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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

**If you have sold or transferred** all your shares in **Shineroad International Holdings Limited**, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**Shineroad International Holdings Limited**

**欣融國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1587)**

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

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



A letter from the Board is set out on pages 6 to 17 of this circular and a letter from the Independent Board Committee containing its recommendations to the Independent Shareholders is set out on pages 18 to 19 of this circular. A letter from Opus Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 20 to 35 of this circular.

A notice convening the EGM of the Company to be held at Unit 1103-06, China Building, 29 Queen's Road Central, Central, Hong Kong on Thursday, 20 December 2018 at 3:00 p.m. is set out on pages 43 to 44 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.shineroad.com](http://www.shineroad.com)). Whether or not you are able to attend the EGM, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the EGM or any adjournment if they so wish.

16 November 2018

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## DEFINITIONS

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

“Announcement”	the announcement of the Company dated 9 October 2018 in relation to, among other things, the Continuing Connected Transactions;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Beijing Shineroad”	北京申欣融食品配料有限公司 (Beijing Shineroad Food Additives Co., Ltd.*), a limited company established in the PRC and an indirect wholly-owned subsidiary of the Company;
“Board”	the board of Directors;
“Company”	Shineroad International Holdings Limited, a company incorporated in the Cayman Islands and the Shares of which are traded on the Main Board of the Stock Exchange;
“Continuing Connected Transactions”	the continuing connected transactions contemplated under the New Master Purchase Agreements;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“EGM”	an extraordinary general meeting of the Company to be convened for the Independent Shareholders to consider and approve by poll, amongst other things, the Continuing Connected Transactions;

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## DEFINITIONS

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“Existing Hi-Road Master Purchase Agreement”	a master purchase agreement dated 4 June 2018 entered into between Shanghai Shineroad, Beijing Shineroad and Guangzhou Jieyang (as purchasers) and Hi-Road and Hi-morse Food (as sellers) in relation to the purchase of food flavourings, chocolate and other food ingredients and additives on a non-exclusive basis for the term until 31 December 2018;
“Existing Master Purchase Agreements”	the Existing Hi-Road Master Purchase Agreement and Existing Teaheals Master Purchase Agreement;
“Existing Teaheals Master Purchase Agreement”	a master purchase agreement dated 4 June 2018 entered into between Shanghai Shineroad, Beijing Shineroad and Guangzhou Jieyang (as purchasers) and Teaheals (as seller) in relation to the purchase of tea powder, herbal powder and fruit powder products on a non-exclusive basis for the term until 31 December 2018;
“Group”	the Company together with its subsidiaries;
“Guangzhou Jieyang”	廣州捷洋食品科技有限公司 (Guangzhou Jieyang Food Technology Company Limited*), a limited company established in the PRC and an indirect wholly-owned subsidiary of the Company;
“Hi-morse Food”	上海海象食品配料有限公司 (Shanghai Hi-morse Food Additives Co., Ltd.*), a limited company established in the PRC and is wholly-owned by Hi-Road;
“Hi-Road”	上海海融食品科技股份有限公司 (Shanghai Hi-Road Food Technology Co., Ltd.*), a joint-stock company incorporated in the PRC, and is owned as to 57.6% by Mr. Huang and 38.4% by Mr. Huang Haihu (while the remaining equity interests were owned by Independent Third Parties);
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

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## DEFINITIONS

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“Independent Board Committee”	an independent board committee of the Company comprising all the independent non-executive Directors, namely Mr. Tan Wee Seng, Mr. Chan Ka Kit and Mr. Meng Yuecheng, formed for the purpose of advising the Independent Shareholders in relation to the Continuing Connected Transactions (including the Proposed Annual Caps);
“Independent Financial Adviser” or “Opus Capital”	Opus Capital Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions (including the Proposed Annual Caps);
“Independent Shareholders”	Shareholders, other than Mr. Huang and his associates;
“Independent Third Party(ies)”	person(s) or company(ies) and whose ultimate beneficial owner who/which is/are independent of the Directors, chief executive and substantial shareholders of the Company and its subsidiaries and any of their respective associates as defined under the Listing Rules;
“Latest Practicable Date”	16 November 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular;
“Listing Rules”	the Rule Governing the Listing of Securities on the Stock Exchange;
“Mr. Huang”	Mr. Huang Haixiao (黃海曉), the chairman of the Board, an executive Director and a controlling Shareholder;

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## DEFINITIONS

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“New Hi-Road Master Purchase Agreement”	a new master purchase agreement dated 9 October 2018 entered into between Shanghai Shineroad, Beijing Shineroad and Guangzhou Jieyang (as purchasers) and Hi-Road and Hi-morse Food (as sellers) in relation to the purchase of food flavourings, chocolate and other food ingredients and additives on a non-exclusive basis for the term of three years starting from 1 January 2019 and ending 31 December 2021;
“New Master Purchase Agreements”	the New Hi-Road Master Purchase Agreement and New Teaheals Master Purchase Agreement;
“New Teaheals Master Purchase Agreement”	a new master purchase agreement dated 9 October 2018 entered into between Shanghai Shineroad, Beijing Shineroad and Guangzhou Jieyang (as purchasers) and Teaheals (as seller) in relation to the purchase of tea powder, herbal powder and fruit powder products on a non-exclusive basis for the term of three years starting from 1 January 2019 and ending 31 December 2021;
“PRC”	the People’s Republic of China;
“Proposed Annual Caps”	the proposed annual caps for the purchase of relevant products by the Group from the Sellers for each of the three years ending 31 December 2019, 2020 and 2021 under the New Master Purchase Agreements;
“Prospectus”	the prospectus of the Company dated 14 June 2018;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sellers”	Hi-Road, Hi-morse Food and Teaheals;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);

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## DEFINITIONS

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“Shanghai Shineroad”	上海欣融食品原料有限公司 (Shanghai Shineroad Food Ingredients Co., Ltd.*), a limited company established in the PRC and an indirect wholly-owned subsidiary of the Company;
“Share(s)”	the Share(s) of HK\$0.01 each in the capital of the Company;
“Shareholder(s)”	the holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules;
“Teaheals”	浙江頂亨生物科技有限公司 (Zhejiang Teaheals Bio-tech Co., Ltd.*), a limited company established in the PRC and is wholly-owned by Mr. Huang;
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong;
“%”	per cent.

*In this circular, the English names of the PRC entities are translation of their Chinese names and are included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.*

\* For identification purposes only

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LETTER FROM THE BOARD

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**Shineroad International Holdings Limited**

**欣融國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1587)**

*Executive Directors:*

Mr. Huang Haixiao (*Chairman*)

Mr. Li Junkui

*Non-executive Director:*

Ms. Huang Xin Rong

*Independent non-executive Directors:*

Mr. Tan Wee Seng

Mr. Chan Ka Kit

Mr. Meng Yuecheng

*Registered Office:*

P.O. Box 1350

Clifton House

75 Fort Street

Grand Cayman KY1-1108

Cayman Islands

*Principal place of Business in Hong Kong:*

Unit 6, 16/F

K. Wah Centre

191 Java Road

Hong Kong

16 November 2018

*To the Shareholders*

Dear Sir or Madam,

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**

**INTRODUCTION**

Reference is made to the Announcement dated 9 October 2018 in relation to, among other things, the Continuing Connected Transactions.

The purposes of this circular are (i) to provide you with further details of the Continuing Connected Transactions (including the Proposed Annual Caps); (ii) to set out the advice and recommendations from the Independent Board Committee to the Independent Shareholders; (iii) to set out the letter from the Independent Financial Adviser to the Independent Board Committee and



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## LETTER FROM THE BOARD

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the Independent Shareholders in respect of the Continuing Connected Transactions (including the Proposed Annual Caps); and (iv) to give you notice of the EGM to consider and, if thought fit, to approve the Continuing Connected Transactions (including the Proposed Annual Caps).

### **New Master Purchase Agreements**

The major terms of the New Master Purchase Agreements are as follows:

#### **(i) New Hi-Road Master Purchase Agreement**

##### *Date*

9 October 2018

##### *Parties*

- (i) Shanghai Shineroad, Beijing Shineroad and Guangzhou Jieyang (as purchasers); and
- (ii) Hi-Road and Hi-morse Food (as sellers)

##### *Subject Matter*

Pursuant to the New Hi-Road Master Purchase Agreement, Hi-Road and Hi-morse Food agreed to sell and/or supply and Shanghai Shineroad, Beijing Shineroad and Guangzhou Jieyang agreed to purchase on a non-exclusive basis food flavourings, chocolate and other food ingredients and additives from the sellers. The purchase price, payment time and method, and other specific terms or conditions (if any) shall be fixed by relevant parties in the purchase order on a case-by-case basis.

#### **(ii) New Teaheals Master Purchase Agreement**

##### *Date*

9 October 2018

##### *Parties*

- (i) Shanghai Shineroad, Beijing Shineroad and Guangzhou Jieyang (as purchasers); and
- (ii) Teaheals (as seller)

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## LETTER FROM THE BOARD

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### *Subject Matter*

Pursuant to the New Teaheals Master Purchase Agreement, Teaheals (as seller) agreed to sell and/or supply and Shanghai Shineroad, Beijing Shineroad and Guangzhou Jieyang (as purchasers) agreed to purchase on a non-exclusive basis tea powder, herbal powder and fruit powder products from the seller. The purchase price, payment time and method, and other specific terms or conditions (if any) shall be fixed by relevant parties in the purchase order on a case-by-case basis.

### *Pricing basis*

The purchase prices of the food ingredients and additives under the New Hi-Road Master Purchase Agreement are calculated with reference to the prevailing market prices of the same or comparable kind of food ingredients and additives, or the price to be agreed between the parties after having considered the market price. The market price under the New Hi-Road Master Purchase Agreement shall be determined with reference to (i) the prevailing market price of the same or similar food ingredients and additives obtained from third-party suppliers in the same or neighbourhood regions based on normal commercial terms and in the ordinary and usual course of business. The procurement team of the Group will communicate with at least three third-party suppliers to obtain their quotation slips after discussing with them on their production capacity, supply and demand situation in the market and the recent transaction prices with them; (ii) if (i) is not applicable, the selling prices of the same or similar food ingredients and additives obtained from third-party suppliers in the PRC based on normal commercial terms and in the ordinary and usual course of business. The procurement team of the Group will communicate with at least three third-party suppliers to obtain their quotation slips after discussing with them on their production capacity, supply and demand situation in the market and the recent transaction prices with them (if applicable). In the event that that is not applicable, the procurement team will research on sourcing information websites (primarily 1688.com) etc.; or (iii) if both (i) and (ii) are not available, the selling prices of the same food ingredients and additives offered by the Sellers to its third-party customers based on normal commercial terms and in the ordinary and usual course of business. The procurement team of the Group obtains the selling prices of the same or similar products from Hi-Road and its subsidiaries to their third-party customers by requiring the standard pricing lists from Hi-Road and its subsidiaries upon commercial negotiations. The products provided from Hi-Road and its subsidiaries to the Group are at the rates no less favourable than those offered to their third-party customers.

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## LETTER FROM THE BOARD

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The purchase prices of the tea powder, herbal powder and fruit powder products under the New Teaheals Master Purchase Agreement are calculated with reference to the prevailing market prices of the same or comparable kind of tea powder, herbal powder and fruit powder products, or the price to be agreed between the parties after having considered the market price. The market price under the New Teaheals Master Purchase Agreement shall be determined with reference to (i) the prevailing market price of the same or similar tea powder, herbal powder and fruit powder products obtained from third-party suppliers in the same or neighbourhood regions based on normal commercial terms and in the ordinary and usual course of business. The procurement team of the Group will communicate with at least three third-party suppliers to obtain their quotation slips after discussing with them on their production capacity, supply and demand situation in the market and the recent transaction prices with them; (ii) if (i) is not applicable, the selling prices of the same or similar tea powder, herbal powder and fruit powder products obtained from third-party suppliers in the PRC based on normal commercial terms and in the ordinary and usual course of business. The procurement team of the Group will communicate with at least three third-party suppliers to obtain their quotation slips after discussing with them on their production capacity, supply and demand situation in the market and the recent transaction prices with them (if applicable). In the event that that is not applicable, the procurement team will research on sourcing information websites (primarily 1688.com) etc.; or (iii) if both (i) and (ii) are not available, the selling prices of the same tea powder, herbal powder and fruit powder products offered by the Seller to its third-party customers based on normal commercial terms and in the ordinary and usual course of business. The procurement team of the Group obtains the selling prices of the same or similar products from Teaheals to its third-party customers by requiring the standard pricing lists from Teaheals upon commercial negotiations. The products provided from Teaheals to the Group are at the rates no less favourable than those offered to its third-party customers.

### *Condition precedent*

The New Master Purchase Agreements are conditional upon approval by the Independent Shareholders at the EGM in accordance with the requirements of the Listing Rules.

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## LETTER FROM THE BOARD

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### THE ANNUAL CAPS

#### Historical figures

The historical transaction amounts for purchases incurred by the Group from Hi-Road, Hi-Road's subsidiaries and Teaheals for each of the three years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018 and the existing annual caps for the year ending 31 December 2018 are set out below:

#### *Historical amounts*

	For the year ended 31 December			For the six months ended
	2015	2016	2017	30 June
	RMB'000	RMB'000	RMB'000	2018
				RMB'000
Purchase from Hi-Road and its subsidiaries	4,133	3,150	2,344	1,150
Purchase from Teaheals	7,846	12,807	20,517	10,041
<b>Total</b>	<b>11,979</b>	<b>15,957</b>	<b>22,861</b>	<b>11,191</b>

For each of the three years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018, (a) the total amount of purchases from Hi-Road and its subsidiaries by the Group accounted for approximately 1.1%, 0.7%, 0.5% and 0.6% of the total purchases of the Group, while (b) the total amount of purchases from Teaheals by the Group accounted for approximately 2.1%, 3.0%, 4.6% and 5.5% of the total purchases of the Group.

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## LETTER FROM THE BOARD

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### *Existing annual caps*

	<b>For the year ending 31 December 2018</b> <i>RMB'000</i>
Existing Hi-Road Master Purchase Agreement	3,130
Existing Teaheals Master Purchase Agreement	30,000
<b>Total</b>	<b>33,130</b>

For further details, please refer to the section headed “Connected Transactions” in the Prospectus.

### **Proposed Annual Caps**

The Proposed Annual Caps for the transactions contemplated under the New Master Purchase Agreements for the three years ending 31 December 2019, 2020 and 2021 are set out below:

	<b>For the year ending 31 December</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
New Hi-Road Master Purchase Agreement	3,130	3,300	3,450
New Teaheals Master Purchase Agreement	39,000	50,700	65,910
<b>Total</b>	<b>42,130</b>	<b>54,000</b>	<b>69,360</b>

The Proposed Annual Caps under the New Hi-Road Master Purchase Agreement were estimated based on: (i) historical transaction amounts; (ii) expected stable demand from current customers; and (iii) an expected annual increase of the total purchase amount due to an enlarged customer base in the next few years.

For the three years ending 31 December 2019, 2020 and 2021, the Proposed Annual Caps for the New Hi-Road Master Purchase Agreement are RMB3,130,000, RMB3,300,000 and RMB3,450,000. It represents a year-on-year increase of 0%, 5.4% and 4.5%, respectively.

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## LETTER FROM THE BOARD

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In arriving at the Proposed Annual Caps under the New Teaheals Master Purchase Agreement, the management of the Company has considered: (i) historical transaction amounts; and (ii) the expected annual increase in the demand of the tea powder, herbal powder and fruit powder products due to the increasing market demand in the next few years.

For the three years ending 31 December 2019, 2020 and 2021, the Proposed Annual Caps for the New Teaheals Master Purchase Agreement are RMB39,000,000, RMB50,700,000 and RMB65,910,000. It represents a year-on-year increase of 30%, 30% and 30%, respectively. As disclosed in the section headed “Connected Transactions” in the Prospectus, for the three years ended 31 December 2015, 2016 and 2017, the total purchases from Teaheals was RMB7.8 million, RMB12.8 million and RMB20.5 million, respectively. There was a year-on-year growth rate of approximately 63.2% and 60.2% for the two years ended 31 December 2016 and 2017, respectively. The total purchase amount for the year ending 31 December 2018 is estimated to be RMB30.0 million, indicating a year-on-year growth rate of approximately 46.2%. In addition, as disclosed in the Prospectus, according to Frost & Sullivan, with the increasing popularity of tea beverages among Chinese consumers, the output of beverages increased from approximately 130.2 million tons in 2012 to approximately 183.5 million tons in 2016, representing a CAGR of approximately 9.0%. There is also an expected inflation rate of approximately 2.5% in the PRC and the expected increase in the PRC market demand of green tea powder at a CAGR of 5.8% for year ending 31 December 2018 according to the Frost & Sullivan. The rising demand for tea beverages provides a huge growth momentum for the ingredients market of the derivatives from natural products such as tea powder, herbal powder and fruit powder products which might lead to possible inflation of the products in the next few years.

### **REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW MASTER PURCHASE AGREEMENTS**

The Group is a distributor in the food ingredients and additives distribution industry with a focus on supplying food ingredients and food additives to food manufacturers in the PRC. The Group only sources food ingredients and food additives from suppliers and does not involve in production of the products the Group distributed. During the past years, the Group had entered into transactions where it purchased various products from Hi-Road, Hi-Road’s subsidiaries and Teaheals.

Having considered the anticipated increase in demand by the Group’s customers for the relevant products, the Directors believe that the entering into of the New Master Purchase Agreements is in the interest of the Company and its Shareholders as a whole, as the Group can continue to secure a stable supply of relevant products from them for the Group’s businesses at the rates no less favourable than that offered to the Independent Third Parties by them and therefore can maintain the market competitiveness of the Group.

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## LETTER FROM THE BOARD

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The Directors (including the independent non-executive Directors after taking into account the advice of Opus Capital) are of opinion that the entering into the Continuing Connected Transactions is in the ordinary and usual course of the Group's business, on normal commercial terms and the Proposed Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### INTERNAL CONTROL MEASURES

To ensure the purchase price and payment terms of relevant products offered by Hi-Road, Hi-morse Food and Teaheals under the New Master Purchase Agreements are in line with the prevailing market practice, on normal commercial terms, fair and reasonable and no less favourable than available from the Independent Third Parties, and the annual caps under the Continuing Connected Transactions will not exceed the Proposed Annual Caps, the Group will adopt the following internal control measures:

- (i) the procurement team of the Group will be responsible for establishing the procedures of purchase prices management, so as to ensure that the pricing standard conforms to the market principle. The management of the Group is required to calculate the purchase prices with reference to the prevailing market prices of the same or comparable kind of products, or the price to be agreed between the parties after having considered the market price as discussed in the paragraph headed "Pricing basis" above;
- (ii) the head of the supply chain will monitor and review the pricing mechanism for the Continuing Connected Transactions to ensure that the prices are determined on normal commercial terms, and report to the product management centre for it to confirm the prices are fair and reasonable. The product management centre will report to the Board on a quarterly basis regarding the actual trading situations and monetary amount of the Continuing Connected Transactions conducted during the quarter and the estimated amount in the following quarter so as to facilitate the Board to monitor the actual amount of Continuing Connected Transactions carried out, assess whether the Proposed Annual Caps will be exceeded and approve the coming Continuing Connected Transactions;
- (iii) the independent non-executive Directors will review and confirm whether the transactions contemplated under the New Master Purchase Agreements are entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The independent non-executive Directors will conduct an annual review of the status of the transactions under the Continuing Connected Transactions to ensure the Group has complied with the Listing Rules;

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## LETTER FROM THE BOARD

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- (iv) the Director(s) and/or the Shareholder(s) with an interest in the relevant transaction(s) shall abstain from voting in respect of the resolution(s); and
- (v) the Company will continue to engage the independent auditors to review the transactions under the New Master Purchase Agreements in compliance with the annual reporting and review requirements under the Listing Rules.

### INFORMATION ON THE GROUP AND THE SELLERS

The Group is a distributor in the food ingredients and additives distribution industry with a focus on supplying food ingredients and food additives to food manufacturers in the PRC.

Hi-Road is a company established in the PRC with limited liability which is owned as to approximately 57.6% by Mr. Huang and approximately 38.4% by Mr. Huang Haihu (a brother of Mr. Huang). Hi-morse Food is a company established in the PRC with limited liability which is wholly-owned by Hi-Road. They are primarily engaged in research and development, production in its production base and sales of its own brand's products which are mainly used by bakery chain enterprises for making bakery food.

Teaheals is a company established in the PRC with limited liability which is wholly-owned by Mr. Huang. It is primarily engaged in research and development, production in its production base and sales of its own brand's powder products which are mainly used for canned or bottled drinks and health products.

### LISTING RULES IMPLICATIONS

As at the date of this announcement, Hi-Road is a company established in the PRC with limited liability which is owned as to approximately 57.6% by Mr. Huang and approximately 38.4% by Mr. Huang Haihu (a brother of Mr. Huang); Hi-morse Food is a company established in the PRC with limited liability which is wholly-owned by Hi-Road; Teaheals is a company established in the PRC with limited liability which is wholly-owned by Mr. Huang.

Mr. Huang is the chairman of the Board, an executive Director and a controlling shareholder of the Company, hence Hi-Road, Hi-morse Food and Teaheals are considered as associates of Mr. Huang and connected persons of the Company under Chapter 14A of the Listing Rules.

Since one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) (other than the profit ratio) for the Continuing Connected Transactions for each of the three years ending 31 December 2019, 2020 and 2021 will exceed 5% on an annual basis and the annual



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## LETTER FROM THE BOARD

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consideration is more than HK\$10 million, the Continuing Connected Transactions (including the Proposed Annual Caps) are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Since Mr. Huang is considered to have material interests in the transactions contemplated under the New Master Purchase Agreements, he has not voted or been counted in the quorum on the Board resolutions for approving the Continuing Connected Transactions (including the Proposed Annual Caps). Ms. Huang Xin Rong, being the daughter of Mr. Huang, has also abstained from voting on the said Board resolutions voluntarily for the purpose of good corporate governance.

### EGM AND PROXY ARRANGEMENT

The notice of the EGM is set out on pages 43 to 44 of this circular.

Pursuant to the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. An announcement on the poll vote results will be published by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

Mr. Huang is considered to have material interests in the transactions contemplated under the New Master Purchase Agreements, Mr. Huang would therefore abstain from voting on the resolution(s) to be proposed at the EGM approving the entering into of the New Master Purchase Agreements, the Proposed Annual Caps and the Continuing Connected Transactions contemplated thereunder. As at the Latest Practicable Date, so far as the Directors were aware and based on publicly available information, Mr. Huang was interested in 510,000,000 Shares, representing approximately 75% of the number of Shares in issue as at the Latest Practicable Date.

Save for the aforesaid and to the best knowledge, information and belief of the Company, as at the date of this circular, no other Shareholder has a material interest in the New Master Purchase Agreements and therefore no other Shareholder is required to abstain from voting on the proposed resolutions approving the entering into of the New Master Purchase Agreements, the Proposed Annual Caps and the Continuing Connected Transactions contemplated thereunder.

A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.shineroad.com](http://www.shineroad.com)). Whether or not you are able to attend the EGM, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183

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## LETTER FROM THE BOARD

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Queen's Road East, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the EGM if you so wish.

### **CLOSURE OF REGISTER OF MEMBERS**

For the purposes of determining Shareholders' eligibility to attend and vote at the EGM, the register of members of the Company will be closed from Monday, 17 December 2018 to Thursday, 20 December 2018, both days inclusive, during which period no transfer of Shares will be registered. The record date for such purposes is Thursday, 20 December 2018.

In order to be eligible to attend and vote at the EGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Friday, 14 December 2018.

### **RECOMMENDATION**

The Directors, including the independent non-executive Directors, are of the view that the terms of the New Master Purchase Agreements and the transactions contemplated thereunder are fair and reasonable and in the interest of the Group and the Shareholders as a whole. Accordingly, should a resolution be put at a general meeting of the Company for the Shareholders to consider the same, the Directors would recommend the Shareholders to vote in favour of such resolution.

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 18 to 19 of this circular which contains the recommendations of the Independent Board Committee to the Independent Shareholders regarding the proposed resolutions to approve the Continuing Connected Transactions; and (ii) the letter from Opus Capital set out on pages 20 to 35 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in respect of the fairness and reasonableness of the Continuing Connected Transactions (including the Proposed Annual Caps).

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## LETTER FROM THE BOARD

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The Independent Board Committee, having taken into account the advice of Opus Capital, the Independent Financial Adviser, considers that the terms of the New Master Purchase Agreements in relation to the Continuing Connected Transactions thereunder are in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the New Master Purchase Agreements, the Proposed Annual Caps and the Continuing Connected Transactions contemplated thereunder.

### FURTHER INFORMATION

Your attention is drawn to the appendix headed “General Information” to this circular.

Yours faithfully,  
By Order of the Board  
**Shineroad International Holdings Limited**  
**Huang Haixiao**  
*Chairman*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*The following is the text of the letter of recommendation, prepared for the purpose of incorporation in the circular, from the Independent Board Committee to the Independent Shareholders regarding the New Master Purchase Agreements, the Proposed Annual Caps and the Continuing Connected Transactions contemplated thereunder.*



### **Shineroad International Holdings Limited**

**欣融國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1587)**

16 November 2018

*To the Independent Shareholders*

Dear Sir or Madam,

#### **RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**

We refer to the circular of the Company to the Shareholders dated 16 November 2018 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, capitalized terms used in this letter will have the same meanings as defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders on whether the terms of the New Master Purchase Agreements are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Group and the Shareholders as a whole.

We wish to draw your attention to the letter of advice from Opus Capital as set out on pages 20 to 35 of the Circular and the letter from the Board as set out on pages 6 to 17 of the Circular.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having considered the terms of the New Master Purchase Agreements and the situation of the Company, and the factors and reasons considered by Opus Capital and its opinion as stated in its letter of advice, we consider that the terms of the New Master Purchase Agreements are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Group and the Shareholders as a whole, and accordingly recommend the Independent Shareholders to vote in favour of the ordinary resolution proposed to approve the New Master Purchase Agreements, the Proposed Annual Caps and the Continuing Connected Transactions contemplated thereunder.

Yours faithfully,  
For and behalf of the  
**Independent Board Committee**

**Mr. Tan Wee Seng**  
*Independent non-executive  
Director*

**Mr. Chan Ka Kit**  
*Independent non-executive  
Director*

**Mr. Meng Yuecheng**  
*Independent non-executive  
Director*

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## LETTER FROM OPUS CAPITAL

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*Set out below is the text of a letter received from Opus Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions for the purpose of inclusion in this circular.*



18<sup>th</sup> Floor, Fung House  
19-20 Connaught Road Central  
Central, Hong Kong

16 November 2018

*To: The Independent Board Committee and the Independent Shareholders of  
Shineroad International Holdings Limited*

Dear Sir/Madam,

### **RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**

#### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions (including the Proposed Annual Caps), details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular dated 16 November 2018 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

#### **NEW MASTER PURCHASE AGREEMENTS**

As stated in the Announcement, the Existing Master Purchase Agreements will expire on 31 December 2018. As the Group intends to continue carrying out the transactions under the Existing Master Purchase Agreements in the ordinary and usual course of business of the Group, Shanghai Shineroad, Beijing Shineroad and Guangzhou Jiayang (for itself and other group companies) (as purchasers) entered into the New Master Purchase Agreements on 9 October 2018 with Hi-Road, Hi-morse Food and Teaheals (as sellers) for a term of three years ending 31 December 2019, 2020 and 2021.

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## LETTER FROM OPUS CAPITAL

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As at the Latest Practicable Date, Hi-Road is a company established in the PRC with limited liability which is owned as to approximately 57.6% by Mr. Huang and approximately 38.4% by Mr. Huang Haihu (a brother of Mr. Huang); Hi-morse Food is a company established in the PRC with limited liability which is wholly-owned by Hi-Road; Teaheals is a company established in the PRC with limited liability which is wholly-owned by Mr. Huang.

Mr. Huang (who was interested in 510,000,000 Shares, representing approximately 75% of the number of Shares in issue as at the Latest Practicable Date) is the chairman of the Board, an executive Director and a controlling shareholder of the Company, hence Hi-Road, Hi-morse Food and Teaheals are considered as associates of Mr. Huang and connected persons of the Company under Chapter 14A of the Listing Rules.

Since one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) (other than the profit ratio) for the Continuing Connected Transactions for each of the three years ending 31 December 2019, 2020 and 2021 will exceed 5% on an annual basis and the annual consideration is more than HK\$10 million, the Continuing Connected Transactions (including the Proposed Annual Caps) are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

The EGM will be convened by the Company to seek the approval from the Independent Shareholder in respect of the Continuing Connected Transactions (including the Proposed Annual Caps) by way of poll. Save for Mr. Huang and his associates, none of the Shareholders will be required to abstain from voting at the EGM in respect of the ordinary resolution to approve the Continuing Connected Transactions (including the Proposed Annual Caps).

Since Mr. Huang is considered to have a material interests in the transactions contemplated under the New Master Purchase Agreements, he had not voted or been counted in the quorum on the Board resolutions for approving the Continuing Connected Transactions (including the Proposed Annual Caps). Ms. Huang Xin Rong, being the daughter of Mr. Huang, had also abstained from voting on the said Board resolutions voluntarily for the purpose of good corporate governance.

### **INDEPENDENT BOARD COMMITTEE**

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Tan Wee Seng, Mr. Chan Ka Kit and Mr. Meng Yuecheng, has been established by the Company to advise and make recommendations to the Independent Shareholders in respect of the Continuing Connected Transactions (including the Proposed Annual Caps). Our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders has been approved by the Independent Board Committee in this respect.

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## LETTER FROM OPUS CAPITAL

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Our role as the Independent Financial Adviser is to advise the Independent Board Committee and the Independent Shareholders as to: (i) whether the entering into of the New Master Purchase Agreements is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole; (ii) whether the terms of the Continuing Connected Transactions (including the Proposed Annual Caps) are on normal commercial terms and fair and reasonable so far as the Company and the Independent Shareholders are concerned; and (iii) how the Independent Shareholders should vote on the relevant resolution at the EGM.

### OUR INDEPENDENCE

As at the Latest Practicable Date, we do not have any relationship with, or interest in, the Company, Hi-Road, Hi-morse Food, Teaheals, Mr. Huang or any other parties that could reasonably be regarded as relevant to our independence. Apart from normal independent financial advisory fees payable to us in connection with this appointment, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

### BASIS OF OUR OPINION

In formulating our advice and recommendation to the Independent Board Committee and the Independent Shareholders, we have reviewed, amongst other things, the Announcement, the New Master Purchase Agreements, the Prospectus, the Company's interim report for the six months ended 30 June 2018 (the "**2018 Interim Report**") and other information set out in the Circular.

We have relied on the truth, accuracy and completeness of the statements, information, opinions and representations contained or referred to in the Circular and the information and representations made to us by the Company, the Directors and the management of the Group (collectively, the "**Management**"). We have assumed that all information and representations contained or referred to in the Circular and provided to us by the Management, for which they are solely and wholly responsible, are true, accurate and complete in all respects and not misleading or deceptive at the time when they were provided or made and will continue to be so up to the Latest Practicable Date. Shareholders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the Latest Practicable Date and up to and including the date of the EGM.

We have also assumed that all statements of belief, opinion, expectation and intention made by the Management in the Circular were reasonably made after due enquiries and careful consideration and there are no other facts not contained in the Circular, the omission of which make any such statement contained in the Circular misleading. We have no reason to suspect that



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## LETTER FROM OPUS CAPITAL

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any relevant information has been withheld, or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Management, which have been provided to us.

We considered that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. However, we have not carried out any independent verification of the information provided by the Management, nor have we conducted any independent investigation into the business, financial conditions and affairs of the Group or its future prospects. We also have not considered the taxation implication on the Group as a result of the Continuing Connected Transactions.

The Directors jointly and severally accept full responsibility for the accuracy of the information disclosed and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other facts not contained in this letter, the omission of which would make any statement herein misleading.

This letter is issued to the Independent Board Committee and the Independent Shareholders solely in connection for their consideration of the terms of the transactions contemplated under the Continuing Connected Transactions (including the Proposed Annual Caps), and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes without our prior written consent.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our opinion in respect of the terms of the Continuing Connected Transactions (including the Proposed Annual Caps), we have taken into consideration the following principal factors and reasons:

#### **1. Information of the Group**

The Group is a distributor in the food ingredients and additives distribution industry with a focus on supplying food ingredients and food additives to food manufacturers in the PRC. The Shares were recently listed on the main board of the Stock Exchange on 27 June 2018. The Group has over 22 years of experience in the industry, which specialises in supplying an extensive portfolio of over 1,000 food ingredients and food additives to food manufacturers in the PRC. Its products can be classified into three categories, namely: (i) food ingredients; (ii) food additives; and (iii) packaging materials.

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## LETTER FROM OPUS CAPITAL

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### **2. Information on the counterparties to the New Master Purchase Agreements**

#### *Hi-Road and Hi-morse Food*

Hi-Road and Hi-morse Food are primarily engaged in research and development, production in their production bases and sale of their own brands' products which are mainly used by bakery chain enterprises for making bakery food. The Group has purchased various food flavourings, chocolate and other food ingredients and additives from Hi-Road and its subsidiaries (including Hi-morse Food) for the last 7 years.

#### *Teaheals*

Teaheals is primarily engaged in research and development, production in its production base and sale of its own brand's powder products which are mainly used for canned or bottled drinks and health products. The Group has purchased various tea powder, herbal powder and fruit powder products from Teaheals for the last 6 years.

### **3. Reasons for and Benefits of the New Master Purchase Agreements**

As discussed in the section headed "1. Information on the Group" above, sourcing of food ingredients and food additives has all along been the Group's ordinary and usual course of business. As set out in the 2018 Interim Report, further regulatory reform is expected in the PRC and the geopolitical and economic climate around the world will remain uncertain and a challenge in the immediate future. The Group's long-term profitability and business growth may be affected by the volatility and uncertainty of macroeconomic conditions of the PRC. As discussed with the Management, the Group had entered into transactions where it purchased various products from Hi-Road, Hi-Road's subsidiaries and Teaheals during the past years. In view of the anticipated increase in demand by the Group's customers for the relevant products, the entering into of the New Master Purchase Agreements can continue to secure a stable supply of relevant products for the Group's businesses at rates no less favourable than that offered to the Independent Third Parties by them and therefore assist in maintaining the market competitiveness of the Group.

The Directors are of the view that the entering into the Continuing Connected Transactions is in the ordinary and usual course of the Group's business, on normal commercial terms and the Proposed Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM OPUS CAPITAL

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In light of the above and having considered in particular:

- (i) the principal business and operations of the Group;
- (ii) the existing business relationship with Hi-Road, its subsidiaries (including Hi-morse Food) and Teaheals; and
- (iii) the reasons for and benefits of the New Master Purchase Agreements as mentioned above,

we concur with the Directors' views that the entering into of the New Master Purchase Agreements is in the ordinary and usual course of the Group's business, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

#### 4. Principal Terms of the New Master Purchase Agreements

A summary of the principal terms of the New Master Purchase Agreements is set out below:

##### *New Hi-Road Master Purchase Agreement*

- Parties:**
- (i) Shanghai Shineroad, Beijing Shineroad and Guangzhou Jieyang (as purchasers); and
  - (ii) Hi-Road and Hi-morse Food (as sellers)
- Term:** From 1 January 2019 to 31 December 2021
- Subject matter:** Hi-Road and Hi-morse Food agreed to sell and/or supply and Shanghai Shineroad, Beijing Shineroad and Guangzhou Jieyang agreed to purchase on a non-exclusive basis food flavourings, chocolate and other food ingredients and additives from the sellers. The purchase price, payment time and method and other specific terms or conditions (if any) shall be fixed by the relevant parties in the purchase order on a case-by-case basis.

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## LETTER FROM OPUS CAPITAL

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**Pricing basis:**

The purchase prices of the food ingredients and additives are calculated with reference to the prevailing market prices of the same or comparable kind of food ingredients and additives, or at the price to be agreed between the parties after having considered the market price.

The market price shall be determined with reference to:

- (i) the prevailing market price of the same or similar food ingredients and additives obtained from the Group's third-party suppliers in the same or neighbourhood regions based on normal commercial terms and in the ordinary and usual course of business. The procurement team of the Group will communicate with at least three third-party suppliers to obtain their quotation slips after discussing with them on their production capacity, supply and demand situation in the market and the recent transaction prices with them;
- (ii) if (i) is not applicable, the selling prices of the same or similar food ingredients and additives obtained from the Group's third-party suppliers in the PRC based on normal commercial terms and in the ordinary and usual course of business. The procurement team of the Group will communicate with at least three third-party suppliers to obtain their quotation slips after discussing with them on their production capacity, supply and demand situation in the market and the recent transaction prices with them (if applicable). In the event that that is not applicable, the procurement team will research on sourcing information websites (primarily 1688.com) etc.; or
- (iii) if both (i) and (ii) are not available, the selling prices of the same food ingredients and additives offered by the sellers to its third-party customers based on normal commercial terms and in the ordinary and usual course of business. The procurement team of the Group obtains the selling prices of the same or similar products from Hi-Road and its subsidiaries to their third-party customers by requiring the standard pricing lists from Hi-Road and its subsidiaries upon commercial negotiations. The products provided from Hi-Road and its subsidiaries to the Group are at the rates no less favorable than those offered to their third-party customers.

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## LETTER FROM OPUS CAPITAL

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**Condition precedent:** Upon approval by the Independent Shareholders of the New Hi-Road Master Purchase Agreement at the EGM in accordance with the requirements of the Listing Rules.

*New Teaheals Master Purchase Agreement*

**Parties:** (i) Shanghai Shineroad, Beijing Shineroad and Guangzhou Jieyang (as purchasers); and

(ii) Teaheals (as seller)

**Term:** From 1 January 2019 to 31 December 2021

**Subject matter:** Teaheals agreed to sell and/or supply and Shanghai Shineroad, Beijing Shineroad and Guangzhou Jieyang agreed to purchase on a non-exclusive basis tea powder, herbal powder and fruit powder products from the seller. The purchase price, payment time and method and other specific terms or conditions (if any) shall be fixed by the relevant parties in the purchase order on a case-by-case basis.

**Pricing basis:** The purchase prices of the tea powder, herbal powder and fruit powder products are calculated with reference to the prevailing market prices of the same or comparable kind of tea powder, herbal powder and fruit powder products, or the price to be agreed between the parties after having considered the market price.

The market price shall be determined with reference to:

- (i) the prevailing market price of the same or similar tea powder, herbal powder and fruit powder products obtained from the Group's third-party suppliers in the same or neighbourhood regions based on normal commercial terms and in the ordinary and usual course of business. The procurement team of the Group will communicate with at least three third-party suppliers to obtain their quotation slips after discussing with them on their production capacity, supply and demand situation in the market and the recent transaction prices with them;

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## LETTER FROM OPUS CAPITAL

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- (ii) if (i) is not applicable, the selling prices of the same or similar tea powder, herbal powder and fruit powder products obtained from the Group's third-party suppliers in the PRC based on normal commercial terms and in the ordinary and usual course of business. The procurement team of the Group will communicate with at least three third-party suppliers to obtain their quotation slips after discussing with them on their production capacity, supply and demand situation in the market and the recent transaction prices with them (if applicable). In the event that that is not applicable, the procurement team will research on sourcing information websites (primarily 1688.com) etc.; or
- (iii) if both (i) and (ii) are not available, the selling prices of the same tea powder, herbal powder and fruit powder products offered by the seller to its third-party customers based on normal commercial terms and in the ordinary and usual course of business. The procurement team of the Group obtains the selling prices of the same or similar products from Teaheals to its third-party customers by requiring the standard pricing lists from Teaheals upon commercial negotiations. The products provided from Teaheals to the Group are at the rates no less favorable than those offered to its third-party customers.

**Condition precedent:** Upon approval by the Independent Shareholders of the New Teaheals Master Purchase Agreement at the EGM in accordance with the requirements of the Listing Rules.

We have reviewed the New Master Purchase Agreements and noted that the pricing basis and the other key terms are in line with the Existing Master Purchase Agreements. For details of the pricing basis of the Existing Master Purchase Agreements, please refer to the Prospectus dated 14 June 2018. We have also conducted a random sample review of 12 historical individual purchase orders (the “**Historical Purchase Orders**”) which were: (i) entered into by the Group with each of Hi-Road (5 orders) or Teaheals (7 orders) during the six months ended 30 June 2018; (ii) of higher value items with contract sums ranging between RMB30,000 to RMB600,000 for those orders placed with Hi-Road and contract sums ranging between RMB20,000 to RMB2,000,000 for those orders placed with Teaheals; (iii) a mixture of product categories with very little overlaps of product features; and (iv) providing a sample coverage of at least 40% (i.e. being the total amount of the sample selected divided by the total amount of the purchase orders during the period). We compared the pricings of these purchase orders against the quotation slips (the “**Independent Quotation Slips**”) of same or similar products obtained by the Group from Independent Third

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## LETTER FROM OPUS CAPITAL

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Party suppliers in the same or neighbourhood regions and noted that the pricings of the Historical Purchase Orders are no less favourable than the prevailing market prices quoted in the Independent Quotation Slips.

Based on the above, and in particular, (i) the transactions under the New Master Purchase Agreements are based on a non-exclusive basis and the purchase prices are no less favourable than available from the Independent Third Party suppliers; (ii) the purchase prices and payment terms shall be in line with the prevailing market practice and on normal commercial terms; (iii) the established pricing basis as set out above, which is consistent with the terms of the Existing Master Purchase Agreements; (iv) our sample review of the Historical Purchase Orders as mentioned above which shows that the pricing of the Historical Purchase Orders are no less favourable than the prevailing market prices quoted in the Independent Quota; and (v) the Company's internal control measures to be discussed below, we consider the pricing and other principal terms of the New Master Purchase Agreements to be on normal commercial terms, are fair and reasonable and are no less favourable than those available from the Independent Third Party suppliers as far as the Company and the Independent Shareholders are concerned.

### **5. Internal control procedures**

To ensure the purchase prices and payment terms of relevant products offered by Hi-Road, Hi-morse Food and Teaheals under the New Master Purchase Agreements are in line with the prevailing market practice, on normal commercial terms, fair and reasonable and no less favourable than those available from the Independent Third Party suppliers, and the Proposed Annual Caps under the Continuing Connected Transactions will not be exceeded, the Group will adopt the following internal control measures:

- (i) the procurement team of the Group will be responsible for establishing the procedures of purchase prices management, so as to ensure that the pricing standard conforms to the market principle. The Management is required to calculate the purchase prices with reference to the prevailing market prices of the same or comparable kind of products, or the price to be agreed between the parties after having considered the market price as discussed in the sub-paragraphs headed "Pricing basis" above;
- (ii) the head of the supply chain will monitor and review the pricing mechanism for the Continuing Connected Transactions to ensure that the prices are determined on normal commercial terms, and report to the product management centre for it to confirm the prices are fair and reasonable. The product management centre will report to the Board on a quarterly basis regarding the actual trading situations and monetary amount of the Continuing Connected Transactions conducted during the quarter and the estimated amount in the following quarter so as to facilitate the Board to monitor the actual amount of Continuing Connected Transactions carried out, assess whether the Proposed Annual Caps will be exceeded and approve the coming Continuing Connected Transactions;

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## LETTER FROM OPUS CAPITAL

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- (iii) the independent non-executive Directors will review and confirm whether the transactions contemplated under the New Master Purchase Agreements are entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better and are fair and reasonable and in the interests of the Company and the Shareholders as a whole;
- (iv) the Director(s) and/or the Shareholder(s) with an interest in the relevant transaction(s) shall abstain from voting in respect of the resolution(s); and
- (v) the Company will continue to engage the independent auditors to review the transactions under the New Master Purchase Agreements in compliance with the annual reporting and review requirements under the Listing Rules.

Having regard to the abovementioned procedures, we note that the Group has adopted internal control mechanism to ensure that the purchase price of each of the transactions contemplated under the New Master Purchase Agreements will not be less favourable than those available from the Independent Third Party suppliers. Such internal control mechanism includes: (i) the assessment of purchase prices to be conducted by various levels; (ii) the review of the transactions under the New Master Purchase Agreements by all the independent non-executive Directors and independent auditors; (iii) ongoing monitor and quarterly review of the transactions by the Management; and (iv) abstaining of Director(s) and/or the Shareholder(s) with an interest in the relevant transaction(s) from voting in respect of the resolution.

We are of the view that the Company's internal control measures are effective, which was evidenced through our satisfactory sample review of 12 Historical Purchase Orders against the Independent Quotation Slips whereby the pricing basis are in compliance with those pricing principles set out in the New Master Purchase Agreements. We have also performed a walk-through of the internal control measures with the Management regarding the transactions performed under the abovementioned individual purchase orders and sample-checked the Company's internal approval records.

Based on the above, we concur with the views of the Directors that the internal control measures can result in the Continuing Connected Transactions to be conducted in the ordinary and usual course of the Group's business, on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.



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**LETTER FROM OPUS CAPITAL**

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**6. Proposed Annual Caps**

Set out below is a summary of the historical transaction amounts for purchases incurred by the Group from Hi-Road, Hi-Road's subsidiaries and Teaheals for for the three years ended 31 December 2015, 2016 and 2017 and 6 months ended 30 June 2018:

<b>Historical amounts</b>	<b>For the year ended 31 December</b>			<b>For the six months ended 30 June 2018</b>
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Purchases from Hi-Road and its subsidiaries	4,133	3,150	2,344	1,150
Purchases from Teaheals	7,846	12,807	20,517	10,041
<b>Total</b>	<b>11,979</b>	<b>15,957</b>	<b>22,861</b>	<b>11,191</b>

For each of the three years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018, (a) the total amount of purchases from Hi-Road and its subsidiaries by the Group accounted for approximately 1.1%, 0.7%, 0.5% and 0.6% of the total purchases of the Group, while (b) the total amount of purchases from Teaheals by the Group accounted for approximately 2.1%, 3.0%, 4.6% and 5.5% of the total purchases of the Group.

Set out below is the existing annual cap, as previously estimated, for the year ending 31 December 2018:

<b>Existing annual caps</b>	<b>For the year ending 31 December 2018</b>
	<i>RMB'000</i>
	(Estimated)
Existing Hi-Road Master Purchase Agreement ( <i>Note 1</i> )	3,130
Existing Teaheals Master Purchase Agreement ( <i>Note 2</i> )	30,000
<b>Total</b>	<b>33,130</b>

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## LETTER FROM OPUS CAPITAL

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*Notes:*

1. As disclosed under the section headed “Connected Transaction” in the Prospectus, the existing annual cap under the Existing Hi-Road Master Purchase Agreement was determined by the Directors after having considered: (i) historical purchase amounts; and (ii) the expected increase of approximately of RMB1.4 million, representing an increase of over 60% in the demand of the relevant food flavourings, chocolate and other food ingredients and additives from the Group’s customers with reference to discussion with the Group’s customers on their expected purchase amount for 2018.
2. As disclosed under the section headed “Connected Transaction” in the Prospectus, the existing annual cap under the Existing Teaheals Master Purchase Agreement was determined by the Directors after having considered: (i) historical purchase amounts; and (ii) the expected increase of approximately 40% to 50% in the demand of the tea powder, herbal powder and fruit powder products from the Group’s customers, with reference to the discussion with the Group’s customers on their expected purchase amount for 2018.

Set out below are the Proposed Annual Caps for the transactions contemplated under the New Master Purchase Agreements for the three years ending 31 December 2019, 2020 and 2021:

<b>Proposed Annual Caps</b>	<b>For the year ending 31 December</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
New Hi-Road Master Purchase Agreement	3,130	3,300	3,450
New Teaheals Master Purchase Agreement	<u>39,000</u>	<u>50,700</u>	<u>65,910</u>
<b>Total</b>	<b><u>42,130</u></b>	<b><u>54,000</u></b>	<b><u>69,360</u></b>

To assess the fairness and reasonableness of the Proposed Annual Caps under the New Master Purchase Agreements, we have discussed with the Management regarding the basis and assumptions underlying the projections of each of the Proposed Annual Caps and conducted the following analysis.

### ***New Hi-Road Master Purchase Agreement***

As discussed with the Management, the Proposed Annual Caps under the New Hi-Road Master Purchase Agreement were estimated based on: (i) historical transaction amounts; (ii) expected stable demand from current customers; and (iii) an expected annual increase of 5.0% of the total purchase amount due to an enlarged customer base for each of 2020 and 2021.

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## LETTER FROM OPUS CAPITAL

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To substantiate the Proposed Annual Caps under the New Hi-Road Master Purchase Agreement, we have obtained the Group's expected demand for food flavourings, chocolate and other food ingredients and additives for the years ending 31 December 2019, 2020 and 2021, with a breakdown by the types of food ingredients and food additives.

Summarises below are the key data for calculation of the Proposed Annual Caps for the New Hi-Road Master Purchase Agreement:

	<b>For the year ending 31 December</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Expected annual demand for chocolate	130	140	150
Expected annual demand for food flavourings	3,000	3,160	3,300
<b>Expected total demand</b>	<b>3,130</b>	<b>3,300</b>	<b>3,450</b>

According to Frost & Sullivan, a global research and consulting firm with more than 50 years of industry expertise, food ingredients distribution by revenue in the PRC has shown a steady growth from approximately RMB647.7 billion in 2012 to approximately RMB817.0 billion in 2016 at a compounded annual growth rate ("CAGR") of approximately 6.0%. The market size of food ingredients distribution by revenue in the PRC is expected to reach RMB1.1 trillion in 2021, representing a CAGR of approximately 6.8% from 2017 to 2021 driven by the expansion of e-commerce and continuous growth of population. Market size of food additives distribution by revenue in the PRC has grown significantly from approximately RMB75.9 billion in 2012 to RMB112.3 billion in 2016 at a CAGR of approximately 10.3%. The market size of food additives distribution by revenue in the PRC is expected to continue growing from approximately RMB124.9 billion in 2017 to approximately RMB191.6 billion in 2021 at a CAGR of approximately 11.3%.

As discussed with the Management, the Group intends to maintain its existing customer base and its business scale in terms food flavourings, chocolate and other food ingredients and additives. Hence the Proposed Annual Cap for 2019 is estimated to be at similar level as the existing annual cap for 2018 of RMB3.13 million. We also noted that the historical transaction amounts in 2015 and 2016 were approximately RMB4.13 million and RMB3.15 million respectively, which were higher than the Proposed Annual Cap for 2019. The Management is of the view that RMB3.13 million is conservatively set at 2018 level. Based on the above, we concur with the Company that the Proposed Annual Cap of RMB3.13 million for 2019 is fair and reasonable. Based on the abovementioned market research issued by Frost & Sullivan, we concur

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## LETTER FROM OPUS CAPITAL

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with the Company that the annual increase of approximately 5.0% on the total purchase amount for 2020 and 2021 is in line with the market trend. Therefore, we concur with the Company that the Proposed Annual Caps under the New Hi-Road Purchase Agreement to be fair and reasonable.

### *New Teaheals Master Purchase Agreement*

As discussed with the Management, in arriving at the Proposed Annual Caps under the New Teaheals Master Purchase Agreement, the Management has considered: (i) historical transaction amounts; and (ii) the expected increase of approximately 30.0% per annum in the demand for tea powder, herbal powder and fruit powder products due to the increasing market demand in the next few years according to Frost & Sullivan.

To substantiate the Proposed Annual Caps under the New Teaheals Master Purchase Agreement, we have obtained the Group's historical and estimate transaction amounts for tea powder, herbal powder and fruit powder products for the years ended 31 December 2015, 2016 and 2017, and the year ending 31 December 2018 as set out below:

	<b>For the year ended/ending 31 December</b>			
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Purchase amount of tea powder	7,660	11,013	13,777	18,248
Purchase amount of herbal powder and fruit powder	186	1,794	6,740	11,752
<b>Total purchase amount</b>	<b>7,846</b>	<b>12,807</b>	<b>20,517</b>	<b>30,000</b>

As the Group is continuously diversifying its product portfolio, the sales and procurement of powder products will continue to expand. Hence, we have conducted an analysis on the growth of total purchase amount from Teaheals. As shown in the table above, the total purchase amount increased from approximately RMB7.8 million in 2015 to approximately RMB20.5 million in 2017, with year-on-year growth rates of approximately 63.2% and 60.2% for the two years ended 31 December 2016 and 2017 respectively. The total purchase amount for the year ending 31 December 2018 is estimated to be RMB30.0 million, indicating a year-on-year growth rate of approximately 46.2%. As advised by the Management, the significant increases in the purchase amounts in 2016 and 2017 were mainly attributable to the introduction of new products tailor-made for existing customers in 2016 and the change of product portfolio from low-priced to high-priced items in 2017 respectively.

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## LETTER FROM OPUS CAPITAL

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According to Frost & Sullivan, with the increasing popularity of tea beverages among Chinese consumers, the output of beverages increased from approximately 130.2 million tons in 2012 to approximately 183.5 million tons in 2016, representing a CAGR of approximately 9.0%. The rising demand for tea beverages provides a huge growth momentum for the ingredients market of the derivatives from natural products, such as green tea powder, which might lead to possible need for the products in the next few years.

In view of the historical annual growth rate of between 46.2% to 63.2% and a market demand for tea beverages growing at a CAGR of approximately 9.0%, the Management estimates an increasing demand for tea powder, herbal powder and fruit powder products at a conservative growth rate of 30.0% per annum for the following three years.

Taking into account the analysis of historical growth rate and the market research by Frost & Sullivan, we concur with the Management that the Proposed Annual Caps under the New Teaheals Master Purchase Agreement appears to be fair and reasonable.

### RECOMMENDATION

Having taking into account the above principal factors and reasons, we considered that: (i) the entering into of the New Master Purchase Agreements is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole; (ii) the terms of the Continuing Connected Transactions (including the Proposed Annual Caps) are on normal commercial terms and are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM in relation to the transactions contemplated under the Continuing Connected Transactions (including the Proposed Annual Caps).

Yours faithfully,  
For and on behalf of  
**Opus Capital Limited**  
**Koh Kwai Yim**  
*Executive Director*

*Ms. Koh Kwai Yim is the Executive Director of Opus Capital and is licensed under the SFO as a Responsible Officer to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. Ms. Koh has over 17 years of corporate finance experience in Asia and has participated in and completed various financial advisory and independent financial advisory transactions.*

## 1. RESPONSIBILITY STATEMENT

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

## 2. DISCLOSURE OF INTERESTS

### (a) Directors' interests and short positions in the Shares and the underlying Shares and debentures of the Company and its associated corporations as at the Latest Practicable Date

As at the Latest Practicable Date, the interests or short positions of the Directors and the chief executive of the Company and their respective associates in the Shares, underlying Shares and debentures of the Company and/or its associated corporations which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were deemed or taken to have under such provisions of the SFO); (b) to be and were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO; or (c) to otherwise be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers adopted by the Company (the “**Model Code**”), were as follows:

#### (i) Long position in the Shares

Name of Director	Capacity/Nature	Number of Shares held/ interested in	Percentage of interest
Mr. Huang Haixiao (“ <b>Mr. Huang</b> ”) ( <i>Note</i> )	Interest in controlled corporation	510,000,000	75%

*(ii) Long position in the ordinary shares of associated corporations*

Name of Director	Name of associated corporation	Capacity/Nature	Number of Shares held/ interested in	Percentage of interest
Mr. Huang ( <i>Note</i> )	Ocean Town Company Limited (“ <b>Ocean Town</b> ”)	Beneficial owner	1	100%
Mr. Huang ( <i>Note</i> )	Shineroad Group Limited (“ <b>Shineroad Group</b> ”)	Interest in controlled corporation	1	100%

*Note:* Mr. Huang beneficially owns the entire issued share capital of Ocean Town, which beneficially owns the entire issued share capital of Shineroad Group. Therefore, each of Mr. Huang and Ocean Town is deemed to be interested in 510,000,000 Shares held by Shineroad Group for the purpose of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company and their respective associates had or was deemed to have any interests, in the long position or short position in the Shares, underlying Shares and debentures of the Company or any of its associated corporations which was required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions in which he/she was taken or deemed to have under such provisions of the SFO); (b) which was required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) which was required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

**(b) Directors’ service contracts**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any other member of the Group which will not expire or is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

**(c) Others**

Save as disclosed in this circular, as at the Latest Practicable Date:

- (i) none of the Directors had any interest, direct or indirect, in any asset which had, since 31 December 2017, being the date of the latest published audited accounts of the Company were made up, been acquired or disposed of by, or leased to, the Company or any member of the Group, or were proposed to be acquired or disposed of by, or leased to, the Company or any member of the Group; and
- (ii) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group subsisting at the date of this circular and which was significant in relation to the business of the Group taken as a whole.

**(d) Substantial Shareholders' interests and short positions in the Shares and the underlying Shares as at the Latest Practicable Date**

As at the Latest Practicable Date, so far as the Directors are aware, the following persons, other than the Directors or the chief executive of the Company, have beneficial interests or short positions in any Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is directly and/or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name	Capacity/Nature of interest	Number of Shares held/Interested in	Percentage of interest
Ocean Town ( <i>Note 1</i> )	Interest in controlled corporation	510,000,000	75%
Shineroad Group ( <i>Note 1</i> )	Beneficial owner	510,000,000	75%
Ms. Chen Dongying ( <i>Note 2</i> )	Interest of spouse	510,000,000	75%

*Notes:*

1. Such 510,000,000 Shares are held by Shineroad Group as a registered holder. The entire issued share capital of Shineroad Group is wholly-owned by Ocean Town. Therefore, Ocean Town is deemed to be interested in 510,000,000 Shares held by Shineroad Group for the purpose of the SFO.



2. Ms. Chen Dongying is the spouse of Mr. Huang and is therefore deemed to be interested in 510,000,000 Shares in which Mr. Huang has, or is deemed to have, for the purpose of the SFO.

Save as disclosed above, so far as was known to the Directors, as at the Latest Practicable Date, there was no other person (other than the Directors or chief executive of the Company) who had any interests or short positions in the Shares and the underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

### 3. MATERIAL ADVERSE CHANGE

The Directors confirmed that as at the Latest Practicable Date, there was no material adverse change in the financial or trading position or prospects of the Group since 31 December 2017, being the date of the latest published audited accounts of the Company were made up.

### 4. LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or claim of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

### 5. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has been named in this circular and whose advice or opinion are contained in this circular:

<b>Name</b>	<b>Qualification</b>
Opus Capital	a licensed corporation under the SFO to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities

As at the Latest Practicable Date, Opus Capital did not have any shareholding, direct or indirect, in any member of the Group or any right or option, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Opus Capital did not have any direct or indirect in any asset which have been acquired, or disposed of by, or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2017.

Opus Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letters and reference to its names, in the form and context in which it is included.

## 6. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at the Latest Practicable Date, none of the Directors and their respective close associates has engaged in any business that competes or may compete, directly or indirectly, with the business of the Group, or has any other conflict of interest with the Group.

## 7. MATERIAL CONTRACT

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Group within the two years immediately preceding the date of this circular and are or may be material:

- (a) an equity transfer agreement of Shanghai Shineroad Food Ingredients Co., Ltd.\* (上海欣融食品原料有限公司股權轉讓協議) dated 7 February 2017 in Chinese entered into among上海欣融實業發展有限公司 (Shanghai Shineroad Industries Development Co., Ltd.\*) (“**Shineroad Industries**”), Mr. Huang, Mr. Kwan Ling Kun and Shineroad Food Holdings Limited (欣融食品控股有限公司) (“**Shineroad Food**”), pursuant to which Shineroad Industries, Mr. Huang and Mr. Kwan Ling Kun agreed to transfer its/his 96.525%, 2.475% and 1% equity interests in Shanghai Shineroad to Shineroad Food at considerations of US\$5,487,252.93, US\$140,698.80 and US\$56,848, respectively;
- (b) a subscription agreement in relation to the Shares dated 3 May 2017 entered into among Shineroad Group, the Company and Ms. Huang Xin Rong, pursuant to which Shineroad Group agreed to subscribe for and the Company agreed to allot and issue 999 Shares at the subscription price of US\$14,500,000;
- (c) an agreement for the sale and purchase of share(s) in Shineroad Group dated 4 May 2017 entered into between Ocean Town Company Limited (“**Ocean Town**”) (as purchaser) and Ms. Huang Xin Rong (as vendor), pursuant to which Ms. Huang Xin Rong agreed to transfer one share in Shineroad Group (representing the entire issued share capital in Shineroad Group) to Ocean Town at the consideration of US\$1;

- (d) an instrument of transfer dated 4 May 2017 entered into between Ocean Town and Ms. Huang Xin Rong in respect of the transfer of one share in Shineroad Group from Ms. Huang Xin Rong to Ocean Town;
- (e) a subscription agreement in relation to the Shares dated 15 June 2017 entered into among Shineroad Group, the Company and Mr. Huang, pursuant to which Shineroad Group agreed to subscribe for and the Company agreed to allot and issue 1,000 Shares at the subscription price of US\$2,400,000;
- (f) the deed of non-competition dated 31 May 2018 given by Mr. Huang, Ocean Town and Shineroad Group in favour of the Company;
- (g) the deed of indemnity dated 31 May 2018 given by Mr. Huang, Ocean Town and Shineroad Group in favour of the Company;
- (h) a cornerstone investment agreement dated 11 June 2018 entered into between the Company, Victor High Limited, Cinda International Capital Limited (“**Cinda International**”) and China Galaxy International Securities (Hong Kong) Co., Limited (“**China Galaxy International**”);
- (i) the public offer underwriting agreement dated 13 June 2018 relating to the offer of the 17,000,000 new Shares initially offered by the Company for subscription by the members of the public in Hong Kong and entered into among the Company, the controlling Shareholders, Cinda International, China Galaxy International, Supreme China Securities Limited and other underwriters; and
- (j) the placing underwriting agreement dated 21 June 2018 in relation to the placing of the 153,000,000 new Shares initially offered by the Company for subscription entered into among the Company, the controlling Shareholders, Cinda International, China Galaxy International, Supreme China Securities Limited and other underwriters.

## 8. GENERAL

- (a) The registered office of the Company is situated at P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands.
- (b) The principal place of business of the Company in Hong Kong is located at Unit 6, 16/F, K. Wah Centre, 191 Java Road, Hong Kong.

- (c) The headquarter of the Company in the PRC is located at 25th Floor South, Block 1 Zhongyou Building, Lane 1040 Caoyang Road, Putuo District, Shanghai, PRC.
- (d) The company secretary of the Company is Mr. Qin Wenzhong. Mr. Qin Wenzhong is a qualified accountant and is a member of the Hong Kong Institute of Certified Public Accountants.
- (e) The Company's branch share registrar and transfer office in Hong Kong is Tricor Investor Services Limited, of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (f) In case of any discrepancy, the English text of this circular shall prevail over the Chinese text.

## 9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at Unit 6, 16/F, K. Wah Centre, 191 Java Road, Hong Kong, during normal business hours on any business day from the date of this circular up to and including the date which is 14 days from the date of this circular:

- (a) the articles of association of the Company;
- (b) the letter from the Board to the Shareholders, the text of which is set out on pages 6 to 17 of this circular;
- (c) the letter of recommendation from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 18 to 19 of this circular;
- (d) the letter of advice given by Opus Capital, the text of which is set out on pages 20 to 35 of this circular;
- (e) the written consent given by Opus Capital referred to in the section headed "Qualification and consent of expert" in this appendix;
- (f) the New Hi-Road Master Purchase Agreement;
- (g) the New Teaheals Master Purchase Agreement; and
- (h) this circular.

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## NOTICE OF EGM

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### Shineroad International Holdings Limited

### 欣融國際控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1587)**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting of Shineroad International Holdings Limited (the “**Company**”) will be held at Unit 1103–06, China Building, 29 Queen’s Road Central, Central, Hong Kong on Thursday, 20 December 2018 at 3:00 p.m. for the purpose of considering and, if thought fit, passing the following resolution as ordinary resolution of the Company:

#### **ORDINARY RESOLUTION**

Words and expressions that are not expressly defined in this notice shall bear the same meanings as those defined in the circular dated 16 November 2018 published by the Company (the “**Circular**”).

1. “**THAT** (1) the New Master Purchase Agreements dated 9 October 2018, the Proposed Annual Caps and the transactions contemplated thereunder be and are hereby confirmed, approved and ratified; and (2) any one or more directors of the Company be and are hereby authorised to do all such things and sign, seal, execute and deliver all such documents and deeds as they in their absolute discretion deem fit or appropriate to give effect to the New Master Purchase Agreements and the implementation of all the transactions contemplated thereunder.”

By order of the Board  
**Shineroad International Holdings Limited**  
**Huang Haixiao**  
*Chairman*

Hong Kong, 16 November 2018

*Notes:*

1. A form of proxy for use at the meeting is enclosed herewith.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer, attorney or other person authorised to sign the same.

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## NOTICE OF EGM

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3. Any shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him/her. A proxy need not be a shareholder of the Company.
4. In order to be valid, a form of proxy in the prescribed form together with the power of attorney or other authority (if any) under which it is signed must be deposited at the Company's branch registrar in Hong Kong, Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time fixed for holding the meeting.
5. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or at any adjourned meeting thereof (as the case may be) should you so wish, and in such an event, the form of proxy shall be deemed to be revoked.
6. Where there are joint registered holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such shares as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the meeting, whether in person or by proxy, the joint registered holder present whose name stands first on the register of members in respect of the shares shall be accepted to the exclusion of the votes of the other registered holders.
7. The register of members of the Company will be closed from Monday, 17 December 2018 to Thursday, 20 December 2018, both days inclusive, during which period no transfer of Shares will be registered. The record date for such purposes is Thursday, 20 December 2018. In order to be eligible to attend and vote at the EGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Friday, 14 December 2018.
8. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.
9. If Typhoon Signal No. 8 or above, or a "black" rainstorm warning is in effect any time after 7:00 a.m. on the date of the EGM, the meeting will be postponed. The Company will post an announcement on the websites of the Company at [www.shineroad.com.cn](http://www.shineroad.com.cn) and the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) to notify Shareholders of the date, time and place of the rescheduled meeting.
10. References to time and dates in this notice are to Hong Kong time and dates.

*As at the date of this notice, the Board comprises Mr. Huang Haixiao and Mr. Li Junkui as executive Directors; Ms. Huang Xin Rong as non-executive Director and Mr. Tan Wee Seng, Mr. Chan Ka Kit, Mr. Meng Yuecheng as independent non-executive Directors.*