革先生) who held approximately 48.94% of interest in Renhe as of 31 December 2014 while Dili Group is controlled by Mrs. Zhang Xingmei (張興梅女士). Mrs. Zhang Xingmei is Dai Yongge's spouse and is a non-executive director in Renhe Commercial Holdings Company Limited.

Renhe is planning to enter into an Acquisition Agreement with the Dili Group ("**Dili**"), a related party, to acquire the Sale Shares, being the entire issued capital of the Target Business established outbound. Dili Group is expected to sign a long-term lease contract with Renhe to lease all the self-owned properties, finished ones and those under construction, and the self-owned lands under its eight wholesale agricultural products markets. Upon completion of the Reorganization, the Target Business will operate the following eight wholesale agricultural products markets in the PRC. And Dili Group is expected to help the Target Business to negotiate with third parties help the Target Business to rent out their properties.

Wholesale market of the Target Business	Location	Relevant operating PRC Vendor(s)
China Shouguang Agricultural Produce Logistics Park	Shouguang City, Shandong Province, the PRC	壽光農產品物流園有限公司 (Shouguang Agri-Products Logistics Park Company Limited*)
Guiyang Agricultural Produce Logistics Park	Guiyang City, Guizhou Province, the PRC	貴陽地利農產品物流園有限公司 (Guiyang Dili Agri-Products Logistics Park Company Limited*)

Wholesale market of the Target Business	Location	Relevant operating PRC Vendor(s)
Harbin Hada Agricultural Produce Market	Harbin City, Heilongjiang Province, the PRC	哈爾濱哈達農副產品股份有限公司 (Harbin Hada Agricultural and Sideline Products Joint Stock Company Limited*)
Harbin Youyi Agricultural Produce Market	Harbin City, Heilongjiang Province, the PRC	哈爾濱友誼倉儲有限責任公司 (Harbin Youyi Warehouse Company Limited*)
Qiqihar Hada Agricultural Produce Market	Qiqihar City, Heilongjiang Province, the PRC	齊齊哈爾哈達農副產品有限責任公司 (Qiqihar Hada Agricultural and Sideline Products Company Limited*)
Muda International Agricultural Produce Logistics Park	Mudanjiang City, Heilongjiang Province, the PRC	牡丹江牡達農副產品有限公司 (Mudanjiang Muda Agricultural and Sideline Products Company Limited*)
Shenyang Fruit and Vegetable Market	Shenyang City, Liaoning Province, the PRC	瀋陽地利農副產品有限公司 (Shenyang Dili Agricultural and Sideline Products Company Limited*) and 遼寧銀達利置業投資有限公司 (Liaoning Yindali Property Investment Company Limited*)
Shenyang Fruit Market	Shenyang City, Liaoning Province, the PRC	瀋陽金東貿置業有限公司 (Shenyang Jim Thomas Property Development Company Limited*)

The Target Business will have New PRC Operating companies to run eight markets in PRC.

SOURCES OF INFORMATION

This report was compiled after consideration of relevant information obtained from Renhe and other public sources. Documents received include, but were not limited to:

- Background information of the Target Business;
- Financial forecast of the Target Business as at the Valuation Date;
- Audited financial information on the Target Business from calendar year 2012 to 2014;
- Management accounts of the eight markets for the periods as at the Valuation Date.

Other sources of information included:

- Market trends of operation and other related industry in China;
- We have held discussions with the management of Renhe regarding the expectation of the operation and the condition of the Target Business. We believe that the information provided during these discussions is reliable.

METHODOLOGY

In arriving at our assessed value, we have considered three generally accepted approaches, namely, market approach, cost approach and income approach.

Market Approach considers prices recently paid for similar assets, with adjustments made to market prices to reflect condition and utility of the appraised assets relative to the market comparative. Assets for which there is an established secondary market may be valued by this approach.

Benefits of using this approach include its simplicity, clarity, speed and the need for few or no assumptions. It also introduces objectivity in application as publicly available inputs are used. However, one has to be wary of the hidden assumptions in those inputs as there are inherent assumptions on the value of those comparable assets. It is also difficult to find comparable assets. Furthermore, this approach relies exclusively on the efficient market hypothesis.

Cost Approach considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation or obsolescence present, whether arising from physical, functional or economic causes. The cost approach generally furnishes the most reliable indication of value for assets without a known secondary market.

Despite the simplicity and transparency of this approach, it does not directly incorporate information about the economic benefits contributed by the subject asset.

Income Approach is the conversion of expected periodic benefits of ownership into an indication of value. It is based on the principle that an informed buyer would pay no more for the project than an amount equal to the present worth of anticipated future benefits (income) from the same or a substantially similar project with a similar risk profile.

This approach allows for the prospective valuation of future profits and there are numerous empirical and theoretical justifications for the present value of expected future cash flows. However, this approach relies on numerous assumptions over a long time horizon and the result may be very sensitive to certain inputs. It also presents a single scenario only.

Selection of Valuation Approach and Methodology

In our opinion, the market approach and cost approach are inappropriate for valuing the underlying asset. Firstly, the market approach requires market transactions of comparable assets as an indication of value. However, we have not identified any current market transactions which are comparable. Secondly, the cost approach does not directly incorporate information about the economic benefits contributed by the underlying asset. We have therefore relied solely on the income approach in determining our opinion of value.

In this study, the value of the total equity was developed through the application of an income approach technique known as discounted cash flow method to devolve the future value of the business into a present market value. This method eliminates the discrepancy in time value of money by using a discount rate to reflect all business risks including intrinsic and extrinsic uncertainties in relation to the business.

Under this method, value depends on the present worth of future economic benefit to be derived from the projected income. Indications of value have been developed by discounting projected future net cash flows available for payment of shareholders' interest to their present worth at discount rate which in our opinion is appropriate for the risks of the business. In considering the appropriate discount rate to be applied, we have taken into account a number of factors including the current cost of finance and the considered risk inherent in the business.

MAJOR ASSUMPTIONS

Assumptions considered to have significant sensitivity effects in this valuation have been evaluated in order to provide a more accurate and reasonable basis for arriving at our assessed value.

The following key assumptions in determining the fair value of the equity interest have been made:

- The projected business performances can be achieved with the effort of the managements of the Target Business;
- The operational and contractual terms stipulated in the relevant contracts and agreements will be honored;

- The facilities and systems proposed are sufficient for future expansion in order to realize the growth potential of the business and maintain a competitive edge;

- We have assumed that there are no hidden or unexpected conditions associated with the assets valued that might adversely affect the reported values. Further, we assume no responsibility for changes in market conditions after the Valuation Date;

- There will be sufficient supply of relevant staff in the industry in which the Target Business operates;

- The Target Business will retain competent management, key personnel and technical staff support its ongoing operations and developments of the Target Business;

- All relevant legal approvals and business certificates or license to operate the Target Business would be officially obtained, and renewed upon expiry;

- There will be no major changes in the current taxation laws relevant to the Target Business and that the rates of tax payable shall remain unchanged and that all applicable laws and regulation will be complied with; and

- There will be no major changes in the political, legal economic or financial conditions in the localities in which the Target Business operates, which would adversely affect the revenues attributable to and profitability of the Target Business.

DISCOUNT RATE

In applying the discounted cash flow method, it is necessary to determine an appropriate discount rate for the assets under review. The discount rate represents an estimate of the rate of return required by a third party investor for an investment of this type. The rate of return expected from an investment by an investor relates to perceived risk. Risk factors relevant in our selection of an appropriate discount rate include:

1. Interest rate risk, which measures variability of returns caused by changes in the general level of interest rates.

2. Purchasing power risk, which measures loss of purchasing power over time due to inflation.

3. Liquidity risk, which measures the ease with which an instrument can be sold at the prevailing market price.

4. Market risk, which measures the effects of the general market on the price behavior of securities.

5. Business risk, which measures the uncertainty inherent in projections of operating income.

Consideration of risk, burden of management, degree of liquidity, and other factors affect the rate of return acceptable to a given investor in a specific investment. An adjustment for risk is an increment added to a base or safe rate to compensate for the extent of risk believed involved in the investment.

Required Return on Equity Capital

We have used Capital Assets Pricing Model (the "**CAPM**") to estimate the required return on equity capital. The CAPM is a fundamental tenet of modern portfolio theory which has been generally accepted basis for marketplace valuations of equity capital. The CAPM technique is widely accepted in the investment and financial analysis communities for the purpose of estimating a company's required return on equity capital.

The equation of CAPM is shown as follow:

Expected Required Return on Equity = Risk Free Rate + Nominal Beta (β) x Market Risk Premium + ε

The return on equity required of a company represents the total rate of return investors expect to earn, through a combination of dividends and capital appreciation, as a reward for risk taking. The Capital Asset Pricing Model ("**CAPM**") is used to calculate the required rate of return on equity investment by using publicly-traded companies.

Parameters for CAPM

In determining the equity discount rate for the Target Business, the following parameters have been used as at the Valuation Date:

Risk Free Rate[1] – 3.44%

Market Return[2] – 11.08%

Estimated Beta[3] – 0.850

CAPM – 9.93%

[1] *GCNY10YR, CRP function in Bloomberg, China Government Bond Generic Bid Yield 10 Year*

[2] *SHSZ 300 Index, CRP function in Bloomberg, Shanghai Shenzhen CSI 300 Index*

[3] *5-year monthly beta relative to SHSZ 300 Index of listed companies in similar industry: 149 HK (China Agri-Products Exchange) listed in Hong Kong Exchange and 000061 CH (Shenzhen Agricultural Products) listed in Shenzhen Exchange*

Weighted Average Cost of Capital

WACC is calculated by multiplying the cost of each capital component by its proportional weight and then summing:

$$\text{WACC} = \frac{E}{V} * \text{Re} + \frac{D}{V} * \text{Rd} * (1 - \text{Tc})$$

Where:

Re	=	Required return on equity
Rd	=	Required return on debt
E	=	Market value of the firm's equity
D	=	Market value of the firm's debt
V	=	E + D
E/V	=	Percentage of financing that is equity
D/V	=	Percentage of financing that is debt
Tc	=	PRC's Corporate income tax rate

Size Premium[4] – 6.01%

Company Specific Premium[5] – 5.00%

Cost of Equity – 20.94%

D/E[6] – 119.65%

Cost of Debt[7] – 8.43%

Corporate Income Tax Rate[8] – 25%

WACC – 15.37%

[4] *With reference to Ibbotton "SBBI" 2014 Classic Yearbook*

[5] *Due to uncertainties on Dili Group's lease contract with its 3rd parties, on high profit margins, and on Dili Group's ownerships on some of its Properties and Lands*

[6] *Average D/E ratio of listed companies in similar industry: 149 HK (China Agri-Products Exchange) listed in Hong Kong Exchange and 000061 CH (Shenzhen Agricultural Products) listed in Shenzhen Exchange*

[7] *Dili Group's weighted average lending rate*

[8] *Applied corporate income tax rate in China*

Terminal Value

We have assumed that the Company will grow at a fixed long-term growth rate beyond the terminal year as reach its optimal operating structure. We have thus applied a terminal multiple on the projected cash flows at terminal year to derive the value of the Company beyond the projection period. The terminal multiple is derived using the Gordon Growth Model, a mathematical simplification to capitalize an earnings stream that is expected to grow at a long-term sustainable rate "g" and discount rate "k" into perpetuity. The formula is as follows:

$$\text{Terminal Multiple} = \frac{1 + g}{k - g}$$

Where k = Applied WACC
g = 2%

DISCOUNT FOR LACK OF MARKETABILITY

A factor to be considered in valuing closely held companies is the marketability of an interest in such businesses. Marketability is defined as the ability to convert the business interest into cash quickly, with minimum transaction and administrative costs, and with a high degree of certainty as to the amount of net proceeds. There is usually a cost and a time lag associated with locating interested and capable buyers of interests in privately-held companies, because there is no established market of readily-available buyers and sellers. All other factors being equal, an interest in a publicly traded company is worth more because it is readily marketable. Conversely, an interest in a private-held company is worth less because no established market exists.

The target business is expected to accrue more than RMB1.08 billion revenue in 2015. With reference to Quantifying Marketability Discounts, by Z. Christopher Mercer, ASA, CFA, Peabody Publishing, LP, 1997, Figure 12–1, Page 346, 14.9% is adopted.

RISK FACTORS

Economic considerations

There is no assurance that the expected economic growth will be realized and future social and economic changes China will be favorable to the Target Business. The competition in the industry may have adverse effect on the operating performance of the Target Business and hence affect the value of the business.

Changes in political, economic and regulatory environment in China

The Target Business is subject to various laws and regulations governing its operations in China. Future political and legal changes in China might have either favorable or unfavorable impacts on the Target Business.

Realization of forecast and projection

This valuation is premised in part on the historical financial information and projections provided by the management of the Client. We have assumed accuracy of the information provided and relied to a considerable extent on such information in arriving at our opinion of value. Since projections relate to the future, there will usually be differences between projections and actual results and in some cases, those variances may be material.

Lease with third parties

There is no assurance that Dili Group's future negotiations with third parties, to sublease the related properties to the Target Business or to help the Target Business to rent their properties, will success. The cessation of the lease from third parties may have adverse effect on the operating performance of the Target Business and hence affect the value of the business.

Properties Ownership

There are uncertainties on the ownerships of some Dili's properties and lands as informed by Law Firm Jingtian. There is no assurance that Dili Group's future negotiations with local governments will success. If those negotiations fail, the results might have adverse effect on the operating performance of the Target Business and hence affect the value of the business.

OPINION OF VALUE

Based on the results of our investigation and analysis outlined in the following report, we are of the opinion that the fair value of the Target Business as at the Valuation Date is reasonably stated as below:

Valuation Date@30 April 2015	**Estimated Fair Values** *(RMB'000)*
Fair Value	5,251,000[9]

LIMITING CONDITIONS

This report and opinion of value are subject to our Limiting Conditions of the report.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Simon M.K. Chan
Regional Director

[9] *With Reference to Exhibit C — Valuation Result*

EXHIBIT A — LIMITING CONDITIONS

1. In the preparation of our reports, we relied on the accuracy, completeness and reasonableness of the financial information, forecast, assumptions and other data provided to us by the Company/engagement parties and/or its representatives. We did not carry out any work in the nature of an audit and neither are we required to express an audit or viability opinion. We take no responsibility for the accuracy of such information. The responsibility for determining expected values rests solely with the Company/engagement parties and our reports were only used as part of the Company's/engagement parties' analysis in reaching their conclusion of value.

2. We have explained as part of our service engagement procedure that it is the director's responsibility to ensure proper books of accounts are maintained, and the financial information and forecast give a true and fair view and have been prepared in accordance with the relevant standards and companies ordinance.

3. Public information and industry and statistical information have been obtained from sources we deem to be reputable; however we make no representation as to the accuracy or completeness of such information, and have accepted the information without any verification.

4. The management and the Board of the Company has reviewed and agreed on the report and confirmed that the basis, assumptions, calculations and results are appropriate and reasonable.

5. Jones Lang LaSalle Corporate Appraisal and Advisory Limited shall not be required to give testimony or attendance in court or to any government agency by reason of this exercise, with reference to the project described herein. Should there be any kind of subsequent services required, the corresponding expenses and time costs will be reimbursed from you. Such kind of additional work may incur without prior notification to you.

6. No opinion is intended to be expressed for matters which require legal or other specialised expertise or knowledge, beyond what is customarily employed by valuers.

7. The use of and/or the validity of the report is subject to the terms of engagement letter/ proposal and the full settlement of the fees and all the expenses.

8. Our conclusions assume continuation of prudent management policies over whatever period of time that is considered to be necessary in order to maintain the character and integrity of the assets valued.

9. We assume that there are no hidden or unexpected conditions associated with the subject matter under review that might adversely affect the reported review result. Further, we assume no responsibility for changes in market conditions, government policy or other conditions after the Valuation/Reference Date. We cannot provide assurance on the achievability of the results forecasted by the Company/engagement parties because events

and circumstances frequently do not occur as expected; difference between actual and expected results may be material; and achievement of the forecasted results is dependent on actions, plans and assumptions of management.

10. The report should not be otherwise referred to, in whole or in part, or quoted in any document, circular or statement in any manner, or distributed in whole or in part or copied to any their party without our prior written consent. We shall not under any circumstances whatsoever be liable to any third party.

11. The calculation of values expressed herein is valid only for the purpose stated in the engagement letter/or proposal as of the Valuation/Reference Date. In accordance with our standard practice, we must state that this report and exercise is for the use only by the party to whom it is addressed and no responsibility is accepted with respect to any third party for the whole or any part of its contents.

12. Where a distinct and definite representation has been made to us by party/parties interested in the assets valued, we are entitled to rely on that representation without further investigation into the veracity of the representation if such investigation is beyond the scope of normal scenario analysis work.

13. You agree to indemnify and hold us and our personnel harmless against and from any and all losses, claims, actions, damages, expenses or liabilities, including reasonable attorney's fees, to which we may become subjects in connection with this engagement. Our maximum liability relating to services rendered under this engagement (regardless of form of action, whether in contract, negligence or otherwise) shall be limited to the charges paid to us for the portion of its services or work products giving rise to liability. In no event shall we be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, lost profits, opportunity costs, etc.), even if it has been advised of their possible existence.

14. We are not environmental consultants or auditors, and we take no responsibility for any actual or potential environmental liabilities exist, and the effect on the value of the asset is encouraged to obtain a professional environmental assessment. We do not conduct or provide environmental assessments and have not performed one for the subject property.

15. This exercise is premised in part on the historical financial information and future forecast provided by the management of the Company/engagement parties. We have assumed the accuracy and reasonableness of the information provided and relied to a considerable extent on such information in arriving at our calculation of value. Since projections relate to the future, there will usually be differences between projections and actual results and in some cases, and those variances may be material. Accordingly, to the extent any of the above mentioned information requires adjustments, the resulting value may differ significantly.

16. Actual transactions involving the subject assets/business might be concluded at a higher or lower value, depending upon the circumstances of the transaction and the business, and the knowledge and motivation of the buyers and sellers at that time.

17. This report and the conclusion of values arrived at herein are for the exclusive use of our client for the sole and specific purposes as noted herein. Furthermore, the report and conclusion of values are not intended by the author, and should not be construed by the reader, to be investment advice in any manner whatsoever. The conclusion of values represents the consideration based on information furnished by the Company/engagement parties and other sources.

EXHIBIT B — VALUERS' PROFESSIONAL DECLARATION

The following valuers certify, to the best of their knowledge and belief, that:

— Information has been obtained from sources that are believed to be reliable. All facts which have a bearing on the value concluded have been considered by the valuers and no important facts have been intentionally disregarded.

— The reported analyses, opinions, and conclusions are subject to the assumptions as stated in the report and based on the valuers' personal, unbiased professional analyses, opinions, and conclusions. The valuation exercise is also bounded by the limiting conditions.

— The reported analyses, opinions, and conclusions are independent and objective.

— The valuers have no present or prospective interest in the asset that is the subject of this report, and have no personal interest or bias with respect to the parties involved.

— The valuers' compensation is not contingent upon the amount of the value estimate, the attainment of a stipulated result, the occurrence of a subsequent event, or the reporting of a predetermined value or direction in value that favours the cause of the client.

— The analyses, opinions, and conclusions were developed, and this report has been prepared, in accordance with the International Valuation Standards published by the International Valuation Standards Committee.

— The under mentioned persons provided professional assistance in the compilation of this report.

Simon M. K. Chan
Regional Director

Michael Q. Ding
Local Director

EXHIBIT C — VALUATION RESULT

Valuation Model as at the Valuation Date 30 April 2015

December y/e (RMB'000)	*NOTE*	**2015/5–12**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**Terminal**
Net Revenue		687,293	1,177,476	1,325,609	1,458,507	1,552,160	1,632,470	1,697,642	1,747,772	1,794,088	1,840,842	
Labor Cost		77,754	136,154	150,666	166,092	178,268	190,588	197,985	205,722	213,722	222,045	
Energy Expense		22,638	38,362	41,296	44,395	46,960	49,125	50,701	52,325	53,984	55,695	
Asset Maintenance		18,596	29,809	31,280	32,719	33,987	35,109	35,632	36,175	36,727	37,292	
Administrative Expenses		10,980	17,858	19,202	20,578	21,876	23,202	23,996	24,828	25,693	26,594	
Business Management Fee		18,303	29,687	31,324	33,038	34,673	36,176	36,908	37,659	38,419	39,197	
Rental Expenses		66,667	100,000	100,000	100,000	105,000	105,000	105,000	110,250	110,250	110,250	115,763
EBT		472,355	825,605	951,841	1,061,684	1,131,396	1,193,270	1,247,420	1,280,812	1,315,293	1,349,768	1,344,255
Income tax		118,089	206,401	237,960	265,421	282,849	298,318	311,855	320,203	328,823	337,442	336,063.80
PRC's Corporation Income Tax Rate		25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Net Income		354,266	619,204	713,881	796,263	848,547	894,953	935,565	960,609	986,470	1,012,326	1,008,191
Less:Changes in working capital		1,440	(432)	(350)	(161)	(818)	(564)	(63)	(747)	(350)	(442)	(337)
FCFF		**352,826**	**619,636**	**714,231**	**796,424**	**849,365**	**895,517**	**935,628**	**961,356**	**986,820**	**1,012,768**	**1,008,529**
Date Adjustment Factor (mid-point)		0.34	1.17	2.17	3.17	4.17	5.17	6.17	7.17	8.17	9.17	9.17
Discount Factor (mid-point)	*15.37%*	1.05	1.18	1.36	1.57	1.82	2.09	2.42	2.79	3.22	3.71	3.71
PV of FCFF		**336,292**	**524,181**	**523,694**	**506,148**	**467,866**	**427,558**	**387,185**	**344,821**	**306,790**	**272,902**	**271,760**
Sum of PVs of FCFF		**4,097,435**										
Terminal Value		**2,072,725**										
Estimated Enterprise Value before DLOM		**6,170,160**										
Discount for Lack of Marketability (DLOM)	*14.90%*	919,354										
Estimated Enterprise Value After DLOM		**5,251,000**										

Set out below are the text of: (A) a report received from the independent reporting accountants, KPMG, Certified Public Accountants, Hong Kong; and (ii) letter from the Board, relating to the discounted cash flow forecast for the purpose of inclusion in this circular in respect of the business valuation.

(A) REPORT FROM KPMG

The following is the text of a report received from KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

KPMG

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

29 June 2015

REPORT ON THE DISCOUNTED FUTURE CASH FLOWS IN CONNECTION WITH THE BUSINESS VALUATION OF OPERATION OF THE EIGHT MARKETS OPERATED BY THE COMPANIES CONTROLLED BY NEW AMUSE LIMITED

TO THE BOARD OF DIRECTORS OF RENHE COMMERCIAL HOLDINGS COMPANY LIMITED

We refer to the discounted future cash flows on which the business valuation ("**the Valuation**") dated 29 June 2015 prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited in respect of the appraisal of the fair value of operation of the eight Markets operated by the companies controlled by New Amuse Limited ("**the Target Business**") as at 30 April 2015 is based. The Valuation is prepared based on the discounted future cash flows and is regarded as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Responsibilities

The directors of Renhe Commercial Holdings Company Limited (the "**Directors**") are responsible for the preparation of the discounted future cash flows in accordance with the bases and assumptions determined by the Directors and as set out in the Valuation. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

It is our responsibility to report, as required by paragraph 14.62(2) of the Listing Rules, on the calculations of the discounted future cash flows used in the Valuation. The discounted future cash flows do not involve the adoption of accounting policies.

Basis of opinion

We conducted our work in accordance with the Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). This standard requires that we plan and perform our work to obtain reasonable assurance as to whether, so far as the calculations are concerned, the Directors have properly compiled the discounted future cash flows in accordance with the bases and assumptions as set out in the Valuation. We performed procedures on the arithmetical calculations and the compilations of the discounted future cash flows in accordance with the bases and assumptions. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the calculations are concerned, the discounted future cash flows have been properly compiled in all material respects in accordance with the bases and assumptions adopted by the Directors as set out in the Valuation.

Other matters

Without qualifying our opinion, we draw to your attention that we are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future cash flows are based and our work does not constitute any valuation of the Target Business or an expression of an audit or review opinion on the Valuation.

The discounted future cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.62(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

Yours faithfully
KPMG
Certified Public Accountants
Hong Kong

(B) LETTER FROM THE BOARD

29 June 2015

The Stock Exchange of Hong Kong Limited
Listing Division
11/F, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

Dear Sirs,

Very substantial acquisition and connected transaction in relation to the acquisition of the entire issued share capital of Yield Smart Limited

We refer to the announcement of Renhe Commercial Holdings Company Limited (the "**Company**") dated 9 June 2015 in relation to the acquisition of the entire issued share capital of Yield Smart Limited (the "**Announcement**"). Unless the context otherwise requires, terms defined in the Announcement shall have the same meaning when used herein.

We have reviewed and discussed the business valuation report (the "**Business Valuation Report**") prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("**JLL**") as at 29 June 2015, which forms the basis for determining the Consideration for the Acquisition. We note that the discounted cash flow method adopted by JLL has rendered the valuation in the Business Valuation Report a profit forecast (the "**Profit Forecast**") under Rule 14.61 of The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Pursuant to Rule 14.62 of the Listing Rules, we have engaged KPMG, Certified Public Accountants, Hong Kong, to perform work in accordance with the Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the Hong Kong Institute of Certified Public Accountants to obtain reasonable assurance as to whether, so far as to calculations are concerned, the directors of the Company have properly compiled to the discounted cash flows in accordance with the bases and assumption as set out in the discounted future cash flow on which the Business Valuation Report is based.

We hereby confirm that the Profit Forecast has been made after due and careful enquiry.

Yours faithfully,
For and on behalf of the board of directors of
Renhe Commercial Holdings Company Limited
Mr. Dai Yongge
Director

A. RESPONSIBILITY STATEMENT

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

B. DISCLOSURE OF INTERESTS

1. Interests of Directors

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which are (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO); (ii) required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 to the Listing Rules (the "**Model Code**"), to be notified to the Company and the Stock Exchange, were as follows:

Long/Short Positions in the shares, underlying shares and debentures of the Company and its associated corporations

Name of Director/ Chief Executive	Company/Name of associated corporation	Capacity	Number of issued ordinary/underlying shares held *(Note 1)*	Approximate percentage of interest in the issued capital
Mr. Dai Yongge *(Note 2)* *(Note 4)* *(Note 5)*	The Company	Beneficial owner	153,900,000 (L)	0.48%
		Interest in controlled corporations	16,146,900,132 (L)	50.90%
		Interest in controlled corporations	66,556,293 (S)	0.20%
		Interest of spouse	12,243,902,439 (L) *(Note 5)*	38.59%
	Shining Hill Investments Limited ("**Shining Hill**")	Beneficial owner	1	100%
	Super Brilliant Investments Limited ("**Super Brilliant**")	Interest in a controlled corporation	1	100%

Name of Director/ Chief Executive	Company/Name of associated corporation	Capacity	Number of issued ordinary/underlying shares held *(Note 1)*	Approximate percentage of interest in the issued capital
Mr. Wang Hongfang	The Company	Beneficial owner	28,050,000 (L)	0.09%
		Interest in a controlled corporation	7,575,000 (L)	0.02%
Mr. Zhang Dabin	The Company	Beneficial owner	3,000,000 (L)	0.00%
		Interest in a controlled corporation	13,100,000 (L)	0.05%
Ms. Wang Chunrong	The Company	Interest in a controlled corporation	33,600,000 (L)	0.10%
Ms. Zhang Xingmei	The Company	Interest in controlled corporations	12,243,902,439 (L) *(Note 6)*	38.59%
		Interest of spouse	16,300,800,132 (L)	51.38%
		Interest of spouse	66,556,293 (S) *(Note 3)*	0.20%

Notes:

1. The letter "L" denotes the person's long position in such shares and the letter "S" denotes the person's short position in such shares.

2. Mr. Dai Yongge is deemed to be interested in such shares held through controlled corporations, Super Brilliant and Gloss Season Limited.

3. Ms. Zhang Xingmei is deemed to be interested in the shares held by her spouse, Mr. Dai Yongge.

4. On 30 June 2014, Mrs. Hawken Xiu Li transferred her entire interest in Shining Hill as a gift to her brother, Mr. Dai Yongge. As at the Latest Practicable Date, Shining Hill indirectly holds 15,383,738,082 shares of the Company, representing 48.49% of the issued share capital of the Company, through its wholly-owned subsidiary, Super Brilliant.

5. Mr. Dai Yongge is deemed to be interested in the shares held by his spouse, Ms. Zhang Xingmei.

6. Ms. Zhang Xingmei is deemed to be interested in such shares held through a controlled corporation, New Amuse Limited.

Save for those disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or was deemed to have under such provisions of the SFO); (ii) required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

2. Interests of substantial shareholders

So far as it is known to the Directors of the Company, as at the Latest Practicable Date, the following persons (not being a Director or chief executive of the Company) had an interest or short position in the Shares or the underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long/short position(s) in the Shares and underlying shares of the Company

Name of Shareholder	Capacity	Number of Shares *(Note 1)*	Approximate percentage of the Company's issued share capital
Super Brilliant	Beneficial owner	15,383,738,082 (L)	48.49%
	Beneficial owner	66,556,293 (S)	0.20%
Shining Hill *(Note 2)*	Interest in a controlled corporation	15,383,738,082 (L)	48.49%
	Interest in a controlled corporation	66,556,293 (S)	0.20%
New Amuse Limited	Beneficial owner	12,243,902,439 (L)	38.59%
Shouguang Dili Agri-Products Group Company Limited	Interest in a controlled corporation	12,243,902,439 (L)	38.59%
Dili Group Holdings Company Limited	Interest in a controlled corporation	12,243,902,439 (L)	38.59%
Win Spread Limited	Interest in a controlled corporation	12,243,902,439 (L)	38.59%

Notes:

1. The letter "L" denotes the person's long position in such shares, and the letter "S" denotes the person's short position in such shares.

2. Mr. Dai Yongge is interested in the entire issued share capital of Shining Hill which in turn is interested in the entire issued share capital of Super Brilliant and therefore, Mr. Dai Yongge and Shining Hill are deemed or taken to be interested in the shares beneficially owned by Super Brilliant for the purposes of the SFO.

Save as disclosed above and so far as the Directors are aware of, as at the Latest Practicable Date, there was no other person, other than the directors or chief executives of the Company, who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to section 336 of the SFO, to be entered in the register referred to therein.

C. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

D. OTHER ARRANGEMENTS INVOLVING DIRECTORS

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

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

E. LITIGATION

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

F. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective associates was interested in any business, apart from the business of the Group, which competed or was likely to compete, either directly or indirectly, with that of the Group.

G. MATERIAL CONTRACTS

During the two years immediately preceding the Latest Practicable Date, the following contracts, not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries, have been entered into by the Group and are or may be material:

(a) the Acquisition Agreement; and

(b) the Framework Lease Agreement.

H. EXPENSES

The expenses in connection with the Acquisition, including financial, legal and other professional advisory fees, printing and translation expenses are estimated to be approximately HK$23 million and will be payable by the Company.

I. EXPERT'S CONSENT AND QUALIFICATIONS

Each of Somerley, KPMG and JLL has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter(s) and/or report(s) and/or valuation certificate(s) and/or opinion(s) and the references to their names included herein in the form and context in which they are respectively included.

The following are the qualifications of the experts who have given opinions or advices which are contained in this circular:

Name	Qualifications
Somerley	a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO
KPMG	Certified Public Accountants
JLL	Independent Professional Valuer

As at the Latest Practicable Date, each of the experts named above did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it have any direct or indirect interests in any assets which had since 31 December 2014 (being the date to which the latest published audited consolidated financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Enlarged Group, or were proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

J. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2014, being the date to which the latest audited consolidated financial statements of the Group were made up.

K. CORPORATE INFORMATION

Company secretary:	Hung Fan Kwan (FCPA, FCCA)
Registered Office:	Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1–1111, Cayman Islands
Principal Place of Business in Hong Kong:	Suites 603–606, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong

L. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours, Monday to Friday (other than public holidays) at the principal place of business of the Company at Suites 603–606, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong from the date of this circular up to and including 20 July 2015:

(a) the Acquisition Agreement;

(b) the Framework Lease Agreement;

(c) the letter of recommendation from the Independent Board Committee, the text of which is set out on pages 39 to 40 of this circular;

(d) the letter from Somerley, the text of which is set out on pages 41 to 88 of this circular;

(e) the annual reports of the Company for each of the three years ended 31 December 2012, 2013 and 2014;

(f) the Accountants' Report on the Target Business prepared by KPMG, the text of which is set out in Appendix III to this circular;

(g) the Accountants' Report on the Target Group prepared by KPMG, the text of which is set out in Appendix IV to this circular;

(h) the report on the Unaudited Pro Forma Financial Information of the Enlarged Group issued by KPMG, the text of which is set out in Appendix V to this circular;

(i) the Business Valuation Report from JLL, the texts of which are set out in Appendix VI to this circular;

(j) the report relating to the discounted cash flow forecast issued by the KPMG, the text of which is set out in Appendix VII to this circular;

(k) the letter from the Board relating to the discounted cash flow forecast, the text of which is set out in Appendix VII to this circular;

(l) the consent letters referred to in the paragraph headed "Expert's consent and qualifications" in this Appendix;

(m) this circular; and

(n) the memorandum and articles of association of the Company.

M. MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text, in the event of inconsistency.

Renhe Commercial Holdings Company Limited
人和商業控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1387)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of Renhe Commercial Holdings Company Limited (the "**Company**") will be held at Salon 1–3, JW Ballroom, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Monday, 20 July 2015 at 3:30 p.m. for the purposes of considering and, if thought fit, passing the following resolution no.(s) 1 to 4 as ordinary resolutions of the Company, with or without amendments:

Capitalized terms used in this notice shall have the same meaning as those defined in the Circular of the Company dated 29 June 2015 to the Shareholders (the "**Circular**") unless otherwise specified.

ORDINARY RESOLUTIONS

1. "**THAT**:

   (a) the Acquisition Agreement dated 9 June 2015 entered into between the Company and the Vendor in respect of the Acquisition, the Acquisition and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;

   (b) the allotment and issue of the Consideration Shares on and subject to the terms of the Acquisition Agreement, be and is hereby approved;"

2. "**THAT**:

   the Framework Lease Agreement dated 9 June 2015 entered into between the Vendor (as lessor) and the Target Company (as lessee), pursuant to which the Target Company will procure the New PRC Operating Companies to enter into the Leasing Agreements with the relevant PRC Vendors in respect of the leasing of certain properties (including land and buildings) for 20 years to facilitate the on-going operations of the Target Business following Completion and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;"

* *For identification purposes only*

3. "**THAT**:

the authorized share capital of the Company be and is hereby increased from HK$400,000,000 divided into 40,000,000,000 Shares to HK$800,000,000 divided into 80,000,000,000 Shares by the creation of additional 40,000,000,000 Shares; and"

4. "**THAT**:

the Directors be and are hereby authorized to do all such acts and things and to sign and execute all such documents, instruments and agreements for and on behalf of the Company as they may consider necessary, appropriate, desirable or expedient to give effect to or in connection with the above resolution no(s). 1 to 3."

By order of the Board
Renhe Commercial Holdings Company Limited
Dai Yongge
Chairman

Hong Kong, 29 June 2015

Notes:

(1) The register of members of the Company will be closed for registration of transfer of shares from 16 July 2015 to 20 July 2015, both days inclusive. In order to qualify for attending and voting at the EGM, all transfer documents should be lodged for registration with Computershare Hong Kong Investor Services Limited, the Company's branch share registrar and transfer office in Hong Kong at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong on or before 4:30 p.m., 15 July 2015.

(2) Any member of the Company entitled to attend and vote at the EGM is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not be a member of the Company. A member who is the holder of two or more shares of the Company may appoint more than one proxy to represent him/her to attend and vote on his/her behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.

(3) Where there are joint registered holders of any share, any one of such persons may vote at the EGM, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such share, shall alone be entitled to vote in respect thereof.

(4) To be effective, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, must be deposited at Computershare Hong Kong Investor Services Limited, the Company's branch share registrar and transfer office in Hong Kong at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude a member of the Company from attending and voting in person at the EGM and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

(5) The resolution at the EGM will be taken by poll pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.

(6) As at the date of this notice, the board of directors of the Company comprises Mr. Dai Yongge (Chairman), Mr. Wang Hongfang (Chief Executive Officer), Mr. Zhou Jun, Mr. Dai Bin and Mr. Hu Yuzhou; the non-executive directors are Mrs. Hawken Xiu Li, Ms. Jiang Mei, Ms. Zhang Xingmei, Mr. Zhang Dabin and Ms. Wang Chunrong; the independent non-executive directors are Mr. Fan Ren-Da, Anthony, Mr. Wang Shengli, Mr. Wang Yifu, Mr. Leung Chung Ki and Mr. Tang Hon Man.