



# AgriNurture, Inc.

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12 October 2010

## THE DISCLOSURE DEPARTMENT

4/F The Philippine Stock Exchange, Inc.

PSE Center, Exchange Road

Ortigas Complex, Pasig City

Attention : **MS. JANET A. ENCARNACION**  
Head, Disclosure Department

**MS. CHRISTINA MARIE C. FORTES**  
Senior Specialist, Disclosure Department

Subject : **Acquisition of Sunshine Supplies International Co. Ltd.  
and Wantaixing Corporation**

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**Dear Madam:**

We refer to your letter dated 11 October 2010 requesting for additional information on the Company's acquisition of (i) Sunshine Supplies International Co. Ltd. ("Sunshine Supplies"), a corporation organized and existing in Hong Kong, and (ii) Xiamen Wantaixing Trading Corporation ("Waintaixing"), a corporation organized and existing under the laws of the People's Republic of China.

### **I. SUNSHINE SUPPLIES INTERNATIONAL CO. LTD.**

#### ***a. Rationale for the Transaction***

The acquisition of Sunshine Supplies is intended to ensure the Company's continued and strengthened growth in its international business. The distribution network of Sunshine Supplies in Hong Kong, Macau and Europe will not only further fortify the Company's position as one of the country's top exporters of Philippine mangoes, but also establish the Company as a new player in the growing banana industry.

#### ***b. Sources of Funds***

Aside from its current available funds, the Company has also recently received a US\$5 Million credit guarantee from China Export Credit Guarantee Corporation.

*c. Terms and conditions of the Transaction*

*c.1. Number of shares acquired, with percentage and ratio to the total outstanding shares, price per share*

Subject to the Company being satisfied with the result of the due diligence review of the legal and financial documents of Sunshine Supplies, the Company shall (i) acquire 5,100 shares in Sunshine Supplies owned by Mr. Thomas Man, representing 51% of the outstanding capital stock, for a consideration of US\$40,000.00, and (ii) advance US\$960,000.00 to Sunshine Supplies for the latter's increased working capital requirements spurred by its business growth and opportunities.

*c.2. The basis upon which the amount of consideration was determined*

As of 30 September 2010, Sunshine Supplies already earned gross sales in the amount of approximately US\$1.9 Million (HK\$14.7 Million). Thus, the gross sales per share of Sunshine Supplies for the 9-month period is already US\$190.00 per share.

The Company's acquisition of 5,100 shares in Sunshine Supplies at US\$40,000.00, therefore, represent only about 2% of the gross earnings of Sunshine Supplies; while the price per share of US\$7.84/share amounts to only about 4% of the US\$190.00 gross sale per share ratio.

*c.3. Terms of payment*

The Company's total investment in Sunshine Supplies amounting to an aggregate of US\$1 Million dollars is broken down as follows:

1. US\$40,000.00, as payment for 5,100 shares in Sunshine Supplies owned by Mr. Thomas Man, representing 51% of the outstanding capital stock of Sunshine Supplies; and

2. US\$960,000.00, as advances to be made by the Company to Sunshine Supplies for the latter's working capital requirements. The Company has the sole option of giving the advances in lump sum or in tranches, whether in cash or in goods; *Provided*, that the entire amount should be completed on or before 31 December 2011.

3. The advances made by the Company to Sunshine Supplies may, at the option of the Company, be converted into equity, such that after the conversion, the Company shall own 90% of the outstanding capital stock of Sunshine Supplies.

*c.4. Conditions precedent to closing of the transaction, if any*

The Company must be satisfied with the results of its due diligence review of Sunshine Supplies before being obligated to make the US\$960,000.00 advances.

d. Timetable for the effectivity of the transaction

1. Upon execution of the necessary transfer documents required under the laws of Hong Kong, the Company shall pay Thomas Man US\$40,000.00 as full and complete payment for 5,100 shares in Sunshine Supplies.

2. The Company shall conduct a due diligence review of Sunshine Supplies which must be completed within 120 days from 11 October 2010, the date of the Memorandum of Agreement.

3. In the event the Company is satisfied with the result of its due diligence review, the Company shall then make advances to Sunshine Supplies in the aggregate amount of US\$960,000.00, which must be completed on or before 31 December 2011.

e. **Corporate Background of Sunshine Supplies**

e.1. Date of incorporation, nature of business

Sunshine Supplies was incorporated in Hong Kong on 05 November 2003 with limited liability to engage in the business of trading goods.

e.2. Discussion of major projects and investments, list of subsidiaries and affiliates;

Sunshine Supplies, which has been in operation for almost 7 years, has an extensive access to global markets, specifically in Hong Kong, Macau and Europe, wherein it trades fresh and processed fruits. At present, these markets have not yet been tapped or fully serviced by the Company.

Sunshine Supplies does not have subsidiaries or affiliates.

e.3. List of principal shareholders

Sunshine Supplies is owned by Thomas Man.

e.4. Board of Directors and principal officers

Thomas Man is the sole director of Sunshine Supplies and he is also the general manager of the Company.

e.5. Capital Structure

Sunshine Supplies has an authorized capital stock of HK\$10,000.00 divided into 10,000 shares with a par value of HK\$1.00 per share. Thomas Man fully subscribed and paid for the entire authorized capital stock of Sunshine Supplies.

**f. Identity of the seller and the nature and extent of any material relationship among the Company, the seller and Sunshine Supplies.**

As mentioned earlier, Thomas Man owns and controls Sunshine Supplies. He does not have any relationship with the Company or any of its directors and officers.

The Company, on several occasions, supplied Sunshine Supplies with goods required by the latter in its trading business. There are, however, no interlocking or common directors, owners, and/or officers between the companies.

**II. XIAMEN WANTAIXING TRADING CORPORATION**

***a. Rationale for the Transaction***

Similar to the transaction involving Sunshine Supplies, the acquisition of Wantaixing is intended to ensure the Company's continued and strengthened growth in its international business. The distribution network of Wantaixing in the Greater China Region will not only further fortify the Company's position as one of the country's top exporters of Philippine mangoes, but also establish the Company as a new player in the growing banana industry as well as in the commodity trading business.

***b. Sources of Funds***

Aside from its current funds, the Company has also recently received a US\$5 Million credit guarantee from China Export Credit Guarantee.

***c. Terms and conditions of the Transaction***

***c.1. Number of shares acquired, with percentage and ratio to the total outstanding shares, price per share***

Subject to the Company being satisfied with the result of the due diligence review of the legal and financial documents of Wantaixing, the Company shall (i) acquire 255,000 shares in Wantaixing owned by I-Cable Co. Ltd., representing 51% of the outstanding capital stock of said corporation, for a total consideration of US\$160,000.00; and (ii) advance US\$1,340,000.00 to Wantaixing for the latter's increased working capital requirements spurred by its continued business growth and opportunities.

***c.2. The basis upon which the amount of consideration was determined***

As of 31 August 2010, Wantaixing already earned gross sales in the amount of approximately US\$2.6 Million (RMB17.1 Million). Thus, the gross sales per share of Wantaixings for the 8-month period is already US\$5.20 per share.

The Company's acquisition of 255,000 shares in Wantaixing at US\$160,000.00 therefore, represent only about 6% of the gross earnings of Wantaixing; while the price

per share of US\$0.63/share amounts to only about 12% of the US\$5.20 gross sales per share ratio.

*c.3. Terms of payment*

The Company's total investment in Wantaixing amounting to an aggregate of US\$1.5 Million is broken down as follows:

1. US\$160,000.00, as payment for 255,000 shares in Wantaixing owned by I-Cable, representing 51% of the outstanding capital stock of Wantaixing; and

2. US\$1,340,000.00, as advances to be made/sourced by the Company to Wantaixing for the latter's working capital requirements. The Company has the sole option of giving the advances in lump sum or in tranches, whether in cash or in goods; *Provided*, that the entire amount should be completed on or before 31 December 2011.

3. The advances made by the Company to Wantaixing in the maximum amount of US\$85,000.00 may, at the sole option of the Company, be converted into equity and used in increasing the authorized capital stock of Wantaixing.

*c.4. Conditions precedent to closing of the transaction, if any*

The Company must be satisfied with the result of its due diligence review of Wantaixing before being obligated to make/source the US\$1,340,000.00 advances.

*d. Timetable for the effectivity of the transaction*

1. Upon execution of the necessary transfer documents required under the laws of the People's Republic of China, the Company shall pay I-Cable US\$160,000.00 as full and complete payment for its 255,000 shares in Wantaixing.

2. The Company shall conduct a due diligence review of Wantaixing which must be completed within 120 days from 11 October 2010, the date of the Memorandum of Agreement.

3. In the event the Company is satisfied with the result of its due diligence review, the Company shall then make/source the advances to Wantaixing in the aggregate amount of US\$1,340,000.00, which must be completed on or before 31 December 2011.

*e. **Corporate Background of Wantaixing***

*e.1. Date of incorporation, nature of business*

Wantaixing was incorporated in the People's Republic of China in 2002 to engage in the business of trading goods and commodities.

*e.2. Discussion of major projects and investments, list of subsidiaries and affiliates;*

Wantaixing, which has been in operation for almost 8 years, has an extensive access to global markets, specifically in the Greater China Region, wherein it trades fresh and processed fruits as well as other commodities. At present, these markets, specifically those for bananas, have not yet been tapped or fully serviced by the Company.

*e.3. List of principal shareholders*

Wantaixing is wholly owned by I-Cable.

*e.4. Board of Directors and principal officers*

Wang Jun-Lung, as the nominee of I-Cable, is the sole director of Wantaixing and he is also the general manager of the company.

*e.5. Capital Structure*

Wantaixing has an authorized capital stock of RMB500,000.00 divided into 500,000 shares with a par value of RMB1.00 per share. I-Cable Co. Ltd., a company organized under the Republic of China, fully subscribed to and paid for the entire authorized capital stock of Wantaixing.

**f. Identity of the seller and the nature and extent of any material relationship among the Company, the seller and Wantaixing.**

As mentioned earlier, I-Cable owns and controls Wantaixing. I-Cable does not have any relationship with the Company or any of its directors and officers.

The Company has no interlocking or common directors, owners, and/or officers between the companies.

**g. Effects on the financial condition and/or operations of the Company**

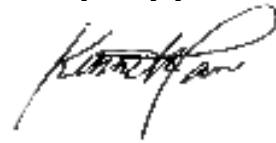
The new business that the Sunshine Supplies and Wantaixing is expected to contribute to the Company, on the other hand, is approximately US\$500,000.00 per month.

**Relative to the above transactions, no other information is deemed necessary to enable investors to make informed decisions.**

We trust that you will find the foregoing in order.

With our best regards.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Kenneth S. Tan', written in a cursive style.

**KENNETH S. TAN**  
CIO/Compliance Officer



资产负债表

会工01表  
单位：元

编制单位：厦门万泰兴贸易有限公司2010年6月30日

资产	行次	年初数	期末数	负债及所有者权益	行次	年初数	期末数
流动资产：				流动负债：			
货币资金	1	53,570.81	1,525,718.69	短期借款	46		
短期投资	2			应付票据	47		
应收票据	3			应付账款	48	337,427.53	1,065,427.53
应收账款	4	1,426,500.00	422,567.50	预收账款	49	375,560.00	12,975.00
减：坏账准备	5			其他应付款	50	1,170,000.00	1,330,000.00
应收账款净额	6	1,426,500.00	422,567.50	应付工资	51		
预付账款	7		6,000.00	应付福利费	52	67,056.51	66,568.51
应收出口退税	8			未交税金	53	-25,937.22	-8,816.03
应收补贴款	9			未付利润	54		
其他应收款	10	50,000.00	50,000.00	其他未交款	55	65.98	155.37
存货	11	13,846.15	12,478.63	预提费用	56		27,106.20
待转其他业务支出	12			一年内到期的长期负债	57		
待摊费用	13	5,200.00		其他流动负债	58		
待处理流动资产净损失	14						
一年内到期的长期债券	15						
其他流动资产	16						
流动资产合计	20	1,549,116.96	2,016,764.82	流动负债合计	65	1,924,172.80	2,493,416.58
长期投资				长期负债：			
长期投资	21			长期借款	66		
固定资产：				应付债券	67		
固定资产原价	24	181,206.00	181,206.00	长期应付款	68		
减：累计折旧	25	77,024.12	85,787.42				
固定资产净值	26	104,181.88	95,418.58	其他长期负债	69		
固定资产清理	27			其中：住房周转金	70		
在建工程	28			长期负债合计	76		
待处理固定资产净损失	29			递延税款			
固定资产合计	35	104,181.88	95,418.58	递延税款贷项	77		
无形资产及递延资产：				负债合计	80	1,924,172.80	2,493,416.58
无形资产	36			所有者权益：			
递延资产	37			实收资本	81	500,000.00	500,000.00
				资本公积	82		
无形资产及递延资产	40			盈余公积	83		
其他长期资产：				其中：公益金	84		
其他长期资产	41			未分配利润	85	-770,873.96	-881,233.18
递延税项：				所有者权益合计	88	-270,873.96	-381,233.18
递延税款借项	42						
资产总计	50	1,653,298.84	2,112,183.40	负债及所有者权益总计	90	1,653,298.84	2,112,183.40





# 损 益 表

会商02表  
单位：元

编制单位：厦门万泰兴贸易有限公司2010年6月

项 目	行次	本 月 数	本年累计数
一，商品销售收入	1	2,661,239.35	13,134,413.75
减：销售折扣与折让	2		
商品销售收入净额	3	2,661,239.35	13,134,413.75
减：商品销售成本	4	2,615,675.19	12,858,717.89
经营费用	5		52,707.00
商品销售税金及附加	6	36.38	377.93
二，商品销售利润	10	45,527.78	222,610.93
加：代购代销收入	11		
三，主营业务利润	14	45,527.78	222,610.93
加：其他业务利润	15		4,772.19
减：管理费用	16	42,581.34	337,024.73
财务费用	17	-27.26	600.23
汇兑损失	18		
四，营业利润	20	2,973.70	-110,241.84
加：投资收益	21		
补贴收入	22		
营业外收入	23		
减：营业外支出	24	117.38	117.38
加：以前年度损益调整	25		
五，利润总额	30	2,856.32	-110,359.22
减：所得税	31		
六，净利润	35	2,856.32	-110,359.22

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WANTAIXING BALANCE SHEET as of June 30, 2010

	Beginning Balance (Start of Year)	End of Quarter
1 CASH	CNY 53,570.81	CNY 1,525,718.69
2 SHORT TERM INVESTMENT		
3 NOTE RECEIVABLE		
4 ACCOUNTS RECEIVABLE	CNY 1,426,500.00	CNY 422,567.50
5 LESS: ALLOWANCE FOR DOUBTFUL ACCOUNTS		
6 NET ACCOUNTS RECEIVABLE	CNY 1,426,500.00	CNY 422,567.50
7 PREPAID EXPENSES		CNY 6,000.00
8 TAX REBATE RECEIVABLE		
9 INCENTIVES RECEIVABLE		
10 OTHER RECEIVABLES	CNY 50,000.00	CNY 50,000.00
11 INVENTORY	CNY 13,846.15	CNY 12,478.63
12 STANDBY SALES EXPENSES		
13 STANDBY OTHER EXPENSES	CNY 5,200.00	
14 IMPAIRMENT TO CURRENT ASSETS		
15 SHORT TERM BOND RECEIVABLE		
16 OTHER CURRENT ASSETS		
20 TOTAL CURRENT ASSETS	CNY 1,549,116.96	CNY 2,016,764.82
21 LONG TERM INVESTMENT		
24 FIXED ASSETS	CNY 181,206.00	CNY 181,206.00
25 ACCUMULATED DEPRECIATION	CNY 77,024.12	CNY 85,787.42
26 NET FIXED ASSETS	CNY 104,181.88	CNY 95,418.58
27 MAINTENANCE OF FIXED ASSETS		
28 ONGOING CONSTRUCTION OF FIXED ASSETS		
29 STANDBY IMPAIRMENT ON FIXED ASSETS		
35 TOTAL FIXED ASSETS	CNY 104,181.88	CNY 95,418.58
36 INTANGIBLE ASSETS		
37 OTHER EXTENDED ASSETS		
40 TOTAL INTANGIBLE AND OTHER EXTENDED ASSETS		
41 OTHER LONG TERM ASSETS		
42 EXTENDED TAX		
50 TOTAL ASSETS	CNY 1,653,298.84	CNY 2,112,183.40



	Beginning Balance (Start of Year)	End of Quarter
46 SHORT TERM PAYABLE		
47 NOTES PAYABLE		
48 ACCOUNTS PAYABLE	CNY 337,427.53	CNY 1,065,427.53
49 DEPOSITS	CNY 375,560.00	CNY 12,975.00
50 OTHER PAYABLES	CNY 1,170,000.00	CNY 1,330,000.00
51 SALARY PAYABLE		
52 SOCIAL BENEFITS PAYABLE	CNY 67,056.51	CNY 66,568.51
53 TAX PAYABLE	-CNY 25,937.22	-CNY 8,816.03
54 DIVIDENDS PAYABLE		
55 OTHER PAYABLE	CNY 65.98	CNY 155.37
56 ADVANCES PAYABLE		CNY 27,106.20
57 SHORT TERM LIABILITIES		
58 OTHER CURRENT LIABILITIES		
65 TOTAL CURRENT LIABILITIES	CNY 1,924,172.80	CNY 2,493,416.58
66 LONG TERM LOAN		
67 BONDS PAYABLE		
68 LONG TERM LIABILITY		
69 OTHER LONG TERM LIABILITIES		
70 REAL ESTATE REVOLVING FUND		
76 TOTAL LONG TERM LIABILITY		
77 EXTENDED TAX LIABILITY		
80 TOTAL LIABILITY	CNY 1,924,172.80	CNY 2,493,416.58
81 PAID UP CAPITAL	CNY 500,000.00	CNY 500,000.00
82 AUTHORIZED CAPITAL		
83 SUBSCRIPTION RECEIVABLE		
84 FUND		
85 RETAINED EARNINGS	-CNY 770,873.96	-CNY 881,233.18
88 TOTAL STOCKHOLDERS EQUITY	-CNY 270,873.96	-CNY 381,233.18
89		
90 TOTAL LIABILITY & STOCKHOLDERS EQUITY	CNY 1,653,298.84	CNY 2,112,183.40

WANTAI XING INCOME STATEMENT as of June 30, 2010

	For the Month	For the Period Ending June
1 GROSS REVENUE	CNY 2,661,239.35	CNY 13,134,413.75
2 SALES DISCOUNT		
3 NET REVENUE	CNY 2,661,239.35	CNY 13,134,413.75
4 COST OF GOODS SOLD	CNY 2,615,675.19	CNY 12,858,717.89
5 OPERATING EXPENSES		CNY 52,707.00
6 SALES TAX	CNY 36.38	CNY 377.93
10 GROSS MARGIN	CNY 45,527.78	CNY 222,610.93
11 COMMISSION INCOME		
14 TOTAL GROSS INCOME	CNY 45,527.78	CNY 222,610.93
15 OTHER INCOME		CNY 4,772.19
16 ADMINISTRATIVE & OPERATING EXPENSES	CNY 42,581.34	CNY 337,024.73
17 FINANCIAL EXPENSES	-CNY 27.26	CNY 600.23
18 FOREX GAIN / LOSS		
20 OPERATING INCOME	CNY 2,973.70	-CNY 110,241.84
21 GAIN FROM INVESTMENT		
22 INCENTIVE INCOME		
23 OTHER INCOME		
24 OTHER EXPENSES	CNY 117.38	CNY 117.38
25 ADJUSTMENT IN PREVIOUS YEARS GAIN / LOSS		
30 GROSS INCOME	CNY 2,856.32	-CNY 110,359.22
31 LESS TAX		
35 NET INCOME	CNY 2,856.32	-CNY 110,359.22