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## IMPORTANT

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The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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

**If you have sold or transferred** all your shares in Shen Nong China (Group) Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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## **Shen Nong China (Group) Limited** **神農中國（集團）有限公司**

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

(Stock Code: 8175)

### **PROPOSED GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES, PROPOSED REFRESHMENT OF SCHEME MANDATE LIMIT, PROPOSED RE-ELECTION OF RETIRING DIRECTORS, AND NOTICE OF ANNUAL GENERAL MEETING**

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The notice convening the annual general meeting of the Company to be held at Unit 1601, Ruttonjee House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong on Thursday, 5 June 2008 at 11:00 a.m. is set out on pages 15 to 18 of this circular.

A form of proxy for the annual general meeting is enclosed with this circular. Whether or not you intend to attend and vote at the annual general meeting, you are requested to complete the enclosed form of proxy and return it in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tricor Standard Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding such meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the annual general meeting or any adjourned meeting should you so wish.

*This circular will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the Latest Company Announcements page for at least 7 days from the date of its posting.*

28 April 2008

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## CHARACTERISTICS OF GEM

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GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. GEM-listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website at [www.hkgem.com](http://www.hkgem.com) in order to obtain up-to-date information on GEM-listed issuers.

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## DEFINITIONS

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

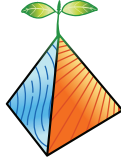
|                           |   |
|---------------------------|---|
| “AGM”                     | the annual general meeting of the Shareholders of the Company to be held at Unit 1601, Ruttonjee House, Ruttonjee Centre, Central, 11 Duddell Street, Hong Kong on Thursday, 5 June 2008, at 11:00 a.m., a notice of which is set out on pages 15 to 18 of this circular      |
| “Articles of Association” | the articles of association of the Company  |
| “associates”              | has the meaning ascribed thereto in the GEM Listing Rules   |
| “Board”                   | the board of Directors  |
| “Company”                 | Shen Nong China (Group) Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM  |
| “connected person(s)”     | has the meaning ascribed thereto in the GEM Listing Rules   |
| “Director(s)”             | the director(s) of the Company  |
| “GEM”                     | the Growth Enterprise Market of the Stock Exchange  |
| “GEM Listing Rules”       | the Rules Governing the Listing of Securities on GEM  |
| “Group”                   | the Company and its subsidiaries  |
| “Hong Kong”               | the Hong Kong Special Administrative Region of the People’s Republic of China   |
| “HK\$”                    | Hong Kong dollars, the lawful currency of Hong Kong   |
| “Latest Practicable Date” | 23 April 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein   |
| “Participants”            | any full-time employee of the Group, (excluding any employee of the Group who is contracted to work for less than forty hours a week (excluding meal breaks) in that capacity), any executive Director or non-executive Director of the Group and their respective associates |
| “Prospectus”              | the prospectus of the Company dated 13 February 2003  |

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## DEFINITIONS

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|------------------------|---|
| “Repurchase Mandate”   | a general and unconditional mandate to the Directors to exercise all powers of the Company to repurchase Shares up to a maximum of 10% of the issued share capital of the Company as at the date of passing the relevant resolution granting such mandate   |
| “SFO”                  | the Hong Kong Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)   |
| “Scheme Mandate Limit” | the total number of Shares which may be issued upon exercise of all options granted under the Share Option Scheme and any other share option schemes of the Group must not in aggregate exceed 10% of the Shares in issue upon completion of the placing and the capitalization issue (as referred to in the Prospectus) which may be refreshed pursuant to the rules of the Share Option Scheme. If the Scheme Mandate Limit is refreshed, the total number of Shares which may be issued upon exercise of all options granted must not in aggregate exceed 10% of the Shares in issue as at the date of the AGM |
| “Share(s)”             | ordinary share(s) of HK\$0.05 each in the issued and unissued share capital of the Company  |
| “Shareholder(s)”       | holder/holders of the Shares  |
| “Share Option Scheme”  | the share option scheme conditionally approved and adopted by the Company on 24 January 2003  |
| “Stock Exchange”       | The Stock Exchange of Hong Kong Limited   |
| “Takeovers Code”       | the Hong Kong Code on Takeovers and Mergers   |
| “%”                    | per cent.   |



**Shen Nong China (Group) Limited**  
**神農中國(集團)有限公司**

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

(Stock Code: 8175)

*Executive Directors:*

Mr. Pang Hong Tao  
Mr. Mo Wai Ming, Lawrence  
Ms. Au Shui Ming, Anna

*Non-executive Director:*

Mr. Ma She Shing, Albert

*Independent non-executive Directors:*

Mr. Hsu William Shiu Foo  
Mr. Kwok Chi Sun, Vincent  
Mr. Lee Kun Hung

*Registered Office:*

Caledonian Bank & Trust Limited  
Caledonian House  
P.O. Box 1043, George Town  
Grand Cayman, Cayman Islands

*Principal place*

*of business in Hong Kong:*

Unit 1601, Ruttonjee Hosue  
Ruttonjee Centre  
11 Duddell Street  
Central, Hong Kong

28 April 2008

*To the Shareholders*

Dear Sir or Madam,

**PROPOSED GENERAL MANDATES TO ISSUE  
AND REPURCHASE SHARES,  
PROPOSED REFRESHMENT OF SCHEME MANDATE LIMIT,  
PROPOSED RE-ELECTION OF RETIRING DIRECTORS,  
AND NOTICE OF ANNUAL GENERAL MEETING**

**A. INTRODUCTION**

The purpose of this circular is to provide you with information regarding certain resolutions to be proposed at the forthcoming AGM of the Company to be held on Thursday, 5 June 2008 including (i) ordinary resolutions relating to the grant of general mandates to the Directors for the issue of Shares and the repurchase of its Shares; (ii) ordinary resolution relating to the re-election of the retiring Directors; (iii) ordinary resolution relating to the approval of refreshment of the 10% Scheme Mandate Limit on grant of options under the Share Option Scheme.

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## LETTER FROM THE BOARD

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### **B. PROPOSED GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES**

At the AGM, an ordinary resolution will be proposed that the Directors be given a general mandate to allot, issue and deal with Shares up to a limit equal to 20% of the issued share capital of the Company at the date of passing of such resolution. Another ordinary resolution will be proposed to increase the limit of this 20% by the number of any Shares repurchased by the Company up to a maximum of 10% of the issued share capital of the Company at the date of passing of the relevant resolution.

As at the Latest Practicable Date, the number of issued Shares of the Company was 1,330,375,080. Assuming no Shares are repurchased or issued before the date of passing of the ordinary resolution giving a general mandate to issue new Shares of the Company, the maximum number of Shares to be issued is 266,075,016 Shares.

At the AGM, an ordinary resolution will be proposed to grant to the Directors a general mandate to repurchase its own Shares on GEM. Under such mandate, the number of Shares that the Company may repurchase shall not exceed 10% of the issued share capital of the Company in issue on the date of passing of the relevant resolution.

As at the Latest Practicable Date, the number of issued Shares of the Company was 1,330,375,080. Assuming no Shares are repurchased or issued before the date of passing of the ordinary resolution giving a general mandate to repurchase Shares of the Company, the maximum number of Shares to be repurchased is 133,037,508 Shares.

Each of the general mandates would continue in force until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law of the Cayman Islands or the Articles of Association to be held; or
- (c) the date on which any such mandate is revoked or varied by an ordinary resolution of the Shareholders in a general meeting.

### **C. EXPLANATORY STATEMENT**

An explanatory statement containing all relevant information relating to the Repurchase Mandate and pursuant to the GEM Listing Rules, in particular Rule 13.08, is set out in Appendix One to this circular. The information in the explanatory statement is to provide you with the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolutions relating to the Repurchase Mandate.

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## LETTER FROM THE BOARD

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### **D. RE-ELECTION OF RETIRING DIRECTORS**

In accordance with the Articles of Association, Mr. Pang Hong Tao, Mr. Ma She Shing, Albert and Ms. Au Shui Ming, Anna shall retire from their offices at the AGM and, being eligible, offer themselves for re-election.

Details of the aforesaid Directors who are proposed to be re-elected at the AGM are set out in Appendix Two to this circular.

### **E. REFRESHMENT OF SCHEME MANDATE LIMIT**

The Company adopted the Share Option Scheme by way of written resolution of the Shareholders on 24 January 2003. Under the rules of the Share Option Scheme:–

- (i) the total number of Shares subject to options granted under the Share Option Scheme and any other share option schemes of the Group shall not exceed 10% of the Shares in issue upon completion of the placing and the capitalization issue (as referred to in the Prospectus);
- (ii) the Company may seek Shareholders' approval to renew the Scheme Mandate Limit. However, the Scheme Mandate Limit as renewed shall not exceed 10% of the Shares in issue as at the date of the aforesaid Shareholders' approval. Options previously granted under the Share Option Scheme and any other share option schemes (including those outstanding, cancelled, lapsed in accordance with the Share Option Scheme or exercised options) will not be counted for the purpose of calculating the Scheme Mandate Limit as renewed. A circular must be sent to Shareholders in connection with the meeting at which their approval will be sought;
- (iii) the Company may seek separate approval of the Shareholders in general meeting to grant options beyond the Scheme Mandate Limit to Participants specifically identified by the Company before the aforesaid Shareholders' meeting where such approval is sought; and
- (iv) the overall limit on the number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other option schemes of the Group must not in aggregate exceed 30% of the total number of Shares in issue from time to time.



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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, the Directors were only authorized to grant options to subscribe for up to 133,037,508 shares under the Share Option Scheme, i.e. 10% of the issued share capital of the Company of 1,330,375,080 Shares. As at the Latest Practicable Date, under the Share Option Scheme, options to subscribe 18,600,000 shares and 30,000,000 shares were granted to the directors and employees respectively on 21 December 2007. The granting of options to the directors had been complied with the Rule 23.04(1) of the GEM Listing Rules. As at the Latest Practicable Date, none of the aforesaid options has been exercised or lapsed, none of the grantees has been granted with options which exceed the limit of 1% of the issued capital of the Company as set out in Rule 23.03 of the GEM Listing Rules. In this connection, the Company could only make a further grant of options to subscribe for 84,437,508 shares to the Participants as at the Latest Practicable Date. In addition, the Company has not granted any options to subscribe for 84,437,508 Shares as at the Latest Practicable Date. If the refreshment of the existing Scheme Mandate Limit is approved at the AGM, options to subscribe for 84,437,508 Shares will be lapsed accordingly.

The Directors consider that the Company should renew the Scheme Mandate Limit so that the Company could have more flexibility to provide incentive to Participants by way of granting options to them. If the refreshment of the existing Scheme Mandate Limit is approved at the AGM based on the 1,330,375,080 Shares in issue as at the Latest Practicable Date, and no Shares are repurchased after the Latest Practicable Date and up to the date of the AGM, the Directors will be able to grant options up to a total of 133,037,508 Shares, representing 10% of the issued share capital of the Company as at the date of the AGM.

The proposed renewal of the Scheme Mandate Limit will be conditional upon the passing of ordinary resolution of the AGM and the Listing Committee of GEM granting the listing of, and the permission to deal in, such number of Shares, representing 10% of the Shares in issue as at the date of AGM, which may fall to be allotted and issued pursuant to the exercise of options granted under the renewed Scheme Mandate Limit.

Other than the existing Scheme Mandate Limit and the refreshment of the existing Scheme Mandate Limit, the Company has no other share option scheme in force. The Directors consider that the renewal of the Scheme Mandate Limit is in the interests of the Group and the Shareholders as a whole because it enables the Company to reward and motivate its employees and other selected Participants under the Share Option Scheme. The refreshment of the Scheme Mandate Limit is in line with the purpose of the Share Option Scheme and is in compliance with Rule 23.03 and 23.04 of the GEM Listing Rules. After the refreshment of the existing Scheme Mandate Limit, the overall limit on the number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other option schemes of the Group must not in aggregate exceed 30% of the total number of Shares in issue from time to time. No options will be granted under any schemes of the Company if this will result in the 30% limit being exceeded.

### **F. ANNUAL GENERAL MEETING**

A notice of the AGM to be held at Unit 1601, Ruttonjee House, Ruttonjee Centre, Central, 11 Duddell Street, Hong Kong on Thursday, 5 June 2008 at 11:00 a.m. is set out on pages 15 to 18 of this circular.

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## LETTER FROM THE BOARD

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A form of proxy for the AGM is enclosed with this circular. Whether or not you intend to present at the AGM, you are requested to complete the form of proxy and return it to the branch share registrar of the Company in Hong Kong, Tricor Standard Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for the AGM. The completion of a form of proxy will not preclude you from attending and voting at the AGM or any adjourned meeting in person.

### **G. PROCEDURES FOR DEMANDING A POLL AT GENERAL MEETING**

In accordance with the Articles of Association of the Company, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded:

- (a) by the Chairman of the meeting; or
- (b) by at least 2 Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorized representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) by any Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorized representative) or by proxy and representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the meeting; or
- (d) by any Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorized representative) or by proxy and holding Shares in the Company conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.

### **H. SHAREHOLDERS ABSTAIN FROM VOTING**

There is no Shareholder who is materially interested in (i) the general mandates to issue and repurchase Shares of the Company; and (ii) the refreshment of Scheme Mandate Limit, and therefore none of the Shareholders shall abstain from voting in respect of the proposed resolutions on these mandates.

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## LETTER FROM THE BOARD

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### I. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM 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 (i) the information contained in this circular is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this circular misleading; and (iii) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

### J. RECOMMENDATION

The Directors consider that the general mandate to issue Shares, the refreshment of 10% Scheme Mandate Limit on the grant of options under the Share Option Scheme (as for the reason of providing flexibility for issuing new Shares to Participants when it is in the interests of the Company), general mandate to repurchase Shares (for the sake of enhancing the net asset value per Share and/or earnings per Share) and the re-election of Directors are all in the interests of the Company and its Shareholders and so recommend all Shareholders to vote in favour of the resolutions to be proposed at the forthcoming AGM.

Yours faithfully,  
By order of the Board  
**Pang Hong Tao**  
*Chairman*

*This is an explanatory statement given to all Shareholders relating to the resolution to be proposed at the AGM authorizing the Repurchase Mandate. It contains all the relevant information required pursuant to Rule 13.08 of the GEM Listing Rules which is set out as follows:*

**1. SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,330,375,080 Shares of HK\$0.05 each.

Subject to the passing of the resolution in relation to the Repurchase Mandate and on the basis that no Shares are issued or repurchased by the Company prior to the AGM, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 133,037,508 Shares equivalent to 10% of the issued share capital of the Company. The repurchased Shares will be cancelled and the Company's issued share capital will be reduced accordingly by the nominal value of the Shares repurchased.

**2. REASONS FOR REPURCHASES**

The Directors believe that the Repurchase Mandate will provide the Company the flexibility to make such repurchases when appropriate and beneficial to the Company and the Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the relevant time, lead to an enhancement of the net asset value per Share of the Company and/or earnings per Share.

**3. FUNDING OF REPURCHASES**

Repurchase of Shares will be funded out of funds legally available for such purpose in accordance with the Articles of Association, the applicable laws and regulations of the Cayman Islands and the GEM Listing Rules.

There might be a material adverse impact on the working capital or the gearing position of the Group as compared with the position disclosed in the audited financial statements for the year ended 31 December 2007, being the date to which the latest published audited financial statements of the Company were made up, in the event that the Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Group or on the gearing positions which in the opinion of the Directors are from time to time appropriate for the Group.

#### 4. SHARE PRICES

The highest and lowest prices at which Shares have been traded on GEM in each of the past twelve months preceding the Latest Practicable Date were as follows:

|   | Share Price                   |                              |
|---|-------------------------------|------------------------------|
|   | Highest<br>(Adjusted)<br>HK\$ | Lowest<br>(Adjusted)<br>HK\$ |
| <b>2007</b>                               |                               |                              |
| March                                     | 0.260                         | 0.127                        |
| April                                     | 0.220                         | 0.193                        |
| May                                       | 0.213                         | 0.181                        |
| June                                      | 0.220                         | 0.180                        |
| July                                      | 0.210                         | 0.170                        |
| August                                    | 0.200                         | 0.127                        |
| September                                 | 0.180                         | 0.147                        |
| October                                   | 0.197                         | 0.140                        |
| November                                  | 0.203                         | 0.168                        |
| December                                  | 0.197                         | 0.130                        |
| <b>2008</b>                               |                               |                              |
| January                                   | 0.193                         | 0.108                        |
| February                                  | 0.146                         | 0.121                        |
| March                                     | 0.134                         | 0.097                        |
| April (up to the Latest Practicable Date) | 0.143                         | 0.087                        |

#### 5. UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange that they will exercise the power of the Company to make repurchases pursuant to the proposed resolution in accordance with the GEM Listing Rules, the applicable laws of Hong Kong, the Articles of Association and any applicable laws of the Cayman Islands.

None of the Directors nor, to the best of the knowledge and belief of the Directors having made all reasonable enquires, any of the associates of any of the Directors has any present intention, in the event that the proposed Repurchase Mandate is approved by the Shareholders, to sell Shares to the Company.

As at the Latest Practicable Date, no connected person of the Company has notified the Company that he/she has a present intention to sell Shares to the Company nor has he/she undertaken not to sell any of the Shares held by him/her to the Company in the event that the Company is authorized to make repurchases of Shares.

## 6. TAKEOVERS CODE

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of Rule 32 of the Takeovers Code. Accordingly, a Shareholder or group of Shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, the register maintained by the Company under Section 336 of the SFO, the following interests in the Shares were recorded:

| Name of Shareholders                            | Number of Shares held | Approximate percentage of existing shareholding | Approximate percentage of shareholding if the Repurchase Mandate is exercised in full |
|---|-----------------------|---|---|
| Mr. Lau Kim Hung, Jack ( <i>Note 1</i> )        | 299,478,238           | 22.51   | 25.01   |
| Manciple Enterprises Limited ( <i>Note 1</i> )  | 299,478,238           | 22.51   | 25.01   |
| Ms. Chan Yiu Kan, Katie ( <i>Note 2</i> )       | 299,478,238           | 22.51   | 25.01   |
| Digital Epoch Profits Limited ( <i>Note 3</i> ) | 114,470,000           | 8.60  | 9.56  |
| Mr. Wong Ming, Kerry ( <i>Note 3</i> )          | 127,154,400           | 9.56  | 10.62   |
| Ms. Wong Chau Wan, Sanny ( <i>Note 4</i> )      | 127,154,400           | 9.56  | 10.62   |

### Notes:

1. Manciple Enterprises Limited, a company incorporated in the British Virgin Islands which is wholly and beneficially owned by Mr. Lau Kim Hung, Jack ("Mr. Lau"). Accordingly, Mr. Lau is deemed to be interested in 299,478,238 shares.
2. Ms. Chan Yiu Kan, Katie was deemed to be interested in 299,478,238 shares by virtue of her being spouse of Mr. Lau.
3. Mr. Wong Ming, Kerry ("Mr. Wong") held 127,154,400 shares, of which 114,470,000 shares were held by Digital Epoch Profits Limited, ("Digital Epoch") and 1,210,000 shares were held by his spouse, Ms. Wang Chau Wan, Sanny. Digital Epoch is a company incorporated in the British Virgin Islands which is wholly and beneficially owned by Mr. Wong. Accordingly, Mr. Wong is deemed to be interested in 114,470,000 shares.
4. Ms. Wong Chau Wan, Sanny held 1,210,000 shares and is also deemed to be interested in 125,944,400 shares by virtue of her being spouse of Mr. Wong.

In the event that the Directors shall exercise in full the Repurchase Mandate, the total interests of the above Shareholders would be increased to approximately the respective percentages shown in the last column above. The Directors are not aware of such increase would give rise to an obligation for it to make a general offer for the Shares under Rules 26 and 32 of the Takeovers Code. As at the Latest Practicable Date, none of the shareholders or a group of shareholders acting in concert (within the meaning under the Code), could obtain or consolidate control of the Company and become(s) obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Code.

Save as aforesaid and as at the Latest Practicable Date, the Directors were not aware of any consequence which the exercise in full of the Repurchase Mandate would have under the Takeovers Code. However, the Company may not repurchase Shares which would result in the amount of Shares held by the public being reduced to less than 25%.

#### **7. SHARE REPURCHASE MADE BY THE COMPANY**

No Shares were repurchased by the Company, whether on the GEM or otherwise, in the last six months prior to the Latest Practicable Date.

Set out below are details of the Directors who are proposed to be re-elected at the AGM:

**1. MR. PANG HONG TAO, PETER (“MR. PANG”)**

**Mr. Pang**, aged 38, is an executive Director of the Company. Mr. Pang holds a bachelor’s degree in economics from Nankai University, the People’s Republic of China (“PRC”) and a master degree in economics from the Renmin University of China. Mr. Pang is the chairman of Finance Committee of ShanDong-HongKong SME Association. He is a member of Chinese Institute of Certified Public Accountants, China Appraisal Society, Shan Dong Certified Consultant Expert Society and China Enterprise Risk Management Society. Mr. Pang has over ten years of experience in financial management, risk management, financial budgeting and corporate finance. He has worked as a chief accountant in an international five-star hotel, the deputy general manager in a management consultancy company and the partner in a Certified Public Accountants firm. Mr. Pang is currently the partner and deputy general manager of a Certified Public Accountants firm in the PRC.

Mr. Pang has entered into a letter of appointment with the company for a term of one year commencing on 11 July 2007 and continuing thereafter until terminated by either party giving each other not less than one month’s notice in writing. Mr. Pang is entitled to a fixed director’s emolument of HK\$120,000 per annum which is determined by the Board from time to time. In the financial year ended 31 December 2007, Mr. Pang received a director’s emolument of HK\$56,774 which was determined by the Board with reference to his duties and responsibilities with the Company.

As at the Latest Practicable Date, Mr. Pang’s long positions in Shares is 10,500,000 Shares and 6,300,000 share options. Save for the aforesaid, Mr. Pang does not have any interest in the Shares or underlying Shares within the meaning of Part XV of the SFO. Mr. Pang is not connected with any Directors, senior management, substantial shareholders or controlling Shareholders of the Company.

Other than disclosed above, there is no matter that need to be brought to the attention of the holders of securities if the Company and there is no information to be disclosed pursuant to any of the requirements of Rule 17.50(2) of the GEM Listing Rules.

**2. MR. MA SHE SHING, ALBERT (“MR. MA”)**

**Mr. Ma**, aged 47, was redesigned as a non-executive Director of the Company on 15 November 2007, Mr. Ma has over 19 years of corporate banking and private banking experience in major US and European institutions. He was previously a vice president in a renowned US investment bank in Hong Kong. Mr. Ma holds a Bachelor of Arts degree in Economics from Pomona College, California, US.

Mr. Ma has entered into a letter of appointment with the company for a term of one year commencing one 1 June 2005 and continuing thereafter until terminated by either party giving each other not less than one month’s notice in writing. Mr. Ma is entitled to a fixed director’s emolument of HK\$120,000 per annum which is determined by the Board from time to time. In the financial year ended 31 December 2007, Mr. Ma received a director’s emolument of HK\$120,000 which has determined by the Board with reference to his duties and responsibilities with the Company.



As at the Latest Practicable Date, Mr. Ma's long positions in Shares is 870,000 Shares. Save for the aforesaid, Mr. Ma does not have any interest in the Shares or underlying Shares within the meaning of Part XV of the SFO. Mr. Ma is not connected with any Directors, senior management, substantial shareholders or controlling Shareholders of the Company.

Other than disclosed above, there is no matter that need to be brought to the attention of the holders of securities if the Company and there is no information to be disclosed pursuant to any of the requirements of Rule 17.50(2) of the GEM Listing Rules.

### 3. MS. AU SHUI MING, ANNA ("MS. AU")

**Ms. Au**, aged 44, is an executive Director of the Company holds a bachelor degree in commerce, majoring in accounting, from the University of Wollongong in Australia. She is a Certified Practising Accountant of CPA Australia and a fellow member of the Hong Kong Institute of Certified Public Accountants. Ms. Au has extensive experience in the finance and accounting fields. She is currently the Qualified Accountant and Company Secretary of the Company.

Ms. Au has entered into a letter of appointment with the company for a term of one year commencing on 11 July 2007 and continuing thereafter until terminated by either party giving each other not less than one month's notice in writing. Ms. Au is entitled to a fixed director's emolument of HK\$120,000 per annum which is determined by the Board from time to time. In the financial year ended 31 December 2007, Ms. Au received a director's emolument of HK\$56,774 which was determined by the Board with reference to her duties and responsibilities with the Company.

As at the Latest Practicable Date, Ms. Au's long positions in Shares is 22,500,000 Shares and 6,000,000 share options. Ms. Au does not have any interest in the Shares or underlying Shares within the meaning of Part XV of the SFO. Ms. Au is not connected with any Directors, senior management, substantial shareholders or controlling Shareholders of the Company.

Other than disclosed above, there is no matter that need to be brought to the attention of the holders of securities if the Company and there is no information to be disclosed pursuant to any of the requirements of Rule 17.50(2) of the GEM Listing Rules.



**Shen Nong China (Group) Limited**  
**神農中國（集團）有限公司**

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

(Stock Code: 8175)

**NOTICE IS HEREBY GIVEN THAT** the annual general meeting of the shareholders (“**Shareholders**”) of Shen Nong China (Group) Limited (the “**Company**”) will be held at Unit 1601, Ruttonjee House, Ruttonjee Central, 11 Duddell Street, Central, Hong Kong, on Thursday, 5 June 2008 at 11:00 a.m. for the following purposes:

1. to receive and consider the audited financial statements and the reports of the directors (the “**Directors**”) and auditors of the Company and its subsidiaries for the year ended 31 December 2007;
2. to re-elect the retiring Directors, namely Mr. Pang Hong Tao, Mr. Ma She Shing, Albert and Ms. Au Shui Ming, Anna and to authorize the board of Directors (the “**Board**”) to fix their remuneration;
3. to re-appoint auditors and to authorize the Directors to fix their remuneration; and as special business, to consider and, if though fit, pass the following proposed resolutions numbered 4 to 7 as Ordinary Resolutions of the Company:

**ORDINARY RESOLUTIONS**

4. **THAT:**
  - (a) subject to paragraph (c) of this resolution, and pursuant to the Rules Governing the Listing of Securities on The Growth Enterprise Market (“**GEM**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares (“**Shares**”) in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;
  - (b) the approval in paragraph (a) of this resolution shall authorize the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;

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## NOTICE OF ANNUAL GENERAL MEETING

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(c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) by the Directors pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to (i) a Rights Issue (as defined below); or (ii) the grant or exercise of any option under the Share Option Scheme of the Company or any other option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/ or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company; or (iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares in accordance with the Articles of Association of the Company in force from time to time; or (iv) any issue of shares in the Company upon the exercise of rights of subscription or conversion under the terms of any existing warrants of the Company or any existing securities of the Company which carry rights to subscribe for are convertible into shares of the Company, shall not exceed the aggregate of:

- (i) 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of passing of this resolution; and
- (ii) (if the Directors are so authorized by a separate ordinary resolution of the Shareholders) the nominal amount of any share capital of the Company repurchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10% of the aggregate nominal amount of the share capital of the Company in issue on the date of passing of this resolution).

and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

(d) for the purpose of this resolution:

- (aa) “Relevant Period” means the period from the date of the passing of this resolution until whichever is the earliest of:
  - (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the memorandum and articles of association of the Company, or any other applicable laws of the Cayman Islands to be held; and
  - (iii) the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to the Directors by this resolution.

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## NOTICE OF ANNUAL GENERAL MEETING

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(bb) “Rights Issue” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to holders of Shares on the register on a fixed record date in proportion to their shareholdings (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to the Company, or any recognized regulatory body or any stock exchange applicable to the Company).

5. **THAT:**

- (a) subject to paragraph (b) of this resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all powers of the Company to purchase its Shares on the GEM or any other stock exchange on which the Shares may be listed and recognized by the Securities and Futures Commission (“SFC”) and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the SFC, the Stock Exchange or of any other stock exchange as amended from time to time and all applicable laws in this regard, be and the same is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of Shares which may be purchased by the Company pursuant to the approval in paragraph (a) of this resolution during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
- (c) for the purpose of this resolution, “Relevant Period” shall have the same meaning as in resolution no. 4(d)(aa).

6. **THAT** conditional upon the resolutions set out in resolutions 4 and 5 of the notice convening this meeting being passed, the general mandate granted to the Directors to allot, issue and deal with additional Shares pursuant to the said resolution under item 4 be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of Shares in the capital of the Company which are repurchased by the Company under the authority granted to the Directors pursuant to the said resolution under resolution 5, provided that the amount of Shares so repurchased by the Company shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution.

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## NOTICE OF ANNUAL GENERAL MEETING

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7. **THAT** subject to and conditional upon the Listing Committee of GEM granting the listing of, and permission to deal in, such number of fully paid Shares which may fall to be allotted and issued pursuant to the exercise of the options which may be granted under the share option schemes adopted by the Company on 24 January 2003 (the “**Share Option Scheme**”) and any other share option schemes of the Company, representing 10% of the issued share capital of the Company as at the date on which this resolution is passed, the existing scheme mandate limit in respect of the grant of share options under the Share Option Scheme be renewed provided that the total number of Shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme and any other option schemes of the Company shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution.

By order of the Board  
**Pang Hong Tao**  
*Chairman*

Hong Kong, 28 April 2008

*Registered Office:*  
Celedonian Bank & Trust Limited  
Caledonian House  
P.O. Box 1043  
George Town  
Grand Cayman  
Cayman Islands

*Principal place of business in Hong Kong:*  
Unit 1601, Ruttonjee House  
Ruttonjee Centre, 11 Duddell Street  
Central, Hong Kong

*Notes:*

- 1 A Shareholder entitled to attend and vote at the meeting is entitled to appoint a person or persons as his proxy or proxies to attend and, in the event of a poll, vote in his stead. A proxy need not be a Shareholder of the Company.
- 2 To be valid, a form of proxy, 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 must be deposited with the Company's Hong Kong branch share registrar, Tricor Standard Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai not less than 48 hours before the time of the meeting or any adjourned meeting.
- 3 Delivery of an instrument appointing a proxy shall not preclude a Shareholder from attending and voting in person at the meeting and in such event, the instrument appointing a proxy shall be deemed to be revoked.