

This replacement information memorandum is dated 6 December 2017



JGY HOLDINGS LIMITED

[ARBN 622 384 776 | NSX Code: JGY]

REPLACEMENT INFORMATION MEMORANDUM

issued in connection with the proposed listing
on the National Stock Exchange of Australia

Nominated adviser



**BIZTRACK CONSULTANTS
PRIVATE LIMITED**
企道策略



IMPORTANT NOTICE

This information memorandum is dated 6 December 2017 and has been prepared by JGY Holdings Limited (ARBN 622 384 776) in connection with its application for a compliance listing on the National Stock Exchange of Australia ("NSX"). This replacement information memorandum replaces the information memorandum dated 17 July 2017 issued by the Company's predecessor-in-title China Jinguixuan Agribusiness Limited (ARBN 618 508 964). No offer of securities is being made under this information memorandum.

Not a disclosure document under the Corporations Act 2001

This document is not a prospectus, nor is it an offer information statement, both of which are disclosure documents under the Corporations Act 2001 which must be lodged with the Australian Securities and Investment Commission ("ASIC"). Consequently, this information memorandum should be regarded as having a lower level of disclosure than a prospectus or an offer information statement. This information memorandum will not be lodged with ASIC. Therefore, ASIC takes no responsibility for the contents of this information memorandum.

Application for compliance listing on NSX

Application has been made for listing of the Company's securities described in this information memorandum to the National Stock Exchange of Australia Limited.

The fact that NSX may list the securities of the Company is not to be taken in any way as an indication of the merits of the Company or its listed securities. NSX takes no responsibility for the contents of this document, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this document.

Unauthorised representations

No person is authorised to provide any information or make any representation in connection with the Listing which is not contained in this information memorandum or is not publicly disseminated through the official announcement platform of NSX.

Suitability of investment and risks

Before deciding to invest in the Company following its admission to the Official List, prospective investors should read entirely this information memorandum and, in particular, the summary of the Company's business in Section 3 and the risk factors in Section 5. Prospective investors should carefully consider these factors in light of their personal circumstances (including financial and taxation issues) and consider seeking professional advice from their accountant, bank manager, stockbroker, lawyer or other professional adviser before deciding to invest.



Definitions and photographs

Certain terms and abbreviations used in this information memorandum have defined meanings which are explained in the Definitions Section.

The assets depicted in the photographs in this document are not the assets of the Company unless otherwise stated.

Forward-looking statements

This information memorandum includes, or may include, forward-looking statements including, without limitation, forward-looking statements regarding the Company's financial position, business strategies, and plans and objectives for its business and future operations (including development plans and objectives), which have been based on the Company's current expectations. These forward-looking statements are, however, subject to known and unknown risks, uncertainties and assumptions that could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by these forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and environment in which the Company will operate in the future.

Matters not yet known to the Company or not currently considered material to the Company may impact on these forward-looking statements. These statements reflect views held only as at the date of this information memorandum. In light of these risks, uncertainties and assumptions, the forward-looking statements in this information memorandum might not occur. Investors are therefore cautioned not to place undue reliance on these statements.

Foreign exchange rates

In this information memorandum, Australian Dollar equivalents of sums denominated in currencies other than Australian Dollar have been translated into Australian Dollar using a fixed exchange rates of RMB1 = A\$0.1936 (being the approximate exchange rate applicable as at Latest Practicable Date).



DEFINITIONS

Unless the context otherwise permits or unless otherwise stated, the following summary key terms and definitions are used in this information memorandum:

“A\$”	The Dollar, the official currency of Australia
“ASIC”	Australian Securities and Investments Commission
“ASX Settlement”	ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of ASX Limited
“Act”	The Corporations Act 2001 (Cth), as amended from time to time
“CHESS”	The Clearing House Electronic Subregister System operated by ASX Settlement
“Company”	JGY Holdings Limited (ARBN 622 384 776)
“Constitution”	Collectively, the Memorandum and Articles of Association, being the constituting documents of the Company
“Existing Shareholders”	Shareholders as at the date of this information memorandum, all being legal and/or beneficial owners of the Operating Companies before completion of the Restructuring, and whose shareholdings in the Company are in proportion to their interests in the combined equity capital of the Operating Companies prior to the Restructuring.
“Farmco”	Tianchang Jinguixiang Agriculture Co., Limited [official name: 天长市金桂香农场有限公司]
“Founder Shareholders”	Holders of the equity capitals of Farmco and Wineco, including former holders who owned shares of their equity capitals at the relevant times
“Group”	The Company and its subsidiaries
“JGY-BVI”	China Jinguixiang Agribusiness Limited (ARBN 618 508 964), a company incorporated in and under the laws of the British Virgin Islands and registered under the Act in Australia
“Latest Practicable Date”	6 July 2017, being the latest practicable date before the original information memorandum was approved by directors of JGY-BVI for issue
“Listing”	The Company's application to NSX for a compliance listing of the Shares on NSX or, where the context so require, the Company's listing of the Shares on NSX
“Listing Rules”	The Listing Rules of NSX, as amended from time to time



“MicrobattSG”	Microbatt Singapore Pte. Ltd., a wholly-owned subsidiary of the Company
“mu”	A unit of measurement for area commonly used in China. One mu (pronounced: <i>moo</i>) is equivalent to 666.67 m ² or $\frac{1}{15}$ of one hectare
“NSX”	The National Stock Exchange of Australia Limited, or the securities exchange which it operates, as the case may be
“Nanjing JGY”	Nanjing Jinguixiang Agricultural Development Co., Limited [official name: 南京金桂园农业发展有限公司], a company in which two directors have interests
“Official List”	The list of issuers maintained by NSX in accordance with the Listing Rules
“Operating Companies”	Collectively, Farmco and Wineco
“RMB” or “Yuan”	<i>Renminbi</i> or the <i>Chinese Yuan</i> , the official currency of China, often indicated by the symbol “¥”
“Restructuring”	The restructuring of corporate holdings of the Group described in Section 3.1
“Share”	One ordinary share in the issued and paid-up share capital of the Company
“Shareholder”	A shareholder of the Company, that is, a holder of a Share
“WFOE”	Tianchang Danguixiang Agricultural Products Co., Limited [official name: 天长市丹桂香农产品有限公司]
“Wineco”	Pizhou Yinxingyuan Liquor Industry Co., Limited [official name: 邳州市银杏缘酒业有限公司]

Words importing the singular shall, where applicable, include the plural and vice versa, and words importing one gender shall include the other gender. Reference to persons shall include corporations.

Any reference in this information memorandum to a “Rule” is a reference to the relevant Rule in the Listing Rules for the time being.



1. CHAIRMAN'S STATEMENT



Photo of WANG Caifu at the recent planting session

Dear investor

Food safety significantly affects the public health in both developed and developing countries, especially in countries with large populations, a country such as China. It is a global problem. It is particularly telling that a survey carried out in 2011 reported that food safety was the issue Chinese people was most concerned about, surpassing even concerns about public security and medical safety. This still holds true today. According to a Pew Global Attitudes survey in 2015, 71% of Chinese people considered food

safety to be a big problem. Addressing food safety concerns can be seen part and parcel of China's needed transition toward a consumer-oriented economy, which is even more imperative now that export-based manufacturing sector's contribution towards the country's GDP growth is slowing from historic rates. Therefore, boosting consumer confidence is essential for China's economic stability.

Rice is a staple food for a vast majority of Chinese people. Currently in China, it is principally cultivated by individual farmers (or farming households) on a small-scale basis. Because of this, rice growing is not as productive as it can be. Domestic rice production is insufficient to meet consumption demand.

On this note, please I am pleased to introduce to you our company, JGY Holdings Limited and its subsidiaries. The Group's core business is the planting of rice and wheat, and we have a simple business model. The Group aims to increase planting yields by planting on a as-large-as-possible scale, using machineries where possible, planting good quality seedlings and employing good farming practices such as minimizing use of toxic chemical pesticides and fertilizers and increasing the use of organic fertilizers and non-chemical plant disease control solutions.

Currently, the Group cultivates rice and wheat on a total of 10,300 mu of land in Anhui Province in China. On this scale, I believe that the Group is one of the larger privately-owned grain growers in China. Our ambition is to expand the Group's scale of operations even further. Towards this end, my fellow directors and I believe that a listing on the NSX will help the Group achieve this goal.

The Group also has a liquor distillery as a side business. This distillery produces *bai-jiu*, a traditional Chinese grain liquor which it distils and sells on a wholesale or OEM basis.



This information memorandum is issued in connection with the Company's application for a compliance listing on NSX. It sets out more information about the Company, its current operations, its financial information and the more significant risks faced by the Company and its investors. Shareholders and interested investors should read this replacement information memorandum carefully and in its entirety and, if so required, seek professional advice before deciding whether to invest or trade in the Company's shares after its listing on NSX.

We intend to grow our business by expanding the scale of the current operations of our core business as well as extending our involvement both in the upstream and downstream activities. I believe there is much scope for growth for the Group and hope that you will be a part of this.

On behalf of my fellow directors, I encourage you to spend some time to get to know us and our business and to understand what we, as a company, are trying to achieve. Hopefully, you will share our vision and, if you do, to join us as a shareholder as we embark our journey to bring the Company to greater heights.

Yours sincerely

WANG Caifu
Chairman and chief executive officer



2. INVESTMENT OVERVIEW

This information is a selective overview only and is not intended to provide full information for investors intending to invest in the Shares. Prospective investors should read this information memorandum in full before deciding whether to invest in the Shares.

Question	Response	Where to find more information
Who is issuing this replacement information memorandum?	JGY Holdings Limited, a company incorporated in Cayman Islands (registration number 328398) and registered in Australia under the Corporations Act (ARBN 622 384 776).	Section 3.1
What is the purpose of this replacement information memorandum?	This replacement information memorandum is issued in connection with the Company's application for a compliance listing of its Shares on NSX.	Section 8.1
Why does the Company want to list on NSX?	Directors believe that a listing on NSX will: <ul style="list-style-type: none"> ● allow Shareholders who may wish to trade their shares through a stock exchange to do so; ● broaden the Company's shareholder base; ● facilitate the Group to raise further capital when such additional capital is required to expand the Group's business operations or for such other purposes as they may arise; and ● allow suppliers, customers and other strategic partners to take an equity stake in the Company so as to align their interests with that of the Company. 	Section 8.2
Who is the Company and what does it do?	The Company is an investment holding company, and it indirectly holds 100% of the equity capitals of two operating companies in China, namely Farmco and Wineco (<i>i.e.</i> , the Operating Companies). Farmco plants grains at a 10,300 mu (approximately 686.67 hectares) planting base in Anhui Province while Wineco runs a distillery producing <i>bai-jiu</i> , a traditional Chinese grain liquor, in Jiangsu Province. Both the Operating Companies have more than two years operating track record.	Sections 3.1 to 3.5



Question	Response	Where to find more information
What are the benefits of investing in the Company?	<p>The benefits of investing in the Company include investing in a company which:</p> <ul style="list-style-type: none"> ● has a track record of more than 10 years managed by the same management team; and ● is one of only very few larger scale privately owned producer of primary commodities in China where most agricultural farms are small and operated by individual farming households. 	
What are the key risks of investing in the Company?	<p>There are a number of risks associated with investing in the share market generally and in the Company specifically. Full details of these risks are set out in Section 5 and include:</p> <ul style="list-style-type: none"> ● the Group's production being exposed to acts of God which are beyond the control of the Group; ● the Group's operations may be affected by counter-parties to certain material contracts entered into by the Group breaching their obligations under these contracts; ● the Group's potential losses is not adequately insured because such insurance coverage is not always available and where available the costs are prohibitive; ● labour shortage may affect the Group's production; and ● any new or additional government budgetary restrictions and practice directives on discretionary spending may adversely affect the market for <i>bai-jiu</i>, one of the Group's products. 	Section 5, particularly 5.1(a) to 5.1(e)
What is the financial position of the Company?	<p>The Company is a new company formed on 18 April 2017 to hold 100% of the equity capital of the Operating Companies, both with operating track records of more than three financial years each. The financial information set out in this information memorandum is the audited combined financial statements of the Operating Companies for the past three financial years.</p>	Section 9



Question	Response	Where to find more information
Who are directors of the Company?	<p>Directors of the Company are:</p> <ul style="list-style-type: none"> ● WANG Caifu (Chairman of the board and chief executive officer) ● HE Ping (Executive director) ● SHANG Zonggen (Independent non-executive director) <p>Their qualifications, work experience and shareholdings in the Company (if any) are set out in Section 6.</p>	Section 6
Who are shareholders of the Company?	<p>All existing Shares were issued to satisfy in full the purchase consideration for the Company's (indirect) acquisition of the Operating Companies. Therefore, all existing Shares are held by the registered and/or beneficial owners of the Operating Companies, each holding such number of Shares in proportion to his or her interest in the combined equity capital of the Operating Companies before completion of the Restructuring.</p> <p>Further shareholding information, including substantial shareholdings, is set out in Section 4.</p>	Section 4
What important contracts have the Company and its subsidiaries entered into?	<p>The Company or the Operating Companies is a party to a number of important contracts. They include:</p> <ul style="list-style-type: none"> ● Material contracts in relation to the Restructuring; ● Material contracts in relation Farmco's planting base in Anhui Province ● Collaboration Framework in relation to Farmco's possible expansion of its planting base in Anhui Province ● Material contract in relation to Wineco's distillery 	Section 3.8
Will the Company pay any dividend?	<p>The Company's current focus will be on generating capital growth. The Company has no immediate plan to declare or distribute dividends. However, where possible, directors intend to declare the highest possible rates of dividends after taking into</p>	Section 3.9



Question	Response	Where to find more information
	account factors such as the availability of distributable earnings, the operating results and financial condition of the Company, future capital requirements, general business and other factors considered relevant by directors.	
Where will the Shares be quoted?	An application has been made to NSX for quotation of the Shares under the trading symbol "JGY".	
Where can I obtain additional advice?	By speaking to your accountant, bank manager, stockbroker, lawyer or other professional adviser.	



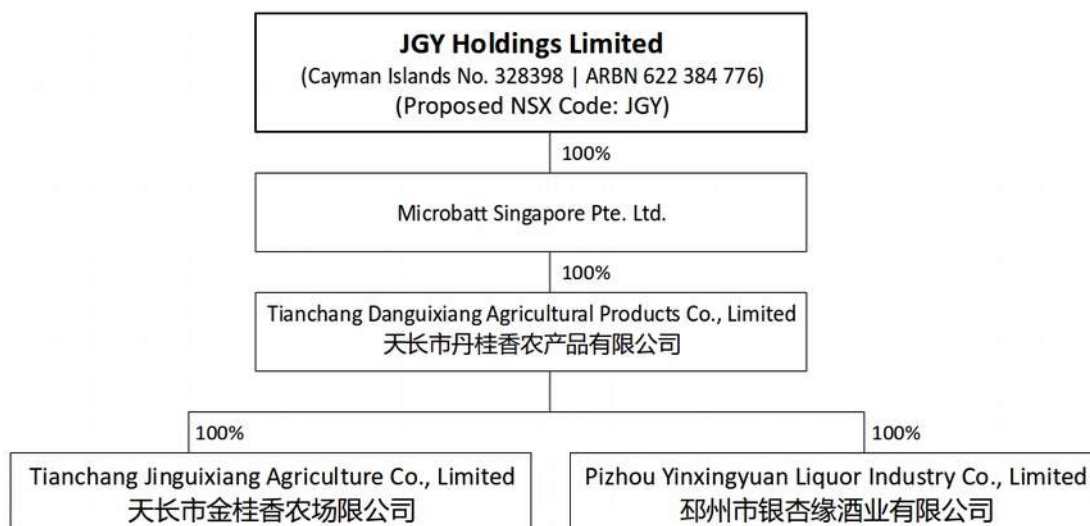
3. COMPANY AND BUSINESS OVERVIEW

3.1. Introduction

The Company was incorporated in Cayman Islands on 23 October 2017, and was registered under the Act on 21 November 2017 with a registration number ARBN 622 384 776.

In connection with and for the purpose of the Listing, Existing Shareholders carried out a restructuring of their interests in the Operating Companies (*i.e.*, the Restructuring). The Operating Companies comprise Farmco and Wineco, two companies with operating track records since 2013 and 2005 respectively. The purpose of the Restructuring was so that Existing Shareholders hold their interests in the Operating Companies indirectly through their shareholdings in the Company in the proportion of their interests in the combined equity capital of the Operating Companies prior to the Restructuring.

The corporate structure of the Group on completion of the Restructuring and as at the date of this information memorandum is as follows:



Brief information of the companies within the Group are set out below:

Country	Date of incorporation or registration	Principal activities
(a) China Jinguixiang Agribusiness Limited		
Cayman Islands	23 October 2017 (Cayman Islands)	Investment holding
	21 November 2017 (Australia)	



Country	Date of incorporation or registration	Principal activities
(b) Microbatt Singapore Pte. Ltd.		
Singapore	24 January 2017	Investment holding
(c) Tianchang Danguixiang Agricultural Products Co., Limited		
China	13 April 2017	Investment holding
(d) Tianchang Jinguixiang Agriculture Co., Limited		
China	24 December 2013	Growing grains, mainly rice and wheat, for sale
(e) Pizhou Yinxingyuan Liquor Industry Co., Limited		
China	15 March 2005	Manufacture and sale of <i>bai-jiu</i> (traditional Chinese grain liquor) products

The corporate objectives of the Company are:

- (a) to create shareholder value by increasing the scale of operations of the Group's current business by expanding the Group's plantation area; and
- (b) to develop upstream and downstream products that are either complements the Group's existing rice production and/or are derivative products of rice.

The Listing, which will give the Company a higher profile and to allow the Company to raise funds in the future when the need arises, is part of this growth strategy.

3.2. Overview of the Group's principal business

The core business of the Group, which is carried on by Farmco, is the growing of grains, mainly wheat and rice, for sale. As a side business, the Group operates a liquor distillery producing *bai-jiu*, a traditional Chinese grain liquor. This side business is carried on by Wineco. Further particulars of Group's businesses are set out in Sections 3.3 and 3.4 below.

What the brief corporate history of the Group is

The Founder Shareholders first invested in agri-based industry in 2004 when Nanjing JGY (registered in 2003) started small scale planting of grains on a small plot of land in Jintan District of Nanjing City. Such small scale planting allows the Founder Shareholders to plant different cultivars of rice to determine which cultivar gives the best revenue per planted area.



In 2005, Wineco was registered to acquire the operations of a small ailing *bai-jiu* distillery in Zhaodun Town, Pizhou City in Jiangsu Province. In April 2009, Wineco and the people's government of Zhaodun Town signed an investment agreement to expand the existing distillery to include the construction of a new workshop on an adjacent 70 mu plot of land. Construction of the new workshop was completed in 2010.

In 2013, the Founder Shareholders secured a large plot of land, comprising a few smaller adjacent plots, in Tianchang City to commence large scale commercial planting of grains. Farmco was established to carry on this business. Today, Farmco's business has grown such that it is now the Group's core business and relegated the liquor distillery business as a side business.

What products the Group sells

The Group sells three products: rice which is grown by Farmco during the primary planting season, wheat which is grown by Farmco during the secondary planting season and *bai-jiu* produced by Wineco.

How the Group produces the products it sells

Farmco grows rice and wheat from its planting base located in Lianhe and Xinmin Villages in Tianchang City in Anhui Province. The primary planting season, when rice is grown, is from June to October each year, while the secondary planting season, when wheat is grown, is from November to May. The operating rights to the land on which Farmco grows grains is leased from the local government of Tianchang City.

Wineco operates its distillery from leased premises located in Zhaodun Town, Pizhou City in Jiangsu Province.

How the Group sells its products

As the Group operates on a business-to-business model, it does not operate retail outlets. Rice is sold to the national food security reserve and to wholesalers and distributors, while the distillery sells to liquor merchants and other liquor manufacturers on an OEM basis.

Where the Group operates

The Group is based in China with its administrative headquarters located in Nanjing City, the capital city of Jiangsu Province in China. According to data published by National Bureau of Statistics of China, Jiangsu Province is the province with the second highest GDP in 2016, with a GDP of ¥7,608.62 billion (approximately A\$1,473.03 billion).

Farmco's planting base is located in Tianchang City in Anhui Province and Wineco's distillery is located in Pizhou City in Jiangsu Province. Tianchang City is located approximately 100 kilometres from Nanjing while Pizhou City is approximately 350



kilometres from Nanjing. The maps in the next page show the approximate locations of Jiangsu and Anhui Provinces in China and of Tianchang and Pizhou Cities within these two provinces.



Map 1: Location of Jiangsu and Anhui Provinces in China



Map 2: Locations of Tianchang City and Pizhou County

People – the Group's biggest asset

As of Latest Practical Date, the Group employs a total of seven permanent full-time management and administrative employees (excluding the two executive directors). These employees are employed by Nanjing JGY, who in turn provides their services to the WFOE under a Management Service Contract. In addition to these permanent employees, the Group also employs 22 work-gang leaders on a piecemeal contract basis to work on specific tracts of planting land. These work-gang leaders have discretion to sub-employ (at their own cost) part-time or temporary workers.

The number of employees employed by the Group is not subject to annual seasonal fluctuations.

3.3. Information of Farmco and its business

Farmco grows rice and wheat at its planting base, totalling a land area of 10,300 mu (approximately 686.67 hectares) (including 250 mu occupied by irrigation ponds and other ancillary facilities) located in Lianhe and Xinmin Villages in Tianchang City in Anhui Province. Save for 29 mu which is leased from five individuals, the remainder of this land is leased from the local government of Tianchang City on a long lease expiring in 2043.



Land being prepared for rice planting

During the primary planting season which spans from June to October each year, Farmco plants a hybrid of the *Japonica* (or short grained) variety of rice. At the start of each primary planting season, rice is



Rice being seeded on-site at Farmco planting base

seeded at small sections of the planting base while land at other parts of the planting base is prepared. The photo on the left is a recent site photo showing land being prepared for rice planting while the photo on the left shows rice being seeded at site. After the seeds have sprouted to become seedlings, these seedlings are planted on the prepared land. Planting is done partially manually and partially with

assistance of machinery. Below are site photos showing manual planting and planting with assistance of machinery. As of the date of this information memorandum planting for this primary planting season at all areas of Farmco's planting base has been completed.



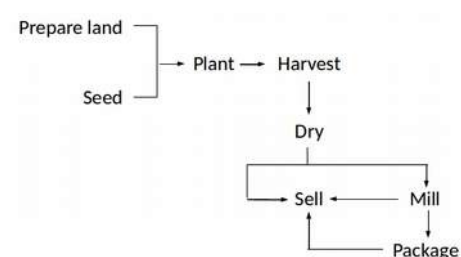
Planting rice manually



Planting rice with assistance of machinery

Rice planted at Farmco's planting base is generally harvested in October each year. Harvesting is done with assistance of farm machineries. After the rice crop is harvested, it is sent to Farmco's own facilities for drying, the process that reduces grain moisture content to a safe level for storage. It is the most critical operation after harvesting a rice crop. Delays in drying, incomplete drying or ineffective drying will reduce grain quality and result in losses. Drying of Farmco's rice crop takes place at its own facility which is equipped with dryer kilns.

A portion of dried rice will be sold to the national food security reserves or to customers who had ordered unmilled (*i.e.*, unhusked) rice. The balance will be sent for milling where the rice will be unhusked and polished. Milled rice will either be sold in bulk to wholesalers or sent for packaging before being sold to rice merchants and distributors.



Farmco production flow chart

In summary, Farmco's production process can be shown in the flowchart on the left.

The production process for Farmco's cultivation of wheat is similar to that for rice as described above, save for one significant difference. Harvested and dried wheat is sold to a nearby flour mill. The



wheat grown by Farmco is generally categorised as being winter wheat. Planting of wheat generally occur at the start of the secondary planting season in November each year and is harvested in May the following year.

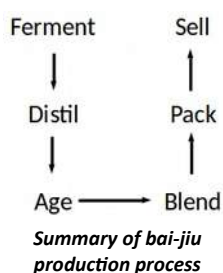
Farmco own its own fleet of farm machineries which is needed for planting and harvesting rice and wheat. This fleet comprise all machineries required for its rice and wheat growing activities.

The gallery below shows Farmco's grain drying facility and part of its fleet of farm machineries.



3.4. Information on Wineco and its business

Wineco operates a liquor distillery at a 3,594 m² workshop on a 70 mu (approximately 4.67 hectares) plot of land located in Penghu Village, Zhaodun Town in Pizhou City in Jiangsu Province. This land on which the workshop is constructed is leased from the village committee of Penghu Village.



Wineco produces *bai-jiu*, a traditional Chinese grain liquor. It is a strong distilled spirit, clear in appearance and generally has between 35% to 60% alcohol by volume ("ABV"). *Bai-jiu* is similar to vodka in strength and mouth-feel. It is usually distilled from fermented sorghum, although other grains may be used. Wineco uses a mixture of sorghum and ginkgo to ferment and distil its *bai-jiu*. Wineco ferments and distils its spirit in batches. The

flowchart on the right shows an overview of Wineco's production process. Sorghum



and ginkgo are mashed and heated before being mixed with a starter culture for the fermenting process. The fermented liquid is then distilled to obtain a clear and highly concentrated alcoholic liquid. This liquid is then first aged in ceramic vats for a minimum three years before being transferred to aluminium tanks for further ageing. At this stage, this aged spirit reaches strengths of between 70% to 75% ABV. This aged spirit is often referred to in the industry, and literally translated from the Chinese language, as “liquor purée”.



Liquor being aged in ceramic vats



Liquor being aged in aluminium tanks

Wineco operates on a business-to-business model. Under this model, only when an order is received, usually from a wine merchant, other larger liquor manufacturers or large organisations, Wineco will blend the liquor purée (usually from more than one production batch) and dilute it with mineral water to obtain the desired taste, aroma and alcoholic content and then package it according to the customer’s specifications.

3.5. Market analysis

(a) Rice

China is the world’s largest producer and consumer of rice. It accounts for 30% of total world production and consumption. Except for Japan and the Republic of Korea, rice yields in China are the highest in Asia, due in part to favourable growing conditions and the widespread adoption of hybrids. Rice area harvested has continued to decline from its peak of 37 million hectares in the mid-1970s to just over 31 million hectares in 1995 to about 30 million hectares in 2010. The decline in area has been due to both economic reforms that reduced government requirements to grow rice and economic development that increased the opportunity cost of land.

Rice is the staple food of two-thirds of China’s population, particularly in its southern and eastern regions, while wheat is more important in some areas in China, particularly in its northern region. Although rice is still a large part of Chinese people’s diets, its importance has somewhat declined in recent years. This is due to younger consumers being exposed to and accept a wider variety of food. Nonetheless, as its population rises, China will need to produce about 20% more rice by 2030 to meet domestic needs if rice consumption per capita stays at the current level. This is not easy. Several trends and problems



in the Chinese rice production system constrain a sustainable increase in total rice production. These include a decline in arable land, increasing water scarcity, labour shortages and increasing consumer demand for high-quality rice (often from low-yielding varieties).

The table below is compilation of published data showing rice consumption and production in China for the past three years:

<i>In '000 tonnes</i>	Rice Production	Rice Consumption
2014	130,420	133,000
2015	157,770	151,000
2016	146,500	151,500

(b) *Bai-jiu*



Bai-jiu being served at a state dinner during President Nixon's historical 1972 visit to China

Historically, *bai-jiu* has always been central to all aspects of Chinese life. It is present during virtually every significant social occasion in China. This includes such disparate occasions such as the Lunar New Year, the celebration of a successful business venture, a wedding or gatherings of friends and family. In modern day, *bai-jiu* continues to play a

pivotal role in Chinese life, as it serves as a social bond and facilitator of goodwill between parties. It is almost always served at business meals in China, and is commonly given as gifts, both personal and official, as tokens of goodwill.

These factors make *bai-jiu* the most widely sold and consumed spirit in the world, almost all of it in the Chinese market. The market size for *bai-jiu* is estimated to be worth US\$23 billion a year. The *bai-jiu* market is fairly complex, as there is a wide variety of *bai-jiu* in the market, with each *bai-jiu* brand fitting into a specific market segment. Generally, these can be categorised as being the super cheap or 'value' *bai-jiu*, the standard priced *bai-jiu* and the most expensive and highly regarded *bai-jiu*. *Bai-jiu* is produced or distilled almost exclusively in China.

The table below is compilation of published data showing *bai-jiu* consumption and production in China for the past three years:

<i>In '000,000 litres</i>	<i>Bai-jiu</i> Production	<i>Bai-jiu</i> Consumption
2014	12,560	12,570
2015	13,130	12,790
2016	13,580	12,600



In 2012, the then newly-elected President Xi Jinping launched a frugality campaign that banned lavish dinners and gift giving (and receiving) at all levels of government as part of a wider anti-corruption campaign. A series of practice directives (where it may impact the *bai-jiu* market) were issued between 2012 and 2013. These new directives resulted in a drastic reduction in demand for *bai-jiu*. Directors believe that market demand for *bai-jiu* has now somewhat stabilised as the above consumption data shows.

3.6. Potential related party transactions

In addition to related party transactions disclosed elsewhere in this information memorandum, there could be other potential related party transactions in the future. Nanjing JGY, a company in which two directors have interests, are currently undertaking, amongst other things, the following proposed ventures:

- (a) research and development of new cultivars of rice, particular those which are high-quality (in terms of taste, texture and nutrition) and which is high-yielding; and
- (b) proposed setting up of a grocery store chain, initially in the Nanjing City area with plans to expand to other parts of Jiangsu Province.

Neither of the above proposed ventures has materialised. However, should either of or both these proposed venture materialises, it is likely that the Group will transact with Nanjing JGY or any other entity these two directors may set up to undertake these ventures. In particular, Farmco may buy seeds or seedlings of such new cultivars developed and patented by Nanjing JGY for planting at its (Farmco) planting base, and Farmco and Wineco may supply rice and wheat and *bai-jiu* respectively to Nanjing JGY. In such an event, the Company will put in place procedures to ensure that all related party transactions with Nanjing JGY are in the interest of the Company and complies will all Listing Rules pertaining to related party transactions.

3.7. Properties

As of the date of this information memorandum, the properties of the group are as follows:

Held by WFOE

- (1) Location: Room 1108 Block 16
Wanda Commercial Square
Jianye District, Nanjing City
Jiangsu Province
People's Republic of China



Land area:	-
Number of buildings:	-
Aggregate floor area:	50 m ²
Use:	Office
Owned or leased:	Leased

Held by Farmco

(2) Location:	Lianhe Village and Xinmin Village Qinglan Town, Tianchang City Anhui Province People's Republic of China
Land area:	10,300 mu (approximately 686.67 hectares)
Number of buildings:	-
Aggregate floor area:	-
Use:	Planting base and ancillary facilities
Owned or leased:	Leased

Held by Wineco

(3) Location:	No. 58 Xihuandao Road, Penhu Village Zhaodun Town, Pizhou City Jiangsu Province People's Republic of China
Land area:	70 mu (approximately 46,667 m ²)
Number of buildings:	-
Aggregate floor area:	3,594 m ²
Use:	Distillery
Owned or leased:	Leased

3.8. Material contracts

The Company and its subsidiaries have entered into the following material contracts:

Material Contracts relating to the Restructuring

- (a) *Equity Transfer Agreements in relation to Farmco between WANG Caifu and HE Ping (as transferors) and WFOE (as transferee)*



Each of WANG Caifu and HE Ping (the “Farmco Transferors”) (as transferors) and WFOE (as transferee) entered into an Equity Transfer Agreement dated 18 April 2017, under which the Farmco Transferors transferred their aggregate 100% equity interest in Farmco to WFOE for a consideration of RMB20,000,000, which the Farmco Transferors had deemed being fully discharged by WFOE on the terms of the agreements.

The agreement, in the standard format prescribed by the local office of the Department of Industry and Commerce, is governed by the laws of China. The agreement was completed on 8 May 2017 and the parties’ obligations had been fulfilled in accordance with terms of the agreement. On completion of the these Equity Transfer Agreements, Farmco became a wholly-owned subsidiary WFOE, a wholly owned subsidiary of MicrobattSG.

- (b) Equity Transfer Agreements in relation to Wineco between WANG Caifu and HE Ping (as transferors) and WFOE (as transferee)

Each of WANG Caifu and HE Ping (the “Wineco Transferors”) (as transferors) and WFOE (as transferee) entered into an Equity Transfer Agreement dated 19 April 2017, under which the Wineco Transferors transferred their aggregate 100% equity interest in Wineco to WFOE for a consideration of RMB1,600,000, which the Wineco Transferors had deemed being fully discharged by WFOE on the terms of the agreements.

The agreement, in the standard format prescribed by the local office of the Department of Industry and Commerce, is governed by the laws of China. The agreement was completed on 9 May 2017 and the parties’ obligations had been fulfilled in accordance with terms of the agreement. On completion of the these Equity Transfer Agreements, Wineco became a wholly-owned subsidiary WFOE, a wholly owned subsidiary of MicrobattSG.

- (c) *Sale & Purchase Agreement in relation to Beyond Nature Limited between Fidus Custodians Limited (as vendor) and the JGY-BVI (as purchaser)*

JGY-BVI and Fidus Custodians Limited (acting as bare nominee for the Existing Shareholders) entered into a Sale & Purchase Agreement dated 10 July 2017 (the “SPA”), under which the JGY-BVI acquired all the issued share capital of Beyond Nature Limited (and, indirectly, its then wholly-owned subsidiary MicrobattSG) for a notional consideration of A\$6,300,000 (including the \$1 initial subscriber share) to be satisfied by the issue of 85,000,000 Shares (including the initial one subscriber Share) credited as being fully paid to Fidus Custodians Limited, who will:

- (i) hold these shares as bare nominee for the Existing Shareholders; and



- (ii) transfer these shares to a licensed depositary nominee when approval for the Listing is received from NSX.

The SPA is governed by the laws of Singapore. The SPA was completed upon its execution on 10 July 2017 and the parties' obligations had been fulfilled in accordance with the terms of the agreement. On completion of the SPA, MicrobattSG (and indirectly, the Operating Companies) became an indirect wholly-owned subsidiary of JGY-BVI.

- (d) Disposal of Beyond Nature Limited

Upon completion of the SPA:

- (A) Beyond Nature Limited transferred its interest in the entire issued and paid-up share capital of MicrobattSG to JGY-BVI for a nominal consideration of S\$1,000; and thereafter
- (B) JGY-BVI disposed of its interest in the entire issued and paid-up share capital of Beyond Nature Limited to Lu Bo (an unrelated third party) for a consideration of S\$1,000.

On completion of the above transactions, MicrobattSG became a direct wholly owned subsidiary of JGY-BVI.

- (e) Transfer of FiberswaySG from CFW-BVI (as transferor) to the Company (as transferee)

On 30 November 2017 and for the sole purpose of having the effect of re-domiciliating JGY-BVI, JGY-BVI transferred all its 100% shareholding in MicrobattSG to the Company for a notional consideration of A\$1,000 (including the \$100 initial subscriber share) to be satisfied in full by the issue of 1,000 Shares (including the initial 100 subscriber Shares) credited as being fully paid to the Existing Shareholders in the exact same proportion of their shareholdings in JGY-BVI.

Immediately on completion of the transfer, the Company revalued its shareholding in MicrobattSG from \$1,000 (its acquisition cost) to \$6,300,000 and capitalized the revaluation reserve by issue bonus shares to the Existing Shareholders on the basis of 84,999 bonus shares (or fractions thereof) for every 1 Share (or fractions thereof) then held by the Existing Shareholder.

On completion of the above transactions:

- (1) MicrobattSG became a direct wholly-owned subsidiary of the Company;



- (2) the Operating Companies became indirect wholly-owned subsidiaries of the Company;
- (3) the Company's issued and paid up capital became \$6,300,000 comprising 85,000,000 ordinary shares, identical to the issued and paid up share capital of JGY-BVI; and
- (4) each Existing Shareholder holds the same number of shares in the share capital of the Company as he or she does in the share capital of JGY-BVI.

Material Contracts relating to Farmco

- (f) *(Land Operating Rights Transfer) Agreement in relation to Farmco's planting base between the people's government of Tianchang City Qinlan Town and Nanjing JGY (as pre-registration agent for Farmco), and as amended by a supplemental agreement dated 17 April 2017*

On 27 September 2013, the people's government of Tianchang City Qinlan Town ("Qinlan Town Government") and Nanjing JGY entered into a (Land Operating Rights Transfer) Agreement in relation to 10,000 mu of land in Qinlan Town for the planting of ecologically friendly and pesticide residue free rice. Nanjing JGY signed this agreement as pre-registration agent of Farmco, and under a supplemental agreement dated 17 April 2017, the benefits and obligations under this agreement has been assigned to and assumed by Farmco.

Under the terms of this agreement (as varied by the supplemental agreement), Qinlan Town Government transferred the operating rights to approximately 10,000 mu (subject to final survey) in Lianhe Village and Xinmin Village in Qinlan Town to Farmco for a period of 30 years commencing 27 September 2013. Qinlan Town Government also gave certain undertakings including providing Farmco will free use of existing facilities, assistance to obtain all levels of government pro agriculture incentives. In return, Farmco gave certain undertakings including undertakings to operate the leased land according to best farming practices, giving employment priority to local villagers and keeping existing infrastructure in good working condition.

This agreement is governed by the laws of China, and is still subsisting.

- (g) *(Sub-Contract Planting on Portion of Circulated Land) Agreement in relation to a portion of Farmco's planting base between Farmco (as land use rights holder) and LI Hanping and WANG Baoyu (as sub-contractors)*



Under a (Sub-contract Planting on Portion of Circulated Land) Agreement dated 9 September 2015 entered into between Farmco (as land use rights holder) and LI Hanping and WANG Baoyu (as sub-contractors), Farmco sub-contracted the planting on a 2,930 mu plot in Xinmin Village within Farmco's planting base to the sub-contractors. Under this agreement, the sub-contractors sub-contract to plant grains on the sub-contracted plot of land substantially on the same terms and subject to the same conditions as set out in the (Land Operating Rights Transfer) Agreement described in Section 3.8(f), and the sub-contractors will pay the sub-contract lease payments directly to the village committee of Xinmin Village.

This agreement is governed by the laws of China, and is still subsisting.

- (h) *Strategic Collaboration Framework Agreement to promote the planting of premium rice to other parts of Anhui Province amongst Nanjing JGY (now assigned to Farmco), Anhui Province Sannong Information Service Association and Jiangsu Nongtaitou Bio-agriculture Development Co., Limited*

On 17 April 2017 (the date the last of the three parties signed the agreement), a Strategic Collaboration Framework Agreement was entered into by Nanjing JGY, Anhui Province Sannong Information Service Association and Jiangsu Nongtaitou Bio-agriculture Development Co., Limited to promote the planting of premium rice, to be planted to organic specifications, to other parts of Anhui Province. This agreement sets out the parties' responsibilities during an experimental planting phase as well as a framework for collaboration should results of the experimental planting phase be successful. By an Assignment Agreement dated 5 June 2017 entered into amongst the original contracting parties and Farmco, Nanjing JGY assigned the benefits of this agreement to Farmco, and Farmco has assumed all obligations under this agreement.

This agreement is governed by the laws of China, and is still subsisting.

Material Contracts relating to Wineco

- (i) *Agreement in relation to Winco's development and construction of a new workshop between the people's government of Pizhou City Zhaodun Town and Wineco*

On 19 April 2009, the people's government of Pizhou City Zhaodun Town ("Zhaodun Town Government") and Wineco entered into an agreement in relation to the development and construction of a new workshop at Wineco's existing distillery. Under the agreement, the Zhaodun Town Government will procure the lease for and approve a 73.5¹ mu piece of land in Penghu for

1 Final survey determined that this land to be 70 mu instead of 73.5 mu.



Wineco to construct a new workshop for its distillery. Zhaodun Town Government also gave several undertakings including reserving an adjacent 22 mu plot of land for Wineco's further expansion and prohibiting the construction of chemical and other polluting industries within a 5 kilometres radius of Wineco's distillery. In return, Wineco gave certain undertakings including undertakings as to minimum investments, production and taxes payable.

Other Material Contracts

(j) *Management Service Agreement dated 1 July 2017 between Nanjing JGY and WFOE*

Nanjing JGY and WFOE entered into a Management Service Agreement dated 1 July 2017. Under this agreement, Nanjing JGY will employ all personnel required by WFOE, including WANG Caifu and HE Ping, the executive directors of the Company and provide their services to WFOE at a fixed annual lump sum. The validity period of this agreement is for 10 years from 1 July 2017 to 31 December 2027.

This agreement is governed by the laws of China, and is still subsisting.

3.9. Dividend policy

Determination as to the payment of dividends by the Company will be at the discretion of directors. Currently, the directors do not have any dividend policy. However, where possible, directors intend to declare the highest possible rates of dividends after taking into account factors such as the availability of distributable earnings, the operating results and financial condition of the Company, future capital requirements, general business and other factors considered relevant by directors.

Directors expect that any dividend, if paid, will be paid without franking credits.

3.10. Tax status and financial year

The Company will not carry on business in Australia nor operate with management control in Australia. Therefore, directors do not expect the Company to be considered a tax resident in Australia.

The financial year of the Company will end on 31 March annually.

3.11. Litigation

Save as disclosed below, there is no litigation or claims of material importance made against any entity of the Group in the last five (5) years or which is pending or



threatened against any member of the Group:

Disclosures:

- (A) A claim was made in 2017 against Farmco by Tianchang Fuyuan Seed Co., Limited (“Tianchang Fuyuan”) for monies outstanding for supplying rice seeds to Farmco. This claim was settled out of court, and Tianchang Fuyuan applied for the claim to be withdrawn. On 27 April 2017, the court allowed Tianchang Fuyuan’s application to withdraw the claim with costs to be borne by Tianchang Fuyuan. As of the date of this information memorandum, this claim has been settled in full.

- (B) A claim was made in 2015 against Nanjing JGY and Farmco by Jiangsu Vansday Supply Chain Management Co., Limited (“Jiangsu Vansday”). This claim was for debt due for warehouse rental and transportation services provided by Jiangsu Vansday under a warehousing and transportation contract. Nanjing JGY and Farmco disputed this claim on the basis that it had been discharged by way of set off. Judgement was made against Nanjing JGY and Farmco on 24 March 2016, and Nanjing JGY and Farmco was ordered to pay Nanjing Vansday a sum of RMB191,445 (approximately A\$37,000) plus RMB4,129 (approximately A\$800) in costs. Nanjing JGY and Farmco appealed against this judgement. This appeal was dismissed on 27 July 2016. As at the date of this information memorandum, Nanjing JGY had paid this judgement sum in full.



4. SHARES AND SHAREHOLDING INFORMATION

4.1. Share class information

As of the date of this information memorandum, the Company has only one class of shares in issue, namely Ordinary Shares, the details of which are as follows:

	Number of securities issued	Voting rights attaching to each security	The amount of fully paid-up security
Ordinary Shares	85,000,000	Each shareholder is entitled to one vote for each Share	A\$6,300,000

4.2. Substantial shareholders

As of the date of this information memorandum, the shareholdings of substantial shareholders (defined as persons who own 5% or more of a class of security) are as follows:

Substantial shareholder	Direct interest	Deemed interest	Total interest	% of issued capital
WANG Caifu	20,000,000	29,690,000 ^{(1), (2)}	49,690,000	58.46%
HE Ping	19,690,000	30,000,000 ⁽¹⁾	49,690,000	58.46%
WANG Haotian ^{(1), (2)}	10,000,000	39,690,000	49,690,000	58.46%

⁽¹⁾ WANG Caifu and HE Ping are spouses. WANG Haotian is their adult but not financially independent, son. Therefore, each is deemed to be interested in Shares held by the others.

⁽²⁾ WANG Haotian is an adult but not financially independent son of WANG Caifu. He had received these Shares as an absolute gift from WANG Caifu. On completion of the Restructuring, WANG Caifu transferred 10,000,000 Shares to WANG Haotian for no consideration. Notwithstanding WANG Haotian own these 10,000,00 Shares legally and beneficially, he offers these shares to be subject to the same restrictions as would be applicable to WANG Caifu had he not transferred these Shares. WANG Caifu's shareholding of 20,000,000 Shares is after he had transferred these 10,000,000 Shares to WANG Haotian.

4.3. Previous share issues

All existing 69 Shareholders of the Company were initially issued shares in the share capital of JGY-BVI on 10 July 2017 as consideration for the acquisition by JGY-BVI of the entire share capital of MicrobattSG, the holding company which, through its 100% equity interest in WFOE, holds 100% equity interest in each of the Operating



Companies. The 85,000,000 shares (including the one initial subscriber share which had been issued previously) were issued for a notional consideration of A\$6,300,000 pursuant to a restructuring exercise carried out by the Company for the purpose of the Listing.

All existing 106 Shareholders of the Company were then issued shares in the Company on 30 November 2017 following completion of the re-domiciliation exercise described in section 3.8(e) above.

Save for WANG Haotian who received his Shares from WANG Caifu as disclosed in note (3) in Section 4.2, the other 68 investors who had pooled their funds to invest in the equity capitals of the Operating Companies, or who had acquired an interest in the equity capitals of the Operating Companies from other Existing Shareholders, at various times since 2005. The dates of investment and amounts invested by the Existing Shareholders (save for WANG Haotian) in the Operating Companies are shown in the following table:

Date	Amount invested (In RMB)	Exchange rate (from xe.com)	Amount invested (in A\$ equivalent)	Average cost per Share
18 March 2005	500,000	0.1523	76,150	
23 December 2008 ⁽¹⁾	1,100,000	0.2146	236,060	
24 December 2013	800,000	0.1846	147,680	
30 September 2014	765,000	0.1866	142,749	
22 November 2014	2,900,000	0.1883	546,070	
	<u>6,065,000</u>		<u>1,148,709</u>	1.35 cents ⁽²⁾

⁽¹⁾ Includes RMB500,000 which was contributed by way of production equipment

⁽²⁾ Calculated based on 85,000,000 Shares, the outstanding number of shares in the share capital of the Company as at the date of this information memorandum.

4.4. Restricted securities

Subject to NSX's acceptance of the Company's submission on securities to be restricted, the Company intends to have escrow arrangements in respect of 49,790,000 Shares. These 49,790,000 Shares represent 58.58% of the Company's issued and paid up share capital. If NSX accepts the Company's submission on securities to be restricted, the following persons will enter into restriction agreements with the Company under which they are restricted from dealing in any Share held by them during the escrow period. The escrow arrangements are as follows:



	Name of holder	Number of Shares	Escrow Period
1.	WANG Caifu	20,000,000	24 months from listing date
2.	HE Ping	19,690,000	As above
3.	SHANG Zonggen	100,000	As above
4.	WANG Haotian	10,000,000	As above
		<u>49,790,000</u>	

4.5. Analysis of shareholdings

As of the date of this information memorandum, the distribution of holders of Shares issued by the Company (including Shares which are subject to escrow arrangements) are as follows:

	Proposed unrestricted securities			Proposed restricted securities		
	Number of holders	Number of Shares	As a % of unrestricted securities	Number of holders	Number of Shares	As a % of restricted securities
5,001 – 10,000	18	180,000	0.51%			
10,001 – 100,000	17	1,115,000	3.17%	1	100,000	0.20%
100,001 to 1,000,000	21	10,550,000	29.96%			
1,000,001 and above	9	23,365,000	66.36%	3	49,790,000	99.80%
	<u>65</u>	<u>35,210,000</u>	<u>100.00%</u>	<u>4</u>	<u>49,790,000</u>	<u>100.00%</u>



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5. RISK FACTORS

An investment in the Company is not risk free. Before deciding to trade in the Shares, Shareholders and prospective investors should read this information memorandum in its entirety, consider at least the following risk factors in light of their personal circumstances and investment objectives (including financial and taxation issues) and seek professional advice from their accountant, bank manager, stockbroker, lawyer or other professional adviser.

The operating and financial performance and position of the Group, the value of Shares and the amount and timing of any dividends that the Company may pay will be influenced by a range of factors. Many of these factors will remain beyond the control of the Group and directors. Accordingly, these factors may have a material effect on the Group's performance and profitability which may cause the market price of Shares to rise or fall over any given period.

This Section identifies the areas directors regard as major risks associated with an investment in the Company. This list is not intended to be an exhaustive list of the risk factors to which the Group is exposed. The risks and uncertainties described below are not the only ones faced by the Group. There are other risks and uncertainties which directors deem immaterial or not currently known may also have a material adverse effect on the Group's business, financial condition, operating results and/or cash flow.

5.1. Specific risks

In addition to the general risks outlined below, there are specific risks associated with the Group's existing and proposed business operations. These include:

(a) Acts of God

Planting yield or the quantity of grain (rice and wheat) which Farmco can produce at its planting base is greatly dependent on a number of factors which are beyond the control of the Farmco. These uncontrollable factors include but are not limited to the following:

- (i) rice is a tropical plant which requires a constantly warm temperature of between 20°C to 27°C and abundant sunshine during its growing period. The minimum temperature should not go below 15°C as germination cannot take place below this temperature. Wheat is a crop which grows well in cold temperate regions. Winter wheat, the variety which Farmco plants during the secondary planting season, germinates in fall and needs to go through a period of cold weather to produce its seed for harvesting early the following summer.



- (ii) rice requires constant soil moisture to grow. Therefore, stagnant water and rain is required for rice cultivation. A rainfall of between 100 cm to 200 cm during rice growing is ideal. However, rainfall during harvest times is harmful.

If these weather conditions are not met, for example, if there is prolonged uncharacteristically cool summer days or warm winter days, or if there is drought during the rice growing season or if there is heavy rainfall during the period when rice is harvested, the quantity and quality of grain produced by Farmco will be adversely affected. This in turn will adversely affect the Group's revenues and its financial performance.

In addition to the above weather condition related factors. Rice yields can also be significantly affected by the following factors:

- (iii) Insect pests

Insect pests attack all portions of the rice plant and all stages of plant growth. Although rice insects have always been a problem, insect pest complex has changed in recent decades. Some insects have increased in severity, whereas others have declined in seriousness. Insects reduce planting yields substantially, especially in tropical Asia.

- (iv) Plant diseases

Disease damage to rice can greatly reduce yield. They are caused by bacteria, viruses or fungi. Planting a resistant variety is the simplest and, often, the most cost effective management for diseases. Although the rice variety planted by Farmco is a disease resistant variety, it is not resistant to all diseases.

While Farmco has put in place best possible farm practices, including the judicious use of fertilizers and pesticides, there is no assurance that the planting base will not be affected by incidences of pest attack(s) or plant diseases. If these incidences occur beyond the normal expected occurrences, the quantity and quality of grain produced by Farmco will be adversely affected. This in turn will adversely affect the Group's revenues and its financial performance.

- (b) Contractual counter-party risk

The continuation of the Operating Companies' businesses and, where applicable, its expansion thereof are also dependant on their contractual rights under certain material contracts being fulfilled by the counter-parties



to these material contracts or their ability to enforce these contractual rights. In particular:

- (i) Save for a relatively immaterial plot of land with an area of 29 mu, all other land on which Farmco plants grains is operated under a long term lease from the local government of Tianchang City;
- (ii) The land on which Wineco's distillery is sited is leased from the village committee of Pizhou City Penghu Village.
- (iii) Farmco signed a Strategic Collaboration Framework Agreement (the "Framework") with Anhui Province Agriculture Information Service Association (the "Association") and another party. This agreement is described in Section 3.8(h). The Association is an association formed under the auspices of the Department of Civic Affairs of Anhui Province. Under the second stage of the business collaboration contemplated under the Framework:
 - (A) Farmco will take a 40% stake in a joint-venture company to be formed; and
 - (B) the Association will procure 10,000 mu of planting land for the joint venture company to plant rice from seeds which Farmco will supply.

Because the Association is formed under the auspices of a government department, its registration is subject to annual renewal. There is no guarantee that the Association's registration will continue to be renewed on its current and/or subsequent expiry. Non-renewal of its registration will impair its ability to proceed with the proposed business collaboration and its ability to fulfil its obligations under the Framework.

If any counter-party to the above agreements breaches its obligations and if the Group is not able to legally enforce that counter-party's obligations under the relevant agreement, the Group's operations and or its expansion plans will be adversely affected.

Under the agreement described in Section 3.8(i), Wineco gave the local government of Zhaodun Town certain commitments as to minimum investments, production and taxes payable. Wineco has not fulfilled these commitments because subsequent events make additional investment in the distillery commercially unfeasible and that Wineco has not achieved the levels of profitability to require it to pay that amount of taxes. While Wineco is technically in breach of its obligations under this agreement, directors believe



that the conduct of the local government of Zhaodun Town indicates that they had ratified Wineco's non fulfilment of these commitments by their non-action over a prolonged period of time.

(c) Inadequate insurance

Insurance against all risks associated with the Group's core business is not always available and where available the costs can be prohibitive. In particular, currently the Group only has limited insurance coverage for limited losses to its wheat crop, and even then, this insurance cover is arranged under a government-sponsored scheme. It does not cover all losses (including loss of profits) which Farmco may suffer as a result of crop loss. Neither is the Group covered for losses it may suffer in the event of crop loss to its rice crop.

(d) Labour shortage risk

Crop planting and, to a lesser extent, harvesting is very labour intensive. While Farmco utilises farm machinery as much as it possibly can, some tasks need to be done manually. These tasks also need to be performed and completed within very specific and short periods of time.

Farmco mitigates this risk by employing a number of work-gang leaders, each responsible for completing these tasks at specific plots of land within the planting base. Each work-gang leader will be responsible for recruiting any such number of temporary or casual labourers to complete the specific tasks at the specific plot of land he is responsible for within the specific time. Employing work-gang leaders enlarges the pool of potential workers as each work-gang leader will have his (or her) network. However, there is no assurance that Farmco will be able to, indirectly through the work-gang leaders, hire sufficient number of temporary workers to carry out these tasks when needed. If this happens, Farmco's production may be affected. This in turn will adversely affect the Group's revenues and its financial performance.

(e) Government budgetary tightening risk

As described in Section 3.5(b), market demand for *bai-jiu* had been adversely affected by the a frugality campaign imposed by President Xi Jinping in 2012. While the most drastic of the practice directives (where it impact the *bai-jiu* market) were issued between 2012 and 2013 and that there has been no new practice directives issued since then which has impact on the *bai-jiu* market, there is no assurance that such new practice directives will not be issued in the future. If such new practice directives are issued in the future, it may adversely impact the market and demand for *bai-jiu*. This in turn will adversely affect the Group's revenue and its financial performance.



(f) Internal controls

The system of internal controls currently implemented by the Group is designed for the operations of an owner-managed enterprise. It comprises a number of undocumented procedures which require the substantial hands-on involvement of the owner-manager. Directors are of the opinion that while this system of internal control is adequate and effective for the current level of operations, it may become inadequate after the Group's business expands. If the Group is not able to improve and subsequently maintain the quality of the Group's internal controls, any weaknesses could materially and adversely affect the Company's ability to properly manage the operations of the Group, provide timely and accurate information about the Group's operations and finance, and could cause the Group to be susceptible to internal fraud.

Directors will continually review the Group's system of internal controls and ensure that they are developed to, and maintained at, a level appropriate for a publicly listed company of comparable size and scale of operations. Any weaknesses in effective internal controls may create additional challenges in the Company complying with its continuous disclosure obligations. To mitigate risks associated with compliance with continuous disclosure obligations, directors will be appointing as nominated adviser and other advisers firms whom have a good track record of advising clients whose operations are of similar size and scale as the Group's.

(g) Currency and foreign exchange

Revenue generated, and capital and operating costs incurred, by the Group is denominated in the Chinese Yuan (or *Renminbi*). The Group's financial results when stated in Australian Dollars will be subject to foreign exchange currency risks due to exchange rate movements. These exchange rates are affected by numerous factors outside the Group's control. These factors include the economic conditions of China, interest rates, inflation and other economic factors which may have a material effect on the Group's financial performance if its financial results are translated into Australian Dollar or currencies other than the Yuan.

The value of the Yuan is subject to change in the Chinese government's policies and to international economic and political developments. There can be no assurance that the Yuan will not become volatile against other currencies or that the Yuan will not be devalued. The Company does not hedge against movements in the Yuan. There can be no assurance that future changes in the exchange rate of the Yuan against other currencies will not have adverse effects on the Group's financial position.



The conversion of the Yuan into foreign currencies is regulated in China. Under Chinese government regulations, all foreign enterprises must establish a “current account” and a “capital account” with a bank authorised to deal in foreign exchange. Currently, foreign enterprises are able to exchange Yuan into foreign currencies at designated foreign exchange banks for settlement of “current account” transactions, which include payment of dividends on the basis of a board resolution authorising the distribution of profits or dividends, without other regulatory approval. Conversion of the Yuan into foreign currencies for “capital account transactions” which include the receipt and payment of foreign exchange for loans, contributions and purchases of fixed assets continues to be subject to limitations and requires regulatory approval. There can be no assurance that the Group will be able to repatriate funds from China to pay dividends or satisfy foreign exchange requirements in the future.

(h) Legal considerations

China operates under a civil law system. This system is different from the common law system which exists in Australia and in Cayman Islands. While individual court decisions in China may be noted for reference, they may not have precedent value. Although legislative reforms during the last two decades have significantly enhanced the protection enjoyed by enterprises in China, some of these laws, regulations and measures are relatively recent and their interpretation and enforcement remain uncertain. In addition, the legal system in China is subject to continuing development in areas such as foreign investment, tax and foreign exchange and these could adversely affect the operations of the Group's operating companies.

Should it be necessary for the Company to enforce its legal rights in relation to its business, it would need to do so in accordance with the laws of China and perhaps other jurisdictions. If multiple jurisdictions or cross-border issues are involved, the matters may well attract unusual complexities which may result in added costs.

(i) Political, economic and social reforms

The Chinese economy has gradually changed from a centralised economy to a market economy. This reform has, among other things, resulted in significant economic growth. Political, economic and social factors may lead to further readjustment of the reforms already in place. However, there is no assurance that any change that occurs as a result of political, economic or social reforms in China will have a positive effect on China's economic development or that the Group's operating companies will benefit from or will be able to capitalise on these reforms. There is a risk that the Group's operating companies'



operations, markets and financial position may be adversely affected by these continuing changes.

(j) Shareholder rights

The Company is incorporated in Cayman Islands, and the rights of Shareholders are governed by the laws of Cayman Islands. There is a risk that these rights may not be equal to the rights shareholders in Australian companies enjoy, and additional costs and delays in enforcing those rights. To mitigate this, the Company has incorporated certain features of shareholder protection that shareholders in Australian companies enjoy, such as rules relating to takeovers, into the Company's constitution.

5.2. General investment risks

In addition to the above specific risks associated with the Group's existing and proposed business operations there are also general risks associated with an investment in the Shares. These include:

(a) Investment in securities

Shareholders and interested investors should be aware that there are risks associated with any investment in securities such as the Shares, and should recognise that the price of securities may fall as well as rise. In particular, the trading price of securities at any given time may be higher or lower than the price paid by the investor for these securities. Further, there can be no assurance that an active trading market will develop in the Shares.

Many other factors will affect the price of the Shares, including general fluctuations in the performance of local and international stock markets, movements in interest and exchange rates, industry-specific as well as general economic conditions and investor sentiment. Stock markets have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of companies. There can be no guarantee that trading prices and volumes of any securities will be sustained. These factors may materially affect the market price of the Shares, regardless of the Group's operational performance.

No guarantee can be given by the Company in respect of the payment of dividends, any returns of capital or the market value of the Shares. Such issues are dependent on the Group's performance after listing, the control of costs and the need for working capital and other funding requirements.



(b) Economic risk

Changes in the general economic climate in which the Group operates may adversely affect the financial performance of the Group. Factors that may contribute to that general economic climate include the level of direct and indirect competition against the Group, industrial disruption and the rate of growth of the gross domestic product in China where it operates, interest and exchange rates and the rates of inflation.

No assurances can be given or forecasts made regarding the continuing strong growth experienced by the Chinese economy nor whether or when it will slow materially or shrink. If the Chinese economy does not continue to grow or if it slows materially, stops growing or goes into recession, there may be a diminished market for the Group's services. This would have a material adverse effect on the performance and profitability of the Group.

(c) Changes in legislation and government regulation

The introduction of new legislation or amendments to existing legislation and regulations by governments, and the decisions of courts and tribunals, can impact adversely on the assets, operations and, ultimately, the financial performance of the Group. In addition, any adverse changes in political and regulatory conditions in China, Cayman Islands or Australia could affect the prospects of the Group's operating companies or those of the Group as a whole. Financial and economic changes such as changes in both monetary and fiscal policies, import regulations and tariffs, taxation, methods of taxation and currency exchange could affect the profitability of the Group and adversely affect the return to Shareholders.



6. DIRECTORS AND CORPORATE GOVERNANCE

6.1. Directors

The Company is managed by a board of directors which currently comprise three directors, namely:

Name	Age	Designation
WANG Caifu	64	Chairman of the board and chief executive officer
SHANG Zonggen	60	Independent non-executive director
HE Ping	40	Executive director

The qualifications, business and working experience of each director is summarised below:

(a) WANG Caifu

Appointed on
2 December 2017



Residential address
Room 1001, Building 4, No. 218 Jiqing Avenue
Jianye District, Nanjing City
Jiangsu Province, People's Republic of China

WANG Caifu is an experienced entrepreneur having started a number of businesses since 1998. Businesses he founded includes the Operating Companies which now form part of the Group. Other businesses which he founded includes companies dealing with building material wholesaling and supplies and in logistics. These companies has since been divested.

Prior to founding his own businesses, WANG Caifu worked both in the public and private sectors. In the public sector, he worked at the State Administration of Grains of Jintan District, Changzhou City in Jiangsu Province ("Jintan District Grain Bureau"). His last position there was as branch manager of Ningbo branch of a supply and marketing co-operative administered by Jintan District Grain Bureau. From 1981 to 1998, we worked at senior management levels in various companies in the chemicals and building materials supplies industries.

As executive chairman and chief executive officer, WANG Caifu is responsible for the overall management of the group, but with focus on business planning, managing of relationships with key customers and suppliers, managing production and materials procurement, strategic investments, and managing relationships with other key stakeholders of the Group which



includes investors, business partners and senior level personnel of relevant government agencies.

(c) SHANG Zonggen

Appointed on
2 December 2017



Residential address
Room 305 Block 3 Unit 3
Hongyuan New Apartments Area 3
Jianye District, Nanjing City
Jiangsu Province, People's Republic of China

SHANG Zonggen is currently the financial controller of Nanjing Daika Huashun Wheel Hub Co., Limited, a company which he joined in 2003. Prior to this, he held a number of senior finance roles at various companies in Jiangsu Province. He started his career in the mining industry, starting as a mine worker at the state-owned Fenghuangshan Iron Ore Mine, progressing to be a finance supervisor there before leaving the mining industry in 1992.

SHANG Zonggen brings with him the the board financial management expertise, and will chair the board when the board meets to perform the functions of an audit committee and a remuneration committee.

(c) HE Ping

Appointed on
2 December 2017



Residential address
Room 1001, Building 4, No. 218 Jiqing Avenue
Jianye District, Nanjing City
Jiangsu Province, People's Republic of China

HE Ping started her career in the building material and supplies company founded and owned by WANG Caifu initially in administrative roles before progressing to assume management and operational roles in that company. Since 2003, she joined Nanjing JGY to oversee its administrative and operational management. When the Operating Companies were formed, she concurrently played the same role at the Operating Companies.

HE Ping's primary responsibility is the Group's finance, administration and human resource management. She is also the Group's key contact point for working-level liaison with relevant government agencies. HE Ping will provide general administration support to the chief executive officer with particular



focus on cash flow management encompassing suppliers' payables and customers' receivables management.

6.2. Senior management

The day-to-day management of the Group's business is tasked to the chief executive officer, WANG Caifu and executive director, HE Ping. They are supported by experienced and qualified senior management personnel, namely:

(a) YU Jian (Age: 40), Financial Controller

Prior to joining the Group in 2017, YU Jian worked in various manufacturing companies (including Nanjing Daika Huashun Wheel Hub Co., Limited, the company where SHANG Zonggen, an independent, is financial controller) initially as finance executive and subsequently as finance supervisor. As financial controller, he will be responsible for the day-to-day running of the entire accounting and finance functions of the Group. YU Jian graduated with an advanced diploma from Nanjing Audit Institute (now upgraded and renamed as Nanjing Audit University).

YU Jian holds 20,000 Share.

(b) QIU Ling (Age: 45), Administration manager

QIU Ling joined the Group in 2016. She has with her more than 20 years office administrative experience encompassing human resource management, customer relations, procurement and business development gained in a companies in diverse industries. She will provide full administrative support for the executive directors and will oversee day-to-day running of the head office. QIU Ling graduated with an advanced diploma in economics management from Jiangsu Broadcast University.

QIU Ling does not hold any Shares.

(c) CHEN Fulian (Age: 53), Plantation manager

CHEN Fulian worked as farm supervisor at the small scale farm at Jintan District operated by Nanjing JGY. He was promoted and transferred to Farmco when Farmco was registered in 2013. Prior to this, he has more than nine years experience as a farm technician at an osmanthus plantation. CHEN Fulian is responsible for the day-to-day operations at Farmco's planting base.

CHEN Fulian holds 50,000 Shares.



6.3. Directors' holdings

As of the date of this information memorandum, directors' interests in Shares are as follows:

Director	Direct interest	Deemed interest	Total interest	% of issued capital
WANG Caifu	20,000,000	29,690,000 ⁽¹⁾	49,690,000	58.46%
HE Ping	19,690,000	30,000,000 ⁽¹⁾	49,690,000	58.46%
SHANG Zonggen	100,000	--	100,000	0.12%

⁽¹⁾ WANG Caifu and HE Ping are spouses. WANG Haotian, who is their adult but not financially independent son, holds 10,000,000 Shares. Therefore, they are deemed to be interested in Shares held by each other and by WANG Haotian.

6.4. Remuneration received by directors and their related entities

Directors will be paid the following remuneration:

	Director's fees per annum ⁽¹⁾		Wages, salaries and/or bonus per annum	
	In RMB	Approximate A\$	In RMB	Approximate A\$
WANG Caifu	To be proposed at each AGM		75,000 ⁽²⁾	-
HE Ping	To be proposed at each AGM		45,000 ⁽²⁾	-
SHANG Zonggen	To be proposed at each AGM		-	-

⁽¹⁾ Subject to Shareholders' approval at each annual general meeting

⁽²⁾ The remuneration for WANG Caifu and HE Ping are covered under the Management Service Agreement described in Section 3.8(j).

A director may also be paid fees or other amounts as the board of directors determines if that director performs special duties or otherwise performs services outside the scope of the ordinary duties of a director. A director may also be reimbursed for out-of-pocket expenses incurred as a result of his directorship or any special duties.

6.5. Other information on directors

Save as disclosed below, as of the date of this information memorandum:

(a) there are no family relationships among any of the directors; and



- (b) none of the directors has, in any jurisdiction, been convicted in any criminal proceeding or has had a bankruptcy petition filed against him or any partnership in which he is or was a partner or any body corporate of which he is or was a director or has been sanctioned or otherwise disciplined by any self-regulatory securities association of which he is or has been a security holder or any securities supervisory or regulatory body or any such event is pending.

Disclosure:

WANG Caifu, the Company's executive chairman and chief executive officer and HE Ping, an executive director are spouses.

6.6. Corporate governance statement

The Company's corporate governance statement is set out in Section 7.



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7. CORPORATE GOVERNANCE STATEMENT

Given the size of the Company the board has yet to formally adopt corporate governance procedures. The current corporate governance practices of the Group is based on the principles and recommendations set out in *Corporate Governance Council's Principles and Recommendations, 3rd Edition* issued by ASX Corporate Governance Council, as modified to take into account the Company's current size and scale of its operations. The board will continually review the need for formalised and documented corporate governance procedures and practices, and to adopt them as and when the need arises in the future. The Group's corporate governance statement (including its "if not, why not" statement) are set out below:

Principle No.	Recommendation	Compliance or Reason for Non-compliance
1.1	A listed entity should disclose: <ul style="list-style-type: none"> (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management. 	<p>The Company does not comply in full with this Recommendation.</p> <p>The Company recognises that the overall responsibility of the board is to represent and advance shareholders' interests and to protect the interests of all stakeholders. Given the current size of the Company and of the board, and of the scale of the Group's operations, the board is yet to formally adopt a formal board charter. The Board will continually review the need for a board charter, and adopt it as and when the need arises in the future.</p>
1.2	A listed entity should: <ul style="list-style-type: none"> (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director. 	<p>The Company complies in full with this Recommendation</p> <p>The entire board will carry out appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director. All material information in the board's possession will be set out in explanatory notes accompanying notices of general meetings where appointments of directors will be voted on by security holders.</p>
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	<p>The Company complies in full with this Recommendation</p> <p>Each director is required to sign a letter of appointment setting out the terms of his</p>



Principle No.	Recommendation	Compliance or Reason for Non-compliance
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	<p>or her appointment. Senior executives are employed on full-time basis and have signed employment contracts under relevant labour laws of China.</p> <p>The Company complies in full with this Recommendation.</p> <p>The chair and each member of the board has free and unfettered access to the company secretary. The company secretary is also authorized to communicate any issue or raise any concern directly with the chair and/or any member of the board as he consider necessary.</p>
1.5	<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy,</p> <p>and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation</p>	<p>The Company does not comply in full with this Recommendation.</p> <p>The board supports workplace diversity, including gender diversity but considers that the Company is not of a size or maturity to justify a formal diversity policy. The board's priority has been to ensure that its members have the appropriate level of experience and skills to manage the Company at its early stages of operations rather than focusing on gender and other diversity factors.</p>



Principle No.	Recommendation	Compliance or Reason for Non-compliance
	(including how the entity has defined “senior executive” for these purposes); or	
	(2) if the entity is a “relevant employer” under the Workplace Gender Equality Act, the entity’s most recent “Gender Equality Indicators”, as defined in and published under that Act.	
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>The Company complies in full with this Recommendation.</p> <p>The Company has a practice and a process of periodically evaluating the performance of the board (collective self appraisal) and individual directors (peer review by other members of the board). This review will be done at the end of each financial year at the same time the board meets to approve its financial statements for that financial year.</p> <p>The first financial year of the Company will be for the period ending 31 March 2018. The Company will carry out a performance evaluation in accordance with this process.</p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>The Company complies in full with this Recommendation.</p> <p>The board will meet at least annually to review the performance of executives. The senior executives’ performance is assessed against the performance of the Group as a whole.</p> <p>The first financial year of the Company will be for the period ending 31 March 2018. The Company will carry out a performance evaluation in accordance with this process.</p>



Principle No.	Recommendation	Compliance or Reason for Non-compliance
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>The Company does not comply in full with this Recommendation.</p> <p>The board considers that the Company is not currently of a size to justify the formation of a nomination committee. The board as a whole undertakes the process of reviewing the skill base and experience of existing directors to enable identification or attributes required in new directors. Where appropriate, independent consultants will be engaged to identify possible new candidates for the board either as addition to the board to supplement its current skills and experience or as part of succession planning for the board.</p>
2.2	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership</p>	<p>The Company does not comply in full with this Recommendation.</p> <p>The board considers that the Company is currently at early stages of operations, and that its current composition has the appropriate level of experience and skills</p>



Principle No.	Recommendation	Compliance or Reason for Non-compliance
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p>to manage the Company. As the Company grows in scope and scale of operations, the board will assess the skills matrix it currently has, the skills matrix it seeks to achieve and what actions it needs to take to achieve that target. The board will continuously assess whether</p> <p>The Company complies in full with this Recommendation.</p> <p>As of the date of this Corporate Governance Statement, the board comprised of the following persons:</p> <p>WANG Caifu Managing director and chairman on the board Date first appointed: 2 December 2017 Date last elected: Not applicable[#] [#] Subject to re-election at the next AGM pursuant to Regulation 18.5 of the Constitution. However, as managing director, he is not subject to re-election by rotation.</p> <p>HE Ping Executive director Date first appointed: 2 December 2017 Date last elected: Not applicable[#] [#] Subject to re-election at the next AGM pursuant to Regulation 18.5 of the Constitution.</p> <p>SHANG Zonggen Independent director Date first appointed: 2 December 2017 Date last elected: Not applicable[#] [#] Subject to re-election at the next AGM pursuant to Regulation 18.5 of the Constitution.</p> <p>SHANG Zonggen, the independent director has no interest, position, association or relationship of the type described in Box 2.3.</p>



Principle No.	Recommendation	Compliance or Reason for Non-compliance
2.4	A majority of the board of a listed entity should be independent directors.	<p>The Company does not comply in full with this Recommendation.</p> <p>The board currently comprise of two executive directors and one independent director. The board consider the minimum number of executive directors required to function effectively is two, in that one to oversee the manufacturing and marketing functions of the Group's business and another to oversee the finance, administration, legal and compliance functions. To comply with this Recommendation will require the Company to appoint two additional two independent directors which will increase the size of the board to five members. The board consider that the current size of the Company and the scale of the Group's operations do not justify having such a large board when the functions of the board can be performed adequately by a three-member board. As the Company grows is scope and scale of operations, the board will assess whether there is a need to expand the board by inviting persons with the right skills sets to join the board as independent directors.</p>
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	<p>The Company does not comply in full with this Recommendation.</p> <p>Currently, the chairman of the board is WANG Caifu who also performs the functions of a CEO. The board consider that it is in the best interest of the Company because currently the Group is at the stage of growth which requires the full leadership of WANG Caifu and this is best achieved with him performing both these roles together.</p>
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the	<p>The Company complies in full with this Recommendation.</p> <p>The board has put in place a program where all new directors will be assessed</p>



Principle No.	Recommendation	Compliance or Reason for Non-compliance
	skills and knowledge needed to perform their role as directors effectively.	<p>by the Company's nominated adviser as to the extent of his or her awareness of his or her responsibilities as a director of a company which is listed on NSX, and where such awareness is insufficient, to undergo such training or induction as may be recommended by the nominated adviser.</p> <p>The present members of the board are aware of their personal responsibilities to develop and maintain the skills and knowledge needed to perform their role as directors effectively and, if so requested by a director, the Company will bear reasonable costs and expenses of any continuing education program or course which a director may request to attend.</p> <p>Finally, the board intends to appoint only as director a person who has the necessary skills and knowledge to perform his or her intended role and who is aware of his or her personal responsibility for his or her own continuous education.</p>
3.1	<p>A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	<p>The Company does not comply in full with this Recommendation.</p> <p>The Company has not formally adopted a Code of Conduct. However, every director, senior executive and employees is aware of his or her responsibility to at all times act ethically and strictly comply with the spirit and letter of all laws and regulations of countries in which the Group carry on business</p>
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p>	<p>The Company does not comply in full with this Recommendation.</p> <p>The board considers that the Company is not of a size, nor is its financial affairs of such complexity, to justify the formation of an audit committee. The board as a whole, in consultation with the incumbent external auditor, undertakes the selection</p>



Principle No.	Recommendation	Compliance or Reason for Non-compliance
	<p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>and proper application of accounting policies, the integrity of financial reporting, the identification and management of risk and review of the operation of the internal control systems. When performing the role of an audit committee or when the board meets as the audit committee it will be chaired by SHANG Zonggen who has extensive financial management and accounting work experience.</p> <p>The board maintains regular communication with the external auditor and monitors their performance on a yearly basis. Currently, the board considers the Company's financial affairs not to be of such complexity as to justify the rotation of the audit partner.</p>
4.2	<p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound</p>	<p>The Company complies in full with this Recommendation.</p> <p>The board will receive an annual assurance in the form of a declaration from the chief executive officer and the chief financial officer (or equivalent) as required by the <i>Corporations Act 2001</i>.</p>



Principle No.	Recommendation	Compliance or Reason for Non-compliance
	system of risk management and internal control which is operating effectively.	
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	<p>The Company complies in full with this Recommendation.</p> <p>It is Company's policy, and will make such a policy a term of the auditor's appointment, for the engagement partner or a personnel of sufficient seniority who was involved in the conduct of the audit to be present at the AGM be available to answer questions about the conduct of the audit and the preparation and content of the auditors' report.</p>
5.1	<p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>The Company does not comply in full with this Recommendation.</p> <p>The board considers that the Company is not currently of a size or that the Group's scale of operations is sufficiently large and complex to have a written policy for complying with its continuous disclosure obligations under the Listing Rules. Each and every director and member of senior management is aware of the Company's continuous disclosure obligations. The board and senior management will work closely with and will consult the Company's nominated adviser to ensure it fulfills its continuous disclosure obligations.</p>
6.1	A listed entity should provide information about itself and its governance to investors via its website.	<p>The Company does not comply in full with this Recommendation.</p> <p>The Company does not maintains a corporate website. However, updated Corporate Governance Statements will be announced on the NSX market announcement portal periodically.</p>
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	<p>The Company complies in full with this Recommendation.</p> <p>The Company implements an active</p>



Principle No.	Recommendation	Compliance or Reason for Non-compliance
		investor relations program. It outsources its investor relations functions to its nominated adviser who is to designate one of its personnel to act as the Company's investor relations officer tasked to attend to all communication with investors and to act as communications liaison for existing and/or potential investors with the Company's preferred broker. The e-mail address of the investor relations officer is jgy.ir@mybiztrack.com and investors are encouraged to write to the Company with any queries.
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	<p>The Company does not comply in full with this Recommendation.</p> <p>The Company has not put in place any policy and processes to facilitate and encourage participation at meetings of security holders. However, the Company allows unrestricted reasonable discussions and dialogue with and receive feedback from security holders during the Company's general meetings.</p>
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	<p>The Company complies in full with this Recommendation.</p> <p>The Company's security registry has in place and has implemented a system where security holders are given the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director,</p>	<p>The Company does not comply in full with this Recommendation.</p> <p>The board considers that the Company is not of a size, nor is its operations of such complexity, to justify the formation of a risk management committee. The board as a whole will oversee the risk management for the Company taking into account key material risks faced by the Company as identified by the board and</p>



Principle No.	Recommendation	Compliance or Reason for Non-compliance
	and disclose:	how these risks or, if the risks materialises, its possible impact can be minimised.
	(3) the charter of the committee;	The board will ensure that risk management is included on the agenda of meetings of the board.
	(4) the members of the committee; and	
	(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or	
	(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	
7.2	The board or a committee of the board should:	The Company complies in full with this Recommendation.
	(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and	The board will reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound. The first review will be carried out for the financial year ending 31 March 2018, the first reporting period from its incorporation.
	(b) disclose, in relation to each reporting period, whether such a review has taken place.	
7.3	A listed entity should disclose:	The Company complies in full with this Recommendation.
	(a) if it has an internal audit function, how the function is structured and what role it performs; or	The Company does not have an internal audit function.
	(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its	The primary responsibility for risk management and internal controls on a day-to-day basis at the operations level vests with the CEO. The board will ensure that risk management is included on the agenda of meetings of the board for



Principle No.	Recommendation	Compliance or Reason for Non-compliance
	risk management and internal control processes.	discussion.
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	<p>The Company complies in full with this Recommendation.</p> <p>Material risks which the Company is exposed to and how it manages or intend to manage these risks are disclosed in this information memorandum. The board will continue to monitor the Company's exposure to these risks (or for any other risks the Company may become expose to in the future) and disclose them in the Company's annual report.</p>
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the</p>	<p>The Company does not comply in full with this Recommendation.</p> <p>The board considers that the Company is not of a size to justify the formation of a remuneration committee. The board as a whole will perform the function of the remuneration committee.</p> <p>The remuneration of executive directors are set out their employment contracts. The board will seek shareholders' approval at general meetings before paying any directors' fees.</p> <p>The CEO sets and determines the remuneration for senior executives and he does so having regard to prevailing levels paid to executives performing similar roles at comparable companies. Where the remuneration intended to be offered to any senior executive is materially more than such comparable levels, the CEO is required to obtain prior approval from the board before making such an offer.</p>



Principle No.	Recommendation	Compliance or Reason for Non-compliance
	processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	<p>The Company does not comply in full with this Recommendation.</p> <p>The Company does not have a formal policy regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives. The current practice in relation to this is set out in the explanation to the Company's adoption of Principal 8.1 above.</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>This Recommendation is not applicable as the Company does not have an equity-based remuneration scheme.</p>



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8. DETAILS OF THE LISTING

8.1. NSX listing

The Company has applied to NSX for admission to the Official List and for official quotation of its Shares on NSX. The fact that NSX may list the Company's securities is not to be taken in any way as an indication of the merits and commercial viability of the Company or the listed securities. The NSX takes no responsibility for the contents of this information memorandum, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss arising from or in reliance upon any part of the content of this Prospectus.

Directors expect that trading of the Shares on NSX will commence as soon as practicable after approval for admission to the Official List is granted and all conditions (if any) applicable thereto have been fulfilled.

8.2. Purpose of the Listing

The Company's application to NSX is to list its Shares on NSX by way of a compliance listing. No new capital will be raised by the Company as a result of the Listing. Nonetheless, directors believe that the listing of the Shares on NSX is beneficial to the Company and Shareholders because a listing on NSX will:

- ◆ allow Shareholders who may wish to trade their shares through a stock exchange to do so;
- ◆ broaden the Company's shareholder base;
- ◆ facilitate the Group to raise further capital when such additional capital is required to expand the Group's business operations or for such other purposes as they may arise; and
- ◆ allow suppliers, customers and other strategic partners to take an equity stake in the Company so as to align their interests with that of the Company.

8.3. Information about NSX

In February 2000, NSX became the second stock exchange to be approved under the then corporations law in Australia and is licensed under the Corporations Act. NSX is a fully operational and fully regulated stock exchange. NSX creates a market for a wide range of interests including alternative investments and traditional equity securities. Investments listed by NSX cover various areas of the economy that require a market platform. NSX is focused on listing small to medium-sized enterprises, as there is a great need for growth entities to have a capital market in which they can



raise further capital and provide a mechanism for the transferability of shares or other listed interests.

Additional information about NSX and the market which it operates can be obtained on its website (www.nsx.com.au).

8.4. Brokers

As at the Latest Practicable Date, there are twenty-three brokers registered as participant brokers of NSX, and they are the only brokers who can execute trades on NSX. Full profiles of these participant brokers are available on NSX website under the “Investing| Broker Directory” tab.

8.5. Nominated Adviser

Companies intending to list on NSX are also required to have a nominated adviser. It is contemplated that, with a nominated adviser for each company, investors will be offered better protection because nominated advisers are required to make sure that companies meet the on-going requirements for listing on NSX and the requirements of the Act. The Company has appointed Biztrack Consultants Private Limited as nominated adviser.

8.6. Restricted securities

NSX may classify certain securities as being subject to the restricted securities provisions of the Listing Rules. In particular, directors, other related parties and promoters may receive escrow on securities held by them for up to 24 months from the date the Company's Shares are listed on NSX.

The Company has made submission to NSX on the securities to be restricted, and subject to NSX's acceptance thereof, the Company will enter into restriction agreements with certain directors to implement the proposed escrow arrangements. A summary of the proposed escrow arrangements is set out in Section 4.4.

8.7. Rights and liabilities attaching to Shares

Full details of the rights and liabilities attaching to the Shares are:

- (a) detailed in the Company's Memorandum and Articles of Association (its constituent documents, which are the equivalent of an Australian company's constitution), copies of which can be inspected, free of charge, at the registered office of the Company during normal business hours; and
- (b) regulated by Cayman Islands law (in particular, the Companies Law), the Listing Rules and the general law.



The following is a summary of the more significant rights and liabilities attaching to the Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

(a) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares (at present there is only one class of shares), at meetings of Shareholders of the Company:

- (i) each Shareholder who is entitled to vote may vote in person or by proxy;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy of a Shareholder shall, in respect of each Share held by him, or in respect of which he is appointed a proxy, have one vote.

(b) Dividends

Directors may declare that a dividend is to be paid to Shareholders entitled to the dividend. Dividends are payable out of profits. Dividends declared will (subject to any special rights or restrictions attached to a class of shares created as to any arrangement as to dividend) be payable on shares in accordance with the Cayman Islands Companies Law.

(c) Future issues of securities

Subject to the Constitution and the Listing Rules, directors may issue, grant options over, or otherwise dispose of unissued shares in the Company at the times and on the terms that directors think proper and a share may be issued with preferential or special rights.

(d) Transfer of Shares

Subject to the Constitution, a Shareholder may transfer Shares by:

- (i) a market transfer in accordance with any computerised or electronic system established or recognised by the Listing Rules for the purpose of facilitating transfers of the Shares; or



- (ii) an instrument in writing in any usual or common form or in any other form approved by directors or in any other usual or common form.

(e) Future increases in capital

Without prejudice to any special rights conferred on the holder of any Shares, and subject to the Listing Rules and the Constitution, and prior Shareholders' approval being granted at a general meeting of Shareholders, directors may allot and issue such number of Shares or class of Shares and on such terms as they see fit.

(f) Variation of rights

Under the Constitution, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders, vary the rights attached to the Shares. Subject to the Constitution and the Listing Rules, if at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of the issue of the shares of that class), whether or not the Company is being wound up, may be varied with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(g) Meetings and notices

Each Shareholder is entitled to receive notice of, and to attend, general meetings of the Company and to receive all notices, and other documents required to be sent to Shareholders under the Constitution or the Listing Rules.

Shareholders may requisition meetings in accordance with the Constitution.

(h) Election of directors

There must be a minimum of three directors. At every annual general meeting one-third of directors (rounded to the nearest whole number) must retire from office. If the Company has fewer than three directors, one director must retire from office together with any director who would have held office for more than 3 years if that director remains in office until the next general meeting. These retirement rules do not apply to certain appointments including the managing director.



(i) Winding Up

Subject to the rights of holders of shares (if any) with special rights in a winding up, on the winding up of the Company all assets that may be legally distributed among members will be distributed in proportion to the number of Shares held by them.

(j) Alteration to the Constitution

The Constitution can be amended by a special resolution passed by at least three-quarters of Shareholders present and voting at a general meeting. At least 21 days' written notice, specifying the intention to propose the resolution as a special resolution, must be given.

(k) Listing Rules

If the Company is admitted to trading on the Official List, then despite anything in Constitution, if the Listing Rules prevents an act being done, that act must not be done. Nothing in the Constitution prevent an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the Constitution to contain a provision and it does not contain such a provision, the Constitution is deemed to contain that provision. If the Listing Rules require the Constitution not to contain a provision and it does contain such a provision, the Constitution is deemed not to contain that provision. If a provision of the Constitution is inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

8.8. CHESS

The NSX has established a transfer service agreement with ASX Settlement. This agreement recognises NSX as an Australian market operator pursuant to the ASX Settlement and Operating Rules and allows NSX to be a recipient of the transfer service provided by ASX.

The Company will apply to participate in the Clearing House Electronic Subregister System (CHESS), operated by ASX Settlement, in accordance with the ASX Listing Rules and ASX Settlement Operating Rules. On admission to CHESS, the Company will operate an electronic issuer-sponsored sub-register and an electronic CHESS sub-register. These two sub-registers together will make up the Company's principal register of securities.

Under CHESS, the Company will not issue certificates to Shareholders. Instead, Shareholders will receive holding statements that set out the number of Shares each



Shareholder owns. If a Shareholder is broker-sponsored, ASX Settlement will send that shareholder a CHESS statement. This statement will also advise shareholders of either their Holder Identification Number (HIN) in the case of a holding on the CHESS sub-register or Security Holder Reference Number (SRN) in the case of a holding on the issuer-sponsored sub-register.

A CHESS statement or issuer-sponsored statement will routinely be sent to Shareholders at the end of every calendar month during which the balance of their holding changes. A Shareholder may request a statement at any other time; however a charge may be imposed for additional statements.

Cayman Islands Companies Law allows Cayman Islands companies listed on certain stock exchanges to maintain their share registers and implement procedures for share transfers in accordance with the rules of the relevant stock exchanges. The NSX is one of the stock exchanges recognised for this purpose. Therefore, Cayman Islands law recognises the Company's participation in the electronic CHESS sub-register as being in compliance with Cayman Islands laws.



9. FINANCIAL INFORMATION

9.1. Introduction

- (a) The Group is a result of the transfer of the entire issued and paid up share capital of the Operating Companies by the Existing Shareholders to the Company for the purpose of the Listing. As the the Company is only recently incorporated for the aforesaid purpose and has no track record on its own, financial information (the “Financial Information”) set out in this section relates to financial information of the Operating Companies comprising audited combined historical financial statements for the financial years ended:
 - (i) 31 March 2015;
 - (ii) 31 March 2016; and
 - (iii) 31 March 2016,collectively, the “Relevant Financial Periods”.
- (b) The Financial Information were prepared in accordance with International Financial Reporting Standards. The manner of the presentation of the above combined financial statements is to reflect the economic substance of the combining companies (*i.e.*, Farmco and Wineco) which were under common control throughout the Relevant Financial Periods presented as a single economic enterprise although the legal parent-subsidiary relationships were not established as at the respective balance sheet dates.
- (c) J.K. Tan & Co, Chartered Accountants (Malaysia), auditors of of the Company, had audited the aforesaid financial statements and had issued unqualified opinions on these financial statements. The audit performed by J.K. Tan & Co were carried out in accordance with applicable International Standards on Auditing.
- (d) The Financial Information had been prepared and are presented in RMB or the Chinese Yuan, the currency of the primary economic environment in which the Operating Companies operates. The Australian Dollars equivalents of the Financial Information in this section is derived by direct conversion using a fixed exchange rate of RMB1 = A\$0.1936 (being the approximate exchange rate as at Latest Practicable Date) and is presented for reference purposes only.

**9.2. Audited consolidated financial statements**

The audited historical financial statements for Farmco and for Wineco and the audited combined financial statements for these two operating entities for Relevant Financial Periods are lodged and disclosed separately on the NSX announcements portal.

- (a) Qualified audit opinion on Farmco for the financial years ended 31 March 2015 and 31 March 2016

The audited financial statements for Farmco contain the following qualified audit opinions:

In relation to financial financial year ended	Basis of qualified opinion	Qualified opinion
31 March 2015	We were engaged as auditors for the Company after the financial year ended 31 March 2015. As a result, we did not observe the counting of physical inventories as at 31 March 2015. We were unable to satisfy ourselves as to the inventory quantities by other audit procedures. Consequently we are unable to gather sufficient audit evidence to satisfy ourselves as to the appropriateness of the carrying amount of the inventory amounting to RMB738,400.	In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2015 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.
31 March 2016	We were engaged as auditors for the Company after the financial year ended 31 March 2016. As a result, we did not observe the counting of physical inventories as at 31 March 2016. We were unable to satisfy ourselves as to the inventory quantities by other audit procedures. Consequently we are unable to gather sufficient audit evidence to satisfy ourselves as to the appropriateness of the carrying amount of the inventory	In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2016 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting



amounting to RMB8,023,957. Standards.

The above bases for the auditor's qualified opinions ("Bases for Farmco Audit Qualification") relate to inventories as at 31 March 2015 and 31 March 2016 respectively. The auditor had carried out their audit of the Operating Companies after the conclusion of the financial year ended 31 March 2017. Therefore, they were not able to retrospectively observe Farmco's annual stock-take or conduct any alternative audit procedure in relation to inventories as at those dates.

The auditor issued an unqualified opinion on Farmco's financial statements for the financial year ended 31 March 2017.

Therefore, considering:

- (i) the reason why the Bases for Farmco's Audit Qualification had arisen; and
- (ii) that Farmco's financial statements for the financial year ended 31 March 2017 was not qualified for that or any other reason,

directors believe that Farmco's financial statements for future financial years will not be qualified for the above reason.

- (b) Qualified audit opinion on Wineco for the financial years ended 31 March 2015 and 31 March 2016

The audited financial statements for Wineco contain the following qualified audit opinions:

In relation to financial financial year ended	Basis of qualified opinion	Qualified opinion
31 March 2015	We were engaged as auditors for the Company after the financial year ended 31 March 2015. As a result, we did not observe the counting of physical inventories as at 31 March 2015. We were unable to satisfy ourselves as to the inventory quantities by other audit procedures. Consequently we are unable to gather sufficient audit evidence to satisfy ourselves as to the appropriateness of the carrying amount of the inventory	In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2015 and of its financial performance and its cash flows for the year then ended in accordance with



	amounting to RMB8,609,015.11.	International Financial Reporting Standards.
31 March 2016	<p>We were engaged as auditors for the Company after the financial year ended 31 March 2016. As a result, we did not observe the counting of physical inventories as at 31 March 2016. We were unable to satisfy ourselves as to the inventory quantities by other audit procedures. Consequently we are unable to gather sufficient audit evidence to satisfy ourselves as to the appropriateness of the carrying amount of the inventory amounting to RMB66,357,655.65.</p>	<p>In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2016 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.</p>

The above bases for the auditor's qualified opinions ("Bases for Wineco Audit Qualification") relate to inventories as at 31 March 2015 and 31 March 2016 respectively. The auditor had carried out their audit of the Operating Companies after the conclusion of the financial year ended 31 March 2017. Therefore, they were not able to retrospectively observe Wineco's annual stock-take or conduct any alternative audit procedure in relation to inventories as at those dates.

The auditor issued an unqualified opinion on Wineco's financial statements for the financial year ended 31 March 2017.

Therefore, considering:

- (i) the reason why the Bases for Wineco's Audit Qualification had arisen; and
- (ii) that Wineco's financial statements for the financial year ended 31 March 2017 was not qualified for that or any other reason,

directors believe that Wineco's financial statements for future financial years will not be qualified for the above reason.

9.3. Tabulation of Statement of Financial Position

A tabulation of the combined Statement of Financial Position (or balance sheet) as at the end of each of the three preceding financial years are set out below:



Audited Combined Statement of Financial Position as at						
	<i>Presented in Australian Dollars, for reference purposes only</i>			<i>In Chinese Yuan, the original reporting currency</i>		
	31.03.2017	31.03.2016	31.03.2015	31.03.2017	31.03.2016	31.03.2015
ASSETS						
Non-Current Assets						
Property, plant and equipment	3,181,457	3,410,571	3,130,070	16,433,147	17,616,587	16,167,719
	3,181,457	3,410,571	3,130,070	16,433,147	17,616,587	16,167,719
Current Assets						
Inventories	18,285,511	14,400,280	1,809,660	94,449,956	74,381,613	9,347,415
Trade and other receivables	9,935,402	4,420,429	2,191,047	51,319,227	22,832,792	11,317,389
Cash and cash equivalents	421,298	31,685	27,423	2,176,128	163,662	141,646
	28,642,212	18,852,394	4,028,129	147,945,311	97,378,067	20,806,450
Total Assets	31,823,669	22,262,965	7,158,199	164,378,458	114,994,654	36,974,169
EQUITY AND LIABILITIES						
Capital and Reserves						
Share capital	1,174,184	1,174,184	1,174,184	6,065,000	6,065,000	6,065,000
Retained earnings	5,232,816	2,674,285	368,554	27,029,006	13,813,456	1,903,689
	6,407,000	3,848,469	1,542,738	33,094,006	19,878,456	7,968,689
Current Liabilities						
Trade and other payables	9,803,646	6,372,807	3,401,441	50,638,666	32,917,392	17,569,428
Amount due to shareholders	15,271,650	11,871,977	2,196,676	78,882,489	61,322,194	11,346,468
Provision for income tax	341,374	169,712	17,343	1,763,297	876,612	89,584
Total Liabilities	25,416,670	18,414,496	5,615,461	131,284,452	95,116,198	29,005,480
Total Equity and Liabilities	31,823,669	22,262,965	7,158,199	164,378,458	114,994,654	36,974,169

9.4. Tabulation of Statement of Comprehensive Income

A tabulation of the Statement of Comprehensive Income (or profit and loss statement) for each of the three preceding financial years are set out below:

Audited Combined Statement of Comprehensive Income for year ended						
	<i>Presented in Australian Dollars, for reference purposes only</i>			<i>In Chinese Yuan, the original reporting currency</i>		
	31.03.2017	31.03.2016	31.03.2015	31.03.2017	31.03.2016	31.03.2015
Revenue	8,260,887	4,912,655	3,366,057	42,669,870	25,375,285	17,386,656
Other items of income	124	158	243	639	815	1,254
	8,261,011	4,912,813	3,366,299	42,670,509	25,376,100	17,387,910
Items of expense						
Direct costs	(4,931,109)	(2,105,601)	(2,676,742)	(25,470,602)	(10,876,039)	(13,826,147)
Employee benefits expense	(233,394)	(197,244)	(119,778)	(1,205,550)	(1,018,820)	(618,688)
Other operating expense	(366,315)	(151,869)	(218,595)	(1,892,122)	(784,446)	(1,129,106)
	(5,530,818)	(2,454,713)	(3,015,115)	(28,568,274)	(12,679,305)	(15,573,941)
Profit before taxation	2,730,193	2,458,100	351,184	14,102,235	12,696,795	1,813,969
Taxation	(171,662)	(152,369)	(17,343)	(886,685)	(787,028)	(89,584)
Profit after taxation	2,558,530	2,305,731	333,841	13,215,550	11,909,767	1,724,385
Other comprehensive income	--	--	--	--	--	--
Total comprehensive income for the year	2,558,530	2,305,731	333,841	13,215,550	11,909,767	1,724,385



9.5. Working capital

As at the date of this information memorandum, the Group has sufficient working capital for its current requirements. Therefore, the Company has no intention of raising additional funds for at least three months after its listing on NSX.

9.6. No prospective financial forecast

No prospective financial forecast or projection is prepared for inclusion in this information memorandum because directors consider that any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

Notwithstanding the above, this information memorandum includes, or may include, forward-looking statements which have been based on the Company's current expectations. These forward-looking statements are, however, subject to known and unknown risks, uncertainties and assumptions that could cause actual results, performance or achievements to differ materially from expected future results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and environment in which the Company will operate in the future. Matters not yet known to the Company or not currently considered material to the Company may impact on these forward-looking statements.

In light of these risks, uncertainties and assumptions, forward-looking statements in this information memorandum might not occur. Investors are therefore cautioned not to place undue reliance on these statements.



10. ADDITIONAL INFORMATION

10.1. Differences in key issues between Cayman Islands and Australian law

The Company is incorporated in Cayman Islands. There may be material differences between the rights of Shares and holders of Shares in an Australian company and the rights of Shares and holders of Shares in a Cayman Islands company, resulting from the differences in their governing documents and governing laws.

This summary is a general description of the principal differences in selected key issues between the laws and regulations concerning shares in a company incorporated in Cayman Islands as opposed to Australia. It is provided as a general guide only and does not purport to be a comprehensive analysis of all the consequences resulting from acquiring, holding or disposing of such shares or interest in such shares. The laws, regulations, policies and procedures described are subject to change from time to time and investors should seek their own independent legal advice if they have any doubt as to their own legal position.

(a) Corporate procedures

The general company law structures of Cayman Islands and Australia are reasonably similar, being based in legislation with a common law background of directors' duties. As with Australian company law, many corporate procedures which require approval by a special resolution of shareholders under Australian law also require approval by a special resolution of shareholders under Cayman Islands law. These corporate actions include a change of company name, alteration of the memorandum or articles of association, and approval of capital reductions.

(b) Takeovers

Acquisitions of shares in a Cayman Islands company are not regulated under the Cayman Islands Companies Law. However, the Constitution provides that if the Company is listed on an exchange that is constituted under or is subject to Australian law, then Australian Takeover Rules shall apply as if the Company was incorporated in Australia.

(c) Substantial shareholder reporting

Under the Constitution, substantial shareholder reporting will be regulated under the Listing Rules to exactly the same extent as a listed Australian company.



(d) Related-party transactions

Related-party transactions (that is, transactions between a public company and a director, an entity controlled by a director, or a parent company of the public company) are regulated in Australia under the Corporations Act by a requirement for disinterested shareholder approval, unless the transaction is on “arm's length terms”, represents no more than reasonable remuneration, or complies with other limited exemptions.

Under the Constitution, issues of shares or other equity securities to directors, and all other transactions with directors will be regulated under the Listing Rules to exactly the same extent as a listed Australian company.

10.2. Privacy statement

The Company will include information about Shareholders (including names, addresses and details of the Shares held) in its register. The information contained in the Company's register must remain there even if that person ceases to be a Shareholder. Information contained in the Company's register is also used to facilitate distribution payments and corporate communication (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

10.3. Taxation

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All prospective investors in the Company are urged to take independent financial advice about the taxation and any other consequences of investing in the Company.

10.4. Consents

Each of the following persons referred has given and has not, before the date of this information memorandum, has withdrawn his written consent to be named in this information memorandum in the form and context in which he is named:

- (a) Biztrack Consultants Private Limited; and
- (b) J. K. Tan & Co, Chartered Accountants (Malaysia)



11. DIRECTORS RESPONSIBILITY STATEMENT

This information memorandum has been seen and approved by all directors who collectively and individually accept responsibility for this information memorandum and confirm, after having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and opinions expressed in this information memorandum are fair and accurate in all material respects as at the date of this information memorandum and that there are no material facts the omission of which would make any statement in this information memorandum misleading.

Each director has consented to lodgement of this information memorandum with NSX and has not withdrawn that consent, and has authorised this information memorandum for issue on the date of this information memorandum.

Signed for and behalf of
JGY Holdings Limited

WANG Caifu
Chairman and chief executive officer

HE Ping
Executive director



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12. CORPORATE DIRECTORY

Directors

WANG Caifu, *Executive chairman and chief executive officer*

SHANG Zonggen, *Independent non-executive director*

HE Ping, *Executive director*

Company Secretary

MAH Seong Kung

Registered Agent in Australia[#]

Themis Corporate Pty Ltd

Nominated Adviser

Biztrack Consultants Private Limited
Room 703 Kowloon Building
555 Nathan Road
Hong Kong

Registered Address in Australia

Level 1, Office F
1139 Hay Street
West Perth WA 6005

Registered Address in BVI

c/- HMS Cayman Limited
Grand Pavilion, West Bay Road
Grand Caymans, Cayman Islands

Share Registry[#]

Automic Registry Services
Level 3
50 Holt Street
Surry Hills NSW 2010

Principal Bankers[#]

- (1) Bank of China
Tianchang branch
Nanjing Wanda Commercial Square branch
- (2) Industrial and Commercial Bank of China
Tianchang Nanhu branch
- (3) Agricultural Bank of China
Tianchang Qinlan branch
Pizhou Jinshan branch

Auditors

Name of firm: J.K. Tan & Co. (AF-002116)[@]
Chartered Accountants (Malaysia)

Address: 14-02 Jalan Setia Tropika 1/24
Taman Setia Tropika
81200 Johor Bahru
Malaysia

Partner-in-charge: TAN Jin Kiat

Professional Chartered Accountant (Malaysia)

qualifications: Fellow, Association of Chartered Certified Accountants (United Kingdom)

[#] These persons were not involved in the preparation of this information memorandum and have not made any statement included in this information memorandum nor is there any statement made in this information memorandum on the basis of any statement made by



these persons. These persons did not consent to being named in this information memorandum and did not authorise or cause the issue of this information memorandum.

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