

PROSPECTUS

For the offer of 24,000,000 New Shares at an Offer Price of A\$0.30 each to raise A\$7,200,000 with up to A\$4,800,000 of oversubscriptions and the admission to the Official List of Australian Securities Exchange



博君农业
BOJUN NONGYE

**Bojun Agriculture Holdings
Limited**

ACN 618 962 253

Important notice

This is an important document, which should be read in its entirety before making any investment decision. You should obtain independent advice if you have any questions about any of the matters contained in this Prospectus.

Lead Arranger

Beer & Co's wholly owned subsidiary company, Melbourne Venture Securities Pty Ltd (ACN 102 538 394), holds AFSL no. 224313 and shall provide the services of the Lead Manager in connection with the Offer.

Beer & Co.



IMPORTANT INFORMATION

OFFER

The Offer contained in this Prospectus is an invitation to acquire Shares in Bojun Agriculture Holdings Limited (ACN 618 962 253).

LODGEMENT AND LISTING

This Prospectus is dated 5 September 2017. A copy of this Prospectus was lodged with ASIC on 5 September 2017. This Prospectus is a replacement prospectus and replaces the prospectus dated 29 August 2017. A copy of this Prospectus will be lodged with ASX.

This Prospectus has been issued to provide further disclosure in relation to the health effects of the Company's products.

Neither ASIC nor ASX or their officers take any responsibility for the contents of this Prospectus or for the merits of the investment to which this Prospectus relates.

EXPIRY DATE

No Shares will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

NOTE TO APPLICANTS

The information in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs. This Prospectus should not be construed as financial, taxation, legal or other advice.

This Prospectus is important and should, along with each of the documents incorporated by reference, be read in its entirety prior to deciding whether to invest in the Company's Shares. There are risks associated with an investment in the Shares and the Shares offered under this Prospectus must be regarded as a speculative investment. Some of the risks that should be considered are set out in Section 9 (Risk Factors) of this Prospectus. You should carefully consider these risks in light of your personal circumstances (including financial and tax issues).

There may also be risks in addition to these that should be considered in light of your personal circumstances. If you do not fully understand this Prospectus or are in doubt as to how to deal with it, you should seek professional guidance from your stockbroker, lawyer, accountant or other professional adviser before deciding whether to invest in the Shares.

No person named in this Prospectus guarantees the Company's performance or any return on investment made pursuant to this Prospectus.

NO OFFERING WHERE OFFERING WOULD BE ILLEGAL

This Prospectus does not constitute an Offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of Shares, in any jurisdiction outside Australia. The taxation treatment of Australian securities may not be the same as those for securities in foreign jurisdictions. If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The distribution of this Prospectus outside Australia may be restricted by law and therefore any person who resides outside Australia and who receives this Prospectus should seek advice on and observe any such restrictions. Any person who has a registered address in any other country who receives this Prospectus may only apply for Shares where that person is able to reasonably demonstrate to the satisfaction of the Company that the person may participate in the Offer relying on a relevant exception from, or are not otherwise subject to, the lodgement, filing, registration or other requirements of any applicable securities laws in the jurisdiction in which they have a registered address.

The Company will not offer to sell, nor solicit an offer to purchase, any securities in any jurisdiction where such offer, sale or solicitation may not lawfully be made. Any failure to comply with these restrictions may constitute violation of applicable laws.

NOTICE TO UNITED STATES RESIDENTS

The securities being offered pursuant to this Prospectus have not been registered under the US Securities Act and may not be offered or sold in the United States absent registration or an applicable exemption from registration under the US Securities Act and applicable State securities laws. This Prospectus does not constitute an offer or invitation to sell, or the solicitation of an offer to buy, nor shall there be any sale of these securities in any state or other jurisdiction in which such offer, solicitation or sale would be unlawful. Any hedging transactions involving these securities may not be conducted unless in compliance with the US Securities Act and applicable State securities laws.

NOTICE TO HONG KONG RESIDENTS

The contents of this Prospectus have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Offer. If you are in any doubt about any of the contents of this Prospectus, you should obtain independent professional advice.

NOTICE TO PRC RESIDENTS

The information in this document does not constitute a public offer of the New Shares, whether by way of sale or subscription, in the People's Republic of China (excluding, for purposes of this paragraph only, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan). The New Shares may not be offered or sold directly or indirectly in the PRC to legal or natural persons other than directly to "qualified domestic institutional investors".

FINANCIAL INFORMATION AND AMOUNTS

The "Financial Information" section in Section 6 sets out in detail the Financial Information referred to in the Prospectus. The basis of preparation of the Financial Information is set out in the "Financial Information" in Section 6. All references to FY2014, FY2015, FY2016 and 1H2017 appearing in this Prospectus are to the financial years ended or ending 30 September 2014, 30 September 2015, 30 September 2016 or the half year period ending on 31 March 2017 respectively,

unless otherwise indicated. Historical Financial Information has been prepared in accordance with the recognition and measurement principles prescribed by International Financial Reporting Standards.

The Historical Financial Information in this Prospectus should be read in conjunction with, and they are qualified by, reference to the information contained in Section 6.

The functional currency of the operating entities in the Bojun Group is Chinese Yuan, and the historical financial reports of Bojun China were presented in US dollars. The presentation currency in this Prospectus is Australian dollars. Save as set out above, the financial amounts referred to in this Prospectus are expressed in Australian dollars unless stated otherwise. Bojun has adopted the foreign currency rate as determined by the Reserve Bank of Australia for the applicable year. Accordingly, investors should be aware that the amounts represented in the Prospectus may change as a result of fluctuations in the exchange rates between AUD, USD and RMB.

DISCLAIMER

Investors should not rely on any information which is not contained in this Prospectus in making a decision as to whether to acquire Shares in the Company under the Offer. No person is authorised by the Company or the Lead Arranger to give any information or make any representation in connection with the Offer that is not contained in the Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company, its Directors or any other person in connection with the Offer. The Company's business, financial condition, results of operations and prospects may have changed since the date of this Prospectus.

This Prospectus contains forward-looking statements concerning the Company's business, operations, financial performance and condition as well as the Company's plans, objectives and expectations for its business, operations and financial performance and condition. Any statements contained in this Prospectus that are not of historical facts may be deemed to be forward-looking statements. You can identify these statements by words such as "aim", "anticipate", "assume", "believe", "could", "due", "estimate", "expect", "goal", "intend", "may", "objective", "plan", "predict", "potential", "positioned", "should", "target", "will", "would" and other similar expressions that are predictions of or indicate future events and future trends.

These forward-looking statements are based on current expectations, estimates and projections about the Company's business and the industry in which the Company operates and management's beliefs and assumptions. These forward-looking statements are not guarantees of future performance or development and involve known and unknown risks, uncertainties and other factors that are in some cases beyond the Company's control. As a result, any or all of the Company's forward-looking statements in this Prospectus may turn out to be

inaccurate. Factors that may cause such differences include, but are not limited to, the risks described under the heading “Risk factors” in Section 9.

Potential investors and other readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on the forward-looking statements. These forward-looking statements speak only as at the date of this Prospectus. Unless required by law, the Company does not intend to publicly update or revise any forward-looking statements to reflect new information or future events or otherwise. You should, however, review the factors and risks the Company describes in the reports to be filed from time to time with the ASX after the date of this Prospectus.

This Prospectus contains market data and industry forecasts that were obtained from industry publications, third-party market research and publicly available information. These publications generally state that the information contained in them has been obtained from sources believed to be reliable, but the Company has not independently verified the accuracy and completeness of such information.

Some numerical figures included in this Prospectus have been subject to rounding adjustments. Accordingly, numerical figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that preceded them.

This Prospectus also includes trademarks, trade names and service marks that are the property of other organisations.

LEAD MANAGER

Beer & Co's wholly owned subsidiary company, Melbourne Venture Securities Pty Ltd (ACN 102 538 394) holds AFSL no. 224313 and shall provide the services of the Lead Manager in connection with the Offer. Beer & Co has acted as Lead Manager to the Offer. The Lead Manager has not authorised, permitted or caused the issue or lodgement, submission, dispatch or provision of this Prospectus and there is no statement in this Prospectus that is based on any statement made by it or by any of its affiliates, officers or employees. To the maximum extent permitted by law, the Lead Manager and its affiliates, officers, employees and advisers expressly disclaim all liabilities in respect of, and make no representations regarding, and take no responsibility for, any part of this Prospectus other than references to its name and make no representation or warranty as to the currency, accuracy, reliability or completeness of this Prospectus.

EXPOSURE PERIOD

The Corporations Act prohibits the Company from processing Applications under the Offer in the seven-day period after the lodgement of the Original Prospectus with ASIC. However, ASIC Corporations (Exposure Period) Instrument 2016/74 means that there is no additional exposure period under the Corporations Act for this Prospectus.

ELECTRONIC PROSPECTUS

This Prospectus will also be made available in electronic form on the Company's website: <http://bojunagriculture.com>. Any references to documents included on the Company's website are for convenience only, and none of the documents or other information available on the website is incorporated by reference in this Prospectus. The Offer constituted by this Prospectus in electronic form is available only to persons receiving this Prospectus in electronic form within Australia. Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus. If unsure about the completeness of the Prospectus received electronically, or a print out of it, you should contact the Company. A paper copy of the Prospectus will be available free of charge by contacting:

Beer & Co Pty Ltd (Lead Arranger)

Tel: +613 9600 3599 (within Australia)

Tel: +613 9600 3599 (outside Australia)

or

Boardroom Pty Limited (Share registry)

Tel: 02 9290 9600 (within Australia)

Tel: +61 2 9290 9600 (outside Australia)

Applications for Shares under this Prospectus may only be made on a printed copy of the Application Form attached to or accompanying this Prospectus. The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to a hard copy of the Prospectus or the complete and unaltered electronic version of the Prospectus. If this Prospectus is found to be deficient, any Applications may need to be dealt with in accordance with section 724 of the Corporations Act.

PRIVACY

By completing an Application Form, you are providing personal information to the Company and the Registry, which is contracted by the Company to manage Applications, and consent to the collection and use of that personal information in accordance with these terms. That personal information will be collected held and used both in and outside of Australia by the Company, and the Registry on its behalf, to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration of your investment. If you do not wish to provide this information, the Company may not be able to process your Application.

Once you become a Shareholder, the Corporations Act requires information about you (including your name, address and details of the Shares you hold) to be included in the Company's public share register. This information must continue to be included in the Company's public share register even if you cease to be a Shareholder. The Company and the Registry on its behalf, may disclose your personal information for purposes related to your investment to their agents and service providers (which may be located outside of Australia) including those listed

below or as otherwise authorised under the *Privacy Act 1988* (Cth):

- the Registry for ongoing administration of the Company's public share register;
- the Lead Arranger in order to assess your Application;
- the Australian Tax Office and other government bodies as required by law;
- printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- market research companies for the purpose of analysing the Shareholder base and for product development and planning; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

Under the *Privacy Act 1988* (Cth), you may request access to your personal information that is held by, or on behalf of, the Company. You can request access to your personal information or obtain further information about the Company's privacy practices by contacting the Company or the Registry, details of which are set out elsewhere in this Prospectus. The Company aims to ensure that the personal information it retains about you is accurate, complete and up-to-date. To assist with this, please contact the Company or the Registry if any of the details you have provided change. In accordance with the requirements of the Corporations Act, information on the Shareholder register will be accessible by members of the public.

DEFINED WORDS AND ABBREVIATIONS

Defined terms and abbreviations used in this Prospectus are defined in the “Glossary” section.

TIME

All references to time in this Prospectus refer to Australian Eastern Standard Time unless stated otherwise.

PHOTOGRAPHS AND DIAGRAMS

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only. Unless otherwise stated, all data contained in graphs and tables is based on information available as at the date of this Prospectus.

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CHAIRMAN'S LETTER

5 September 2017

DEAR INVESTORS,

On behalf of the Board of Directors, I am pleased to invite you to become a Shareholder of Bojun Agriculture Holdings Limited (**Bojun or Company**).

The Company is incorporated in Australia and is the holding company of the Bojun Group. It is engaged in the business of manufacturing processed foods and beverages, which are derived from agricultural fruit produce. Its key products include fruit cider vinegar beverages and fruit confectionery snacks. The Group adopts a production model where the quantity of products it produces is based on the planned and actual number of orders placed by distributors or sale agencies. Following confirmation of production quantity, Once orders are made, Bojun China procures raw materials to produce its fruit beverages and snacks, which are then delivered to these distribution agents.

The Group operates in a growing fruit-based foods and beverages industry. Increased consumer wealth in China has led to increased living standards and heightened demand for beverages, foods and snacks which are made from natural ingredients. This presents opportunities for the growth of the Group and its products, which are made from natural fruit produce, and with no artificial ingredients.

Going forward, the Group's core strategy will involve investing in new procurement and research and development opportunities in Australia, investing in further research and development projects, and expanding and upgrading its existing facilities.

Bojun is an Australian holding company subject to Australian regulations, with business operations in China. The Group structure can be described as follows: the Company holds 100% interest in Bojun BVI, which in turn holds 100% interest in Bojun HK, which in turn holds 100% in the WFOE, which in turn holds 100% in Bojun China, which is the operating company within the Group (please see Section 11.2).

The Company believes that an ASX listing improves liquidity and funding sources and provides it access to the Australian market. In particular the Company will be able to gain access to procurement avenues of Australia's high-quality fruit produce and developed R&D capabilities.

Bojun's listing as a public company and the corresponding improved transparency and corporate governance will be a significant milestone in the Company's development. The Listing also provides Bojun a unique opportunity to sincerely welcome those investors who share our vision by becoming the first group of public Shareholders of this promising Company.

This Prospectus contains detailed information about the Offer, the industry in which Bojun operates and its financial and operating performance. An investment in the Company is subject to risks, including but not limited to food safety risks, changes to consumer preferences, and competition risks. These risks are fully detailed in Section 9. I encourage you to read this document carefully and in its entirety before making your investment decision.

On behalf of the Directors, I invite you to subscribe for Shares in the Company and I look forward to welcoming you as a Shareholder of Bojun Agriculture Holdings Limited.

Yours sincerely,



A handwritten signature in black ink that reads "Andrew Stoner".

Andrew John Stoner
Chairman

01.

INVESTMENT OVERVIEW



01. INVESTMENT OVERVIEW

The information set out in this Section is intended to be a summary only and should be read in conjunction with the more detailed information appearing elsewhere in this Prospectus. In deciding whether to apply for Shares, you should read this Prospectus carefully and in its entirety. If you are in doubt as to the course you should follow, please consult your professional advisers.

1.1 Summary of the Offer

This Prospectus provides investors with the opportunity to participate in the initial public offering of New Shares in Bojun Agriculture Holdings Limited, a company incorporated in New South Wales.

The Offer

Key Offer statistics	Minimum Subscription	Maximum Subscription
Offer Price	A\$0.30	A\$0.30
Total number of New Shares to be issued	24,000,000	40,000,000
Number of Shares held by Existing Shareholders ¹	96,000,000	96,000,000
Total number of Shares on issue at Completion of the Offer	120,000,000	136,000,000
Total cash proceeds to the Company from the Offer	A\$7,200,000	A\$12,000,000
Costs of the offer to be paid from the cash proceeds (estimate) ²	A\$1,561,000	A\$2,280,000
Market capitalisation at Completion of the Offer ³	A\$36,000,000	A\$40,800,000

1. Some of the Existing Shares are subject to voluntary escrow arrangements. See Section 11.7 for further details of these escrow arrangements.

2. The above only represents the cash costs of the Offer yet to be paid as at the date of the Prospectus (i.e., total Offer costs less costs already paid as at the date of the Prospectus)

3. Calculated as the total number of Shares on issue on Completion of the Offer multiplied by the Offer Price.

Important dates

Event	Date and time (Australian Eastern Standard Time)
Lodgement of Prospectus with ASIC	5 September
Opening Date	6 September 2017
Closing Date	27 October 2017
Issue of New Shares	2 November 2017
Expected dispatch of Holding Statements	3 November 2017
Shares expected to begin trading on ASX	6 November 2017

These dates are indicative only and may change. Bojun and the Lead Arranger reserve the right to vary the dates and times set out above subject to Corporations Act and other applicable laws. Bojun reserves the right to vary the times and dates of the Offer including to close the Offer early, extend the Offer or to accept late Applications, either generally or in particular cases, without notification. Applications received under the Offer are irrevocable and may not be varied or withdrawn except as required by law. Investors are therefore encouraged to submit their Application Forms as early as possible after the Offer opens.

How to invest

Applications for New Shares can only be made by completing and lodging the Application Form attached to or accompanying this Prospectus. Instructions on how to apply for Shares are set out in Section 2.2 of this Prospectus and on the back of the Application Form.


01. INVESTMENT OVERVIEW (CONTINUED)

Admission to the Official List of ASX

The Prospectus is also issued for the purpose of qualifying the Company for admission to the Official List of ASX. The Company will apply to ASX for listing and quotation of its Shares, including the New Shares, within seven days after the date of the Prospectus.

If ASX does not grant permission for official quotation of the Shares within three months after the date of this Prospectus, or such longer period permitted by the Corporations Act, none of the Shares offered for subscription under this Prospectus will be allotted or issued and Application Monies will be refunded. No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offer.

1.2 Overview of Bojun

Topic	Summary	For more information
Nature of the Company's business	Bojun is incorporated in New South Wales, Australia, and is the holding company of the Group. The main operating entity of the Group, Bojun China, was established in 2006 and is headquartered in Jiangxi, China. The Group is engaged in the business of manufacturing processed foods and beverages based on a made-to-order as well as planned production business model. Its key products include fruit cider vinegar beverages and fruit confections, which are derived from agricultural fruit produce.	Section 4.1
Corporate structure	<p>The Group's structure is as follows: the Company holds 100% interest in Bojun BVI, which in turn holds 100% interest in Bojun HK, which in turn holds 100% in the WFOE, which in turn holds 100% in Bojun China, which is the operating company within the Group. As the operating entity is based in China, the Company is reliant upon the repatriation of profits from Bojun China, its Chinese operating entity via the WFOE, in order to provide returns to shareholders.</p> <p>The Group structure at the date of this Prospectus is shown in the diagram below.</p>  <pre> graph TD A[Bojun Agriculture Holdings Limited] -- 100% --> B[Bojun International Holdings Co., Ltd] B -- 100% --> C[Hong Kong Bojun Investment Management Co., Ltd] C -- 100% --> D[Shenzhen Bojun Management Consulting Co., Ltd] D -- 100% --> E[Jiangxi Bojun Ecological Agriculture Development Co., Limited] </pre>	Section 11.2

Topic	Summary	For more information
How the Company generates revenue	The Group's income is generated from the sales and distribution of fruit-based food and beverage products in China, which it develops and manufactures.	Sections 4.3 and 4.4
Product Range	<p>Bojun China's key products include:</p> <ul style="list-style-type: none"> • Fruit cider vinegar: a natural fruit-based drink, which is produced from Nanfeng Mandarins via a fermentation process that aims to retain the natural flavours and nutritional value of the fruit, such that no artificial ingredients are used. • Fruit confections: a fruit-based snack produced from a range of raw materials, including fruits such as strawberry, blueberry, kiwi fruit, pumpkin and Nanfeng Mandarins. These fruit confection products aims to retain the various health benefits of the fruits from which they are made. <p>As Bojun China's products are derived from agricultural fruit produce and other active ingredients, there may be perceived health benefits associated with the consumption of its products. The Company notes that the claimed health benefits are not supported by empirical evidence and results may vary based on the consumer and individual circumstances.</p>	Section 4.3
Intellectual Property	As at the date of this Prospectus, Bojun China has a total of 35 patents, including 2 Invention Patents, 10 Utility Model Patents, and 23 Industrial Design Patents. It also has a total of 31 trademarks and 8 copyrights in relation to the content on its packaging bottles.	Sections 4.5, 4.6 and 4.7
Strengths and competitive advantage	<p>The Company has the following key strengths:</p> <ul style="list-style-type: none"> • recognised R&D capabilities to ensure ongoing efficiency and effectiveness with its manufacturing process; • producer of high-quality products without artificial preservatives, colours or flavours aiming to retain the health benefits and nutritional value of the fruits from which the products are made; • geographical advantage as Bojun China's offices are located in Nancheng County, Jiangxi, China where local fruit produce may be sourced to minimise cost; • Bojun China enjoys policy advantages as a high-tech enterprise, as it receives a preferential tax rate; and • Bojun's products contain no artificial preservatives, colours and flavours, which render it competitive in a market where consumers are increasingly health conscious. <p>The Group believes that these core strengths enable it to compete effectively with its competitors.</p>	Section 4.8
Funding for operations	The Group expects to fund its operations through cash flow generated from its operations and funds raised under the Offer.	Section 4.12
Strategies for growth	<p>The Company intends to grow its business by:</p> <ul style="list-style-type: none"> • Investing in new procurement and R&D opportunities in Australia; • Investing in further R&D projects; and • Expanding and upgrading its existing facilities. 	Section 4.11

01. INVESTMENT OVERVIEW (CONTINUED)

Topic	Summary	For more information
Facilities and Assets	Bojun China has approximately 6,700 square metres of facilities, offices and factories in the Jinshankou Industry district of Nancheng County, Fuzhou City, Jiangxi Province, China.	Section 4.9
Management and employees	As of the date of this Prospectus, Bojun China has 200 employees, including 7 senior management officers and 193 production and operational staff.	Section 4.10
Future funding use	<p>The Company is planning to use the funds:</p> <ul style="list-style-type: none"> • to fund market expansion costs; • for the expansion of Bojun China's facilities through upgrading and renovating its existing production plant including the construction of an underground refrigeration storage unit; • to establish new and additional product lines for new products; • to fund R&D projects and product development projects; • to fund operating expenses for collaborations with other entities and companies; and • to provide working capital. 	Section 4.12

1.3 Key investment features

Feature	Description
Focus on R&D	Bojun China has a strong focus on R&D, as it employs skilled and qualified personnel in its internal R&D team and management team. Bojun China frequently cooperates with other institutions to embark on R&D projects and gain technical expertise to refine its products and production techniques.
Innovation supported by intellectual property law	Bojun China's strong focus on R&D and innovation is protected by its intellectual property registrations. Bojun China utilises its patented technology to produce products that do not contain preservatives, artificial colours and artificial flavours.
Potential opportunities arising from the China-Australia Free Trade Agreement (ChAFTA)	<p>Australia has a strong reputation in China as a producer of organic health foods. Bojun China plans to utilise the growing trade opportunities between China and Australia to establish a network of cooperation with Australian companies.</p> <p>The Company had entered into two Memorandum of Understandings (MOU) with Preshafood Pty Limited (Preshafood) and New South Wales Department of Primary Industries Horticulture Unit (NSW DPI HU) to test the suitability of Australian products in the Chinese market. The Company believes significant growth, development opportunities and synergies can be created by collaborating and researching with Australian agricultural entities.</p> <p>As of the date of this Prospectus, there are no further agreements entered into between the Company and Preshafood or NSW DPI HU (please see Section 4.11.1 for further details).</p>

Feature	Description
Industry with growth potential	China's fruit-based snacks and beverages market is a growing one. With Chinese consumers' increasing disposable income levels, consumers are becoming increasingly health-conscious and are seeking healthier snack alternatives. As Bojun China's products are derived from agricultural fruit produce and other active ingredients, there may be perceived health benefits associated with the consumption of its products. The Company notes that the claimed health benefits are not supported by empirical evidence and results may vary based on the consumer and individual circumstances. As consumers becoming increasingly health-conscious, the Group's business can experience strong growth potential as its business operates in a growing industry (see Section 3).

1.4 Key risk factors

Investing in Shares involves substantial risks. The key risks as listed in the table below are not exhaustive and an investment in the Company should be considered speculative. Before making an investment decision, potential investors should read the entire Prospectus. In particular, investors should give full consideration to the detailed discussion on the risks that are associated with, and which could affect the financial performance of, an investment in the Company, as set out in "Risk factors" in Section 9.

Risk factors	Summary	For more information
Company specific risks		
Fluctuations in the supply of raw produce	As Bojun China's products are dependent on the supply of raw fruit produce, it faces natural agricultural risk, such as adverse weather conditions, disease, and pests. Any of these adverse factors can affect the supply of raw fruit produce to Bojun China, which may impact its production capabilities. This may have a material adverse effect on the Company's profitability and operating results.	Section 9.2.1
Relationships with suppliers	As Bojun China has long-term partnerships with numerous key suppliers, any loss of or changes to these key suppliers may have a material adverse effect on Bojun China's production, sales, and terms of trade. Material increases in costs could also lead to higher procurement costs for Bojun China, which could impact its existing gross margins and require it to source raw produce from other suppliers.	Section 9.2.2
Relationship with distribution agents	Bojun China has established loyal relationships with various distributors and sales agencies. In the event that a distributor or sales agency suspends or reduces its business activities, Bojun China may not be able to find qualified and suitable distributors or sales agencies at an acceptable cost. This may adversely impact the Company's business, financial position, operating results and prospects.	Section 9.2.3

01. INVESTMENT OVERVIEW (CONTINUED)

Risk factors	Summary	For more information
Changes to consumer preferences and consumption patterns	Demand for Bojun China's products is affected by changes in consumer behaviour, preferences, and perceptions. In response to changes in consumer behaviour, Bojun China may be required to decrease the price of its products, increase marketing expenses, and alter its product range. This may result in increased costs and decreased profits for the Company.	Section 9.2.4
Food safety risk	Food products can have a direct impact on the health and safety of consumers. Although Bojun China has strict quality control systems, there is nevertheless risk that product quality issues may arise. If this occurs, Bojun China may experience adverse impacts to its sales, reputation and corporate brand image.	Section 9.2.5
Reliance on key personnel	Bojun China's business is reliant upon the provision of high-quality operational services by its senior and technical personnel. Any change in the quality or quantity of these services, or an inability to attract qualified and motivated personnel to provide these services, could affect Bojun China's business activities and financial performance.	Section 9.2.6
Business subsidies and preferential tax policies	Bojun China enjoys preferential tax policies as well as several subsidies from national and local governments (see Section 4.8.4). If any changes are made to the preferential tax policies and subsidies that Bojun China currently enjoys, this may have a material adverse effect on the Company's business, net assets, financial condition and operational results.	Section 9.2.7
Product price variation	Prices of the main products of Bojun China (i.e. fruit-based food and beverage products) are affected by supply and demand variation in the consumer market. Aggressive behaviour by competitors may also reduce competition and result in a lowering of prices, and may decrease the overall sales volume should Bojun China be unable to match prices.	Section 9.2.8
Competition risk	Bojun China is subject to competition from domestic producers of fruit-based food and beverage products. Certain market conditions may cause an increase in competition. Increased competition may reduce the volume and price of the products that Bojun China is able to sell, which may have a material and adverse effect on the Company's revenue and profitability and, in particular, its growth.	Section 9.2.9
Reputation and trademarks	The Company cannot ensure that there will not be any unauthorised usage or misuse of the Group's brand; and any such infringement of the Group's intellectual property rights in respect of its trademarks or patents may be detrimental to the Group's reputation, lead to litigation or adversely affect financial performance.	Section 9.2.10
Emerging market issuer status	Pursuant to ASIC's Report 368, 'Emerging Market Issuers', (Report 368), the Company maybe classified as an emerging market issuer. In Report 368, ASIC identified risks associated with identification as an emerging market issuer, including implementation of good corporate governance in light of a geographically scattered board of directors and implementing effective internal controls and risk management systems where operations are geographically diverse.	Section 9.2.11
PRC related risks		

Risk factors	Summary	For more information
Chinese regulatory environment and associated risks	Bojun's operations are subject to PRC Food Safety Laws and other regulations. The PRC's legal system is largely based on legislation and prior case law has limited precedential value. However, the PRC is still in the process of developing a comprehensive statutory framework. Its legal system is still considered to be underdeveloped in comparison with the legal systems in some western countries.	Section 9.3.1
Repatriation of dividends	As the Group generates the majority of its profit through the business operations of Bojun China, the ability of the Company to pay dividends to shareholders will be dependent upon the PRC subsidiary's ability to distribute profits from China. However, this is dependent upon laws and processes which are subject to the discretion of the Chinese government. Any tightening of this process inhibiting the ability of the WFOE to remit profits out of China may adversely affect the Company's ability to pay dividends to shareholders.	Section 9.3.2
Government control of currency conversion	The PRC government imposes control on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of China. If the foreign exchange control system prevents the Company from obtaining sufficient foreign currencies to satisfy its foreign currency demands, it may not be able to pay dividends in foreign currencies to the Company's shareholders.	Section 9.3.3
Land-title risk	According to the relevant PRC laws, all lands in the PRC are either state-owned or collectively owned, depending on the location of the land. Individuals, businesses and other organisations can possess land by being granted land-use rights from the local government for limited time periods. There is a risk that Bojun China may not be granted extensions for the land-use rights where its factories and offices are located.	Section 9.3.4
Lack of insurance coverage	In China it is not customary for businesses to take out extensive insurance protection. Apart from social security coverage, Bojun China has not taken out any insurance policies covering risks to its business premises. Thus, Bojun China does not have insurance protection against either business disruption or fire damage, and may not be able to recover compensation in such circumstances. Any uninsured loss or damage, litigation or business disruption may result in substantial cost to the Company and its subsidiaries, which could have a material and adverse effect on the Company or its subsidiaries' business, net assets, financial condition, and operational results.	Section 9.3.5

01. INVESTMENT OVERVIEW (CONTINUED)

1.5 Key Financial information

The following table presents a summary of the Group's financial data which has been derived from the Financial Information set out in Section 6 and should be read together with the Investigating Accountant's Report on the Financial Information as set out in Section 7.

This Financial Information has been prepared in accordance with the recognition and measurement principles prescribed in the International Financial Reporting Standards issued by the International Accounting Standards Board, and the accounting policies of the Company.

The summarised financial data should be read together with the management discussion and analysis of the Financial Information in Section 6.

Summary historical Statement of Profit or Loss and Other Comprehensive Income of Bojun China

	US\$				A\$			
\$000s	FY2014	FY2015	FY2016	1H2017	FY2014	FY2015	FY2016	1H2017
Revenue	18,208	27,620	45,422	26,929	19,847	35,354	61,774	35,816
Gross profit	7,502	10,234	13,100	6,940	8,177	13,100	17,816	9,230
EBITDA	5,227	7,334	9,060	4,849	5,698	9,387	12,322	6,449
EBIT	4,972	7,051	8,767	4,714	5,420	9,026	11,923	6,270
NPAT	3,725	5,987	7,463	4,084	4,060	7,663	10,150	5,432
<i>Gross profit %¹</i>	41.2%	37.1%	28.8%	25.8%	41.2%	37.1%	28.8%	25.8%
<i>EBITDA margin%²</i>	28.7%	26.6%	19.9%	18.0%	28.7%	26.6%	19.9%	18.0%
<i>EBIT margin%³</i>	27.3%	25.5%	19.3%	17.5%	27.3%	25.5%	19.3%	17.5%
<i>NPAT margin%⁴</i>	20.5%	21.7%	16.4%	15.2%	20.5%	21.7%	16.4%	15.2%

1. Gross profit/revenue

2. EBITDA/revenue

3. EBIT/revenue

4. NPAT/revenue

Note 1: US dollar financial information has been translated into Australian dollars at the average exchange rate for the relevant financial period, being 1.09 for FY2014, 1.28 for FY2015, 1.36 for FY2016 and 1.33 for 1H2017.

Note 2: All amounts disclosed in the tables unless otherwise noted, are rounded to the nearest \$1,000. Rounding in the Financial Information may result in some immaterial rounding differences between totals and sums of components and the total percentage calculations outlined within tables, figures and commentary.

Summary historical Statement of Cash Flows of Bojun China

\$000's	US\$				A\$			
	FY2014	FY2015	FY2016	1H2017	FY2014	FY2015	FY2016	1H2017
Net cash flow from operating activities before investing activities, financing activities and tax	3,834	(377)	3,181	2,090	4,179	(483)	4,326	2,780
Purchase of Property, Plant & Equipment	(85)	(220)	(115)	(67)	(92)	(282)	(156)	(90)
Net cash flow before interest, tax and financing activities	3,749	(597)	3,066	2,023	4,086	(765)	4,170	2,690
Interest income	3	2	2	1	4	3	2	1
Income taxes paid	(1,247)	(1,042)	(1,237)	(681)	(1,359)	(1,334)	(1,682)	(905)
Exchange differences	23	(488)	(1,220)	(888)	25	(625)	(1,660)	(1,181)
Net Cash flow	2,528	(2,126)	610	456	2,756	(2,721)	830	606

Note 1: US dollar financial information has been translated into Australian dollars at the average exchange rate for the relevant financial period, being 1.09 for FY2014, 1.28 for FY2015, 1.36 for FY2016 and 1.33 for 1H2017.

Note 2: All amounts disclosed in the tables unless otherwise noted, are rounded to the nearest \$1,000. Rounding in the Financial Information may result in some immaterial rounding differences between totals and sums of components and the total percentage calculations outlined within tables, figures and commentary.

Summary pro-forma historical consolidated Statement of Financial Position of Bojun as at 31 March 2017

\$000s	A\$ Minimum subscription pro-forma	A\$ Maximum subscription pro-forma
Total current assets	47,051	51,132
Total non-current assets	4,576	4,791
Total assets	51,626	55,923
Total current liabilities	1,517	1,517
Net assets	50,109	54,406

Note 1: US dollar financial information has been translated into Australian dollars at the closing exchange rate as at 31 March 2017 being 1.31.

Note 2: All amounts disclosed in the tables unless otherwise noted, are rounded to the nearest \$1,000. Rounding in the Financial Information may result in some immaterial rounding differences between totals and sums of components and the total percentage calculations outlined within tables, figures and commentary.

01. INVESTMENT OVERVIEW (CONTINUED)

1.6 Directors and key management

Bojun has assembled a well-credentialed and balanced Board, and a management team with extensive experience in the pharmaceutical industry.

Name and position	Experience
Andrew John Stoner <i>Non-executive Director and Chairman (Independent)</i>	Mr Stoner was a member of the New South Wales Legislative Assembly, representing the electorate of Oxley from 1999 to 2015. He has also performed in the role as the Leader of the Nationals NSW (2003-2014), Deputy Premier of NSW and Minister for Trade & Investment, Tourism & Major Events, Small Business, Regional Infrastructure & Services (2011-2014). He currently holds a number of directorships at companies including China Dairy Corporation Limited (CDC), Global Fortune Investment Limited (GFI) and Slasherteck Limited.
Chen Chik (Nicholas) Ong <i>Non-executive Director and Company Secretary (Independent)</i>	Mr Ong was a Principal Adviser at the Australian Securities Exchange in Perth and brings 12 years' experience in listing rules compliance and corporate governance. He has overseen the admission of over 100 companies to the official list of the ASX. Mr Ong is currently a director of Helios Energy Limited, Tianmei Beverage Group Corporation Limited (TB8), Jiajiafu Modern Agriculture Limited (JJF), Segue Resources Limited and CoAssets Limited, and is company secretary to TB8, JJF, Traditional Therapy Clinics Limited and Sagalio Energy Limited. Mr Ong was a director of Excelsior Gold Limited, Auroch Minerals NL, Minerals Corporation Limited, Global Gold Holdings Limited and Fraser Range Metals Group Limited.
Qingfeng Zhang <i>Non-executive Director (Independent)</i>	Mr Zhang was the Head Tutor at the College of Jiangxi Agricultural University. He is passionate about teaching and researching food chemistry, food biochemistry, and agricultural product processing and storage. He has published more than 50 academic papers, been granted 5 patents and is the reviewer of more than 10 academic journals, including the <i>Analytica Chimica Acta Journal</i> , <i>European Food Research and Technology Journal</i> , <i>Food and Fermentation Industries Journal</i> , and <i>Modern Food Science and Technology Journal</i> .
Bo Zhu <i>Executive Director</i>	Dr Zhu is the founder of Bojun China and is currently the director of both China Horticultural Society of Pomegranates and Jiangxi Horticultural Society. He is also a Committee Member of the Chinese Citrus Association. Dr Zhu has presided and participated in more than 20 national, provincial and municipal scientific research projects, received 6 Science and Technology Innovation Awards, published more than 30 academic papers, and been granted more than 20 patents.
Zhen Yu <i>Executive Director</i>	Ms Yu has extensive experience in financial and operational management in the food and beverage industry. Between 2001 and 2011, she served as the Financial Manager of Neijing Huiyuan Beverage and Food Group Co., Ltd. She joined Bojun China in 2012 and has since held the position of Financial Manager.

1.7 Use of Funds

The Company expects to receive proceeds of A\$7,200,000 at Minimum Subscription and of A\$12,000,000 at Maximum Subscription from the issue of Shares at the Offer Price of A\$0.30 per Share. The table below sets out the proposed use of funds based on the Minimum Subscription and Maximum Subscription (Total Funds). The amounts represented below may change as a result of fluctuations in the exchange rate.

Use of funds	Minimum Subscriptions		Maximum Subscriptions	
	Amount (A\$)	% of Total Funds	Amount (A\$)	% of Total Funds
Costs of the offer to be paid out of proceeds raised (current estimate) ¹	1,561,000	21.7%	2,280,000	19.0%
Business expansion costs				
Market expansion costs	858,200	11.9%	1,800,000	15.0%
Upgrades, renovations and expansions to the existing production plant and production lines	878,400	12.2%	1,164,000	9.7%
Establishment of new and additional production lines for new products	684,000	9.5%	912,000	7.6%
Construction of an underground refrigeration storage unit	302,400	4.2%	396,000	3.3%
Product development costs				
R&D projects for the development of beverage products (such as wine and enzyme-based beverages)	417,600	5.8%	804,000	6.7%
R&D projects for the development of fruit confection products (such as colourful fruit confection products and chocolate fruit confection products)	273,600	3.8%	600,000	5.0%
R&D and other collaboration costs				
R&D projects with universities and other research institutions for the plantation and cultivation of fruit trees in China	928,800	12.9%	1,644,000	13.7%
R&D projects with Australian institution(s)	273,600	3.8%	444,000	3.7%
Other R&D projects (such as development into agricultural feed)	302,400	4.2%	756,000	6.3%
Operating expenses for collaborations with other entities	331,200	4.6%	516,000	4.3%
Working capital	388,800	5.4%	684,000	5.7%
Total	7,200,000	100.0%	12,000,000	100.0%

1. Actual total costs of the Offer differ from the costs of the offer to be paid out of proceeds raised due to approx. A\$615,000 of offer costs already paid prior to the IPO. Refer to Section 11.9 for more information about the costs of the Offer.

The proposed use of proceeds described above represents the Company's current intentions based upon the present plans and business conditions. The amounts and timing of the actual expenditures may vary significantly and will depend upon numerous factors, including the timing and success of the Company's development efforts.

01. INVESTMENT OVERVIEW (CONTINUED)

1.8 Capital structure following the offer

The ownership structure of Bojun when the Offer has been completed will be as follows:

Shareholders	Minimum Subscriptions		Maximum Subscriptions	
	Number of Shares	%	Number of Shares	%
Bo Zhu (Founder and Executive Director)	16,352,640	13.63	16,352,640	12.02
Zhen Yu (Executive Director)	9,792,000	8.16	9,792,000	7.2
Xianhong Fan (Chief Executive Officer)	8,127,360	6.77	8,127,360	5.98
Zhenxing Liu	7,920,000	6.6	7,920,000	5.82
Aidong Sun	6,480,000	5.4	6,480,000	4.76
Li Yi	6,240,000	5.2	6,240,000	4.59
Xiaomao Huang	4,896,000	4.08	4,896,000	3.6
Yiran Xu	4,896,000	4.08	4,896,000	3.6
Zhiliang Zhu	4,896,000	4.08	4,896,000	3.6
Xiaobei Huang	4,320,000	3.6	4,320,000	3.18
Ian Trump International Limited ¹	3,840,000	3.2	3,840,000	2.82
Wen Wang	3,840,000	3.2	3,840,000	2.82
Wei Yuan	3,840,000	3.2	3,840,000	2.82
Wahoo Holdings Limited ²	2,880,000	2.4	2,880,000	2.12
Yan Zhang	2,880,000	2.4	2,880,000	2.12
Beijing Yuanjing Zhenrong Software Technology Co., Ltd ³	2,400,000	2	2,400,000	1.76
Beijing Lianchuang Guangda Science & Technology Co., Ltd ⁴	1,920,000	1.6	1,920,000	1.41
Dexiu Xiong	480,000	0.4	480,000	0.35
Shares on issue at date of Prospectus	96,000,000	80	96,000,000	70.59
Shares offered under this Prospectus	24,000,000	20	40,000,000	29.41
Total	120,000,000	100.00	136,000,000	100.00

1. Ian Trump International Limited is not held by a related party to the Company.

2. Wahoo Holdings Limited is not held by a related party to the Company.

3. Beijing Yuanjing Zhenrong Software Technology Co., Ltd is 24.33% held by Zhenxing Liu. Zhenxing Liu is a shareholder of the Company who holds 6.6% of the Company's Shares in the event of Minimum Subscription and 5.82% of the Company's Shares in the event of Maximum Subscription. The remaining 75.67% of Beijing Yuanjing Zhenrong Software Technology Co., Ltd is not held by a related party to the Company.

4. Beijing Lianchuang Guangda Science & Technology Co., Ltd is not held by a related party to the Company.

1.9 Answers to key questions

Topic	Summary	More information
Who is the issuer of this Prospectus?	Bojun Agriculture Holdings Limited, a company incorporated in New South Wales, Australia.	Section 1.1
What is being offered?	Pursuant to the Offer, the Company invites Applications for 24,000,000 Shares with the right to accept oversubscriptions up to 16,000,000 additional Shares at an Offer Price of A\$0.30 each to raise up to A\$12,000,000.	Section 2.1
What is the Offer Price?	The Offer Price is A\$0.30 per Share.	Section 2.1
Is the Offer underwritten?	The Offer is not underwritten.	Section 2.1
What are the key dates of the Offer?	The Offer closes on 27 October 2017. The Shares are expected to be allotted on 2 November 2017. The Holding Statements are expected to be dispatched on 3 November 2017. The Shares are expected to commence trading on ASX on 6 November 2017.	Section 1.1
What is the amount to be raised under the Offer?	Bojun is offering 24,000,000 Shares with an oversubscription up to 16,000,000 Shares to raise up to A\$12,000,000 before costs of the Offer.	Section 1.1
What is the Maximum Subscription available under the Offer?	Bojun is offering a Maximum Subscription of 40,000,000 Shares to raise up to A\$12,000,000.	Section 1.1
What is the Minimum Subscription available under the Offer?	Bojun is offering a Minimum Subscription of 24,000,000 Shares to raise A\$7,200,000. If the Minimum Subscription amount is not raised then Bojun will not proceed with the Offer and will repay Application Monies received (without interest).	Section 1.1
What will the market capitalisation of the Company be upon Listing on ASX?	Based on the Offer Price of A\$0.30 per Share, the market capitalisation is expected to be A\$36,000,000 if the Minimum Subscription of 24,000,000 Shares is reached, and A\$40,800,000 if the Maximum Subscription of 40,000,000 Shares is reached.	Section 1.1
What are the significant tax implications of investing in the Company?	Section 10 provides a general summary of the potential Australian tax implications of participating in the Offer. However, the tax consequences of any investment in the Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to invest.	Section 10
What are the costs of the Offer payable by the Company?	The Company's costs of the Offer are estimated to total approximately A\$2,894,750 (inclusive of tax) based on the Maximum Subscription amount.	Section 11.9

01. INVESTMENT OVERVIEW (CONTINUED)

Topic	Summary	More information
How do I apply for Shares?	You can apply for Shares by submitting a valid Application Form contained within or accompanying this Prospectus (including the electronic version of the Prospectus) in accordance with the instructions contained within.	Section 2.2
What is the allocation policy?	The Company will determine the basis for the allocation of Shares.	Section 2.3
When will I receive confirmation that my Application has been successful?	Holding Statements confirming Applicants' allocations under the Offer are expected to be dispatched to Shareholders on 3 November 2017.	Section 1.1
Why is the admission of the Company to the Official List of ASX being sought?	<p>The Company seeks to be listed on the ASX for the following reasons:</p> <ul style="list-style-type: none"> • Enhanced brand image: listing on an internationally recognised securities exchange such as the ASX allows the Company to receive increased global recognition. This increased recognition will allow the Company to enhance its brand and product reputation and expand its customer-base internationally; • Improved liquidity and funding sources: ASX listing will improve the liquidity of the Company's assets and shares, allowing it to expand its business operations within and beyond China. Funds raised from ASX listing will create further opportunities for the Company's R&D efforts, thereby allowing the Company to expand and develop its business; and • Access to Australian market: listing on the ASX will allow the Company to be better placed to combine the advantages of both the Chinese and Australian market. Listing on the ASX may better allow the Company to access Australia's agricultural industry, which is well known for its high product quality and advanced production technology. Meanwhile, consumers in China have an increased appetite for high-quality and safe agricultural products. The Company believes significant growth, development opportunities and synergies can be created by collaborating and researching with Australian agricultural entities. 	

1.10 Questions or further information

If you have queries in relation to this Prospectus, including how to complete the Application Form or how to obtain additional copies, then you can:

- contact the Offer Information Line on 02 9290 9600 (for Australian investors) or +61 2 9290 9600 (for international investors) open from 8.30am until 5.00pm (AEST) Monday to Friday until Completion of the Offer; or
- visit <http://bojunagriculture.com> to download and print an electronic copy of the Prospectus. You may only download an electronic copy of the Prospectus if you are a resident of Australia and access the website from within Australia.

If you are unclear in relation to any matter or are uncertain as to whether Bojun is a suitable investment for you, then you should seek professional advice from your stockbroker, accountant, financial adviser, lawyer or other professional adviser.

02.

DETAILS OF THE OFFER



02. DETAILS OF THE OFFER

2.1 The Offer

Bojun is seeking to raise A\$7,200,000 with an oversubscription amount of A\$4,800,000 through the issue of up to 40,000,000 Shares under the Offer. The Offer is a general public offer. The allocation of Shares between the Applicants is determined by Bojun and the Lead Arranger at their absolute discretion.

The Offer is not underwritten.

A Minimum Subscription amount of A\$7,200,000, representing 24,000,000 Shares at the Offer Price of A\$0.30 per Share, is required under the Offer. The Offer will not proceed and all Applications and associated Application Monies will be returned to Applicants (without interest), unless the Minimum Subscription amount of A\$7,200,000 is raised under the Offer. The Company reserves the right not to proceed with the Offer or any part of it at any time before allotment of Shares to Applicants under the Offer.

New Shares will be issued as fully paid Shares and when issued will rank equally with the existing Shares on issue.

2.2 How to apply for Shares under the Offer

2.2.1 Completing the Application Form

Except as set out below, to participate in the Offer, you must complete the Application Form attached to, or accompanying this Prospectus. The Application Form contains detailed instructions on how to complete the form.

2.2.2 Payment and submitting the Application Form

Payment by BPAY®

You may apply for Shares online and pay your Application Monies by BPAY®. Applicants wishing to pay by BPAY® should complete the online Application Form accompanying the electronic version of this Prospectus which is available at <http://bojunagriculture.com> and follow the instructions on the online Application Form (which includes the Biller Code and your unique Customer Reference Number (**CRN**)).

You should be aware that you will only be able to make a payment via BPAY® if you are the holder of an account with an Australian financial institution which supports BPAY® transactions.

When completing your BPAY® payment, please make sure you use the specific Biller Code and your unique CRN provided on the online Application Form. If you do not use the correct CRN your Application will not be recognised as valid. It is your responsibility to ensure that payments are received by 5.00pm (Sydney time) on the Closing Date. Your bank, credit union or building society may impose a limit on the amount which you can transact on BPAY®, and policies with respect to processing BPAY® transactions may vary between banks, credit unions or building societies. The Company accepts no responsibility for any failure to receive Application Monies or payments by BPAY® before the Closing Date arising as a result of, among other things, processing of payments by financial institutions.

If paying by cheque(s) or bank draft(s):

Once your Application Form is completed, please send your Application Form and cheque or bank draft for the Application Monies to the Registry at the address set out below:

Mailing Address

Bojun Agriculture Holdings Limited Offer
C/- Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001

Hand Delivery

Boardroom Pty Limited
Level 12, 225 George Street,
Sydney NSW 2000
Australia

Cheque(s) or bank draft(s) must be:

- in Australian currency;
- drawn at an Australian branch of a financial institution;
- crossed “Not Negotiable”; and
- made payable: to “Bojun Agriculture Holdings Limited – Offer A/C”.

If paying by cheque(s), Applicants should ensure that sufficient funds are held in the relevant account(s) to cover your cheque(s). If the amount of your cheque(s) for Application Monies (or the amount for which those cheques clear in time for the allocation) is insufficient to pay for the amount you have applied for in your Application Form, you may be taken to have applied for such lower amount as your cleared Application Monies will pay for (and to have specified that amount in your Application Form) or your Application may be rejected.

2.2.3 Acceptance of Applications

Regardless of the method of lodgement, the Registry must receive the relevant Application by no later than the close of the Offer (unless Bojun varies the dates and times).

A completed Application Form constitutes an irrevocable offer to Bojun to subscribe for Shares on the terms and conditions set out in this Prospectus (including any supplementary or replacement prospectus), and as set out in the Application Form.

Bojun reserves the right to:

- reject any Application, including Applications that have not been correctly completed or are accompanied by payments that are dishonoured;
- accept late Applications received after the close of the Offer;
- allocate to any Applicant a lesser number of Shares than that for which any Applicant applied; and
- waive or correct any errors made by an Applicant in their Application.

2.2.4 Withdrawal or early close of the Offer

The Company reserves the right to withdraw the Offer at any time before the issue of Shares to Successful Applicants. If the Offer is withdrawn, then Application Monies will be refunded. No interest will be paid on any Application Money refunded as a result of the withdrawal of the Offer or otherwise. The Company will retain any interest, which accrues on Application Monies.

The Company reserves the right to close the Offer early.

2.2.5 Brokerage, commission and stamp duty

You do not have to pay brokerage, commission or stamp duty if you acquire Shares under the Offer. Fees are payable, in relation to the Offer, to the Corporate Adviser and the Lead Arranger of the Offer. Details are set out in “Interests of advisers” in Section 5.2.2. These fees will be paid out of the proceeds of the Offer.

2.3 Allocation of Shares

The acceptance of Applications and the allocation of Shares are at the discretion of the Company. In consideration for the Directors agreeing to consider an Applicant’s Application, the Applicant agrees its Application is an irrevocable offer, which cannot be withdrawn. The Company reserves the right to reject any Application and to allot to an Applicant a lesser number of Shares than the number for which the Applicant applies. No Applicant under the Offer has any assurance of being allocated all or any Shares applied for.

02. DETAILS OF THE OFFER (CONTINUED)

2.4 Application Monies

All Application Monies will be held in a special purpose trust account until Shares are issued to Successful Applicants.

Application Monies will be refunded (in full or in part) if:

- an Application is rejected;
- an Application is subject to scale-back;
- the Offer is withdrawn or cancelled;
- the Minimum Subscription is not met; or
- permission for quotation of the Shares is not granted within three (3) months after the date of this Prospectus or such longer time as permitted by the Corporations Act.

No interest will be paid on any Application Monies that are refunded. After Listing, or if Listing does not occur, the Company will retain any interest earned on Application Monies. Refund cheques will be sent after the close of the Offer or as otherwise applicable under the circumstances outlined above.

2.5 ASX Listing

The Company will, within seven days after the date of this Prospectus, apply for admission to the official list of ASX and for official quotation on ASX of the Shares offered under this Prospectus. Trading of Shares on ASX is expected to commence on 6 November 2017.

Bojun will apply to participate in the Clearing House Electronic Sub-register System (**CHESS**), operated by ASX Settlement Pty Ltd (a wholly owned subsidiary of the ASX), in accordance with the Listing Rules and ASX Settlement Operating Rules. On admission to CHESS, Bojun will operate an electronic issuer-sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together will make up the principal register of securities. Under CHESS, Bojun will not issue share certificates to Successful Applicants following allotment, Bojun will provide each Shareholder whose address is in Australia with a Holding Statement (similar to a bank account statement) which sets out the number of Shares allotted to the Shareholder under this Prospectus. If applicable, the Holding Statement will also advise Shareholders of their Holder Identification Number or Sponsoring Issuer Number. If a shareholding changes during a month, the Shareholder will receive a statement at the end of that month. Shareholders may also request statements at any other time (although Bojun may charge an administration fee). It is the responsibility of Applicants to determine their allocation prior to the trading of the Shares. Applicants who sell Shares before they receive notice of their allocation do so at their own risk.

It is expected that the initial Holding Statements will be dispatched by standard post on 2 November 2017 and that trading of Shares on a normal settlement basis will commence on 6 November 2017. If you apply, then it is your responsibility to determine your allocation before you trade in Shares. If you trade in Shares before you receive your initial Holding Statement, then you do so at your own risk.

The fact that ASX may agree to grant Official Quotation to any Shares is not to be taken in any way as an indication of the merits of the Company or the Shares offered. ASX takes no responsibility for the contents of this Prospectus.

If permission for quotation of the Shares is not granted within 3 months after the date of this Prospectus, Application Monies will be refunded without interest as soon as practicable.

2.6 Tax implications of investing in the Company

Section 10 provides a general summary of the potential Australian tax implications of participating in the Offer. However, the tax consequences of any investment in the Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to invest.

2.7 Foreign investors

This Prospectus and the Offer do not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of Shares, in any jurisdiction outside Australia.

2.7.1 PRC residents

The information in this document does not constitute a public offer of the New Shares, whether by way of sale or subscription, in the People's Republic of China (excluding, for purposes of this paragraph, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan). The New Shares may not be offered or sold directly or indirectly in the PRC to legal or natural persons other than directly to “qualified domestic institutional investors”.

2.7.2 Hong Kong residents

This document has not been, and will not be, registered as a prospectus under the Hong Kong Companies Ordinance, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the laws of Hong Kong (**SFO**). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Shares have not been and will not be offered or sold in Hong Kong other than to “professional investors” (as defined in the SFO).

No advertisement, invitation or document relating to the Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

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03.

INDUSTRY OVERVIEW



03. INDUSTRY OVERVIEW

3.1 Fruit Vinegar Industry

With the rapid development of the fruit vinegar industry and the increasing demand for fruit vinegar beverage products, there has been a gradual increase in the number of fruit vinegar beverage manufacturing enterprises. However, enterprises that specialize in fruit vinegar production are numbered, which leaves a gap in the market and presents an opportunity in this industry.

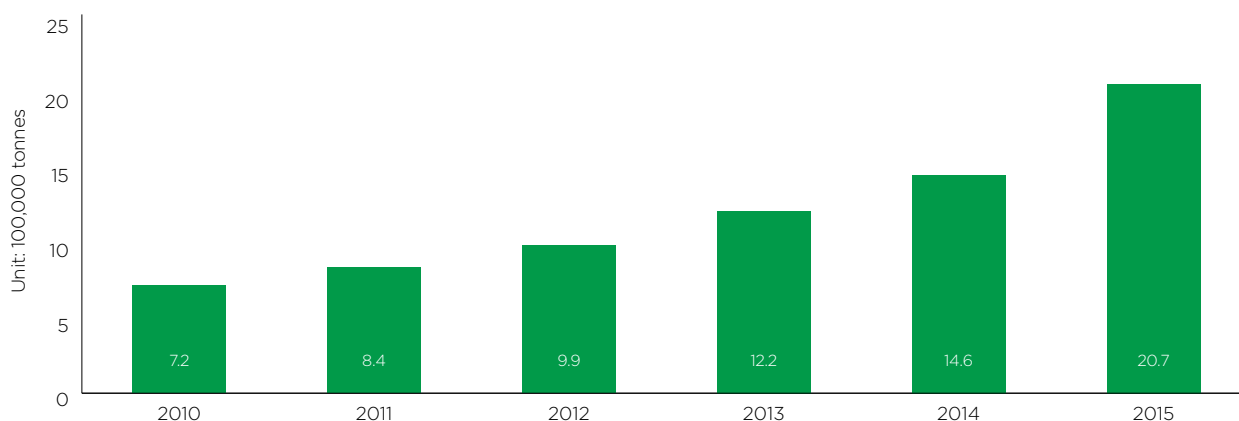
The global fruit vinegar market is highly concentrated in the Asia Pacific Region. In China, fruit vinegar beverage production is concentrated in four regions: Guangdong, Jiangsu, Shenyang, and Henan. Currently, Guangdong is the core market of China, accounting for nearly 70% of the total fruit vinegar beverage production in the country (Source: *China Industry Information Network*). The types of fruit vinegar beverages commonly available in the Chinese market are as follows: apple vinegar, grape vinegar, banana vinegar, lemon vinegar, mandarin vinegar, and sour plum vinegar.

There are a number of health benefits commonly attributed to fruit vinegar beverage products, which contributes towards the growing demand and consumption trends for these products. For example, fruit vinegar beverages may contribute towards reducing fatigue and enhancing consumers' immune health. Fruit vinegar products also offer high levels of vitamins and amino acids, which makes it an attractive ingredient for other food manufacturers. Further, fruit vinegar products are utilised in the cosmetics and personal care sector. This is because fruit vinegar contains high levels of vitamin D, which may contribute towards strengthening consumers' immune health and preventing cell ageing. Moreover, fruit vinegar contains anti-glycemic properties which may reduce blood sugar levels by averting the complete digestion of complex carbohydrates.

3.1.1 Production

In 2010, China's fruit vinegar industry output was approximately 72,000 tonnes, with approximately 360 million bottles of fruit vinegar beverages being produced. In 2015, China's fruit vinegar industry output was approximately 207,000 tonnes, with approximately 1.035 billion bottles of fruit vinegar beverages being produced. China's fruit vinegar industry output from 2010 to 2015 is shown below:

2010–2015 China's Fruit Vinegar Industry Output

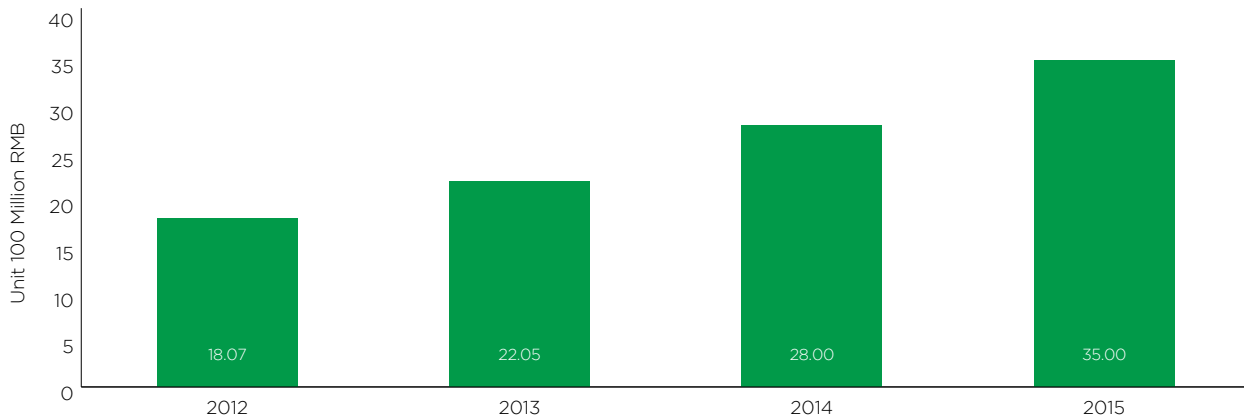


Source: '2016-2022 Evaluation Report on the State of Operations and Investment Prospect of the Chinese Fruit Vinegar Market' released on China Industry Information Network.

03. INDUSTRY OVERVIEW (CONTINUED)

In 2012, the size of China's fruit vinegar industry was worth approximately 1.807 billion RMB (approximately AUD 279 million). This increased to 3.5 billion RMB in 2015 (approximately AUD 730 million), representing a growth rate of 93.69%. The market size of China's fruit vinegar industry from 2012 to 2015 is shown below:

2012-2015 China's fruit vinegar market size

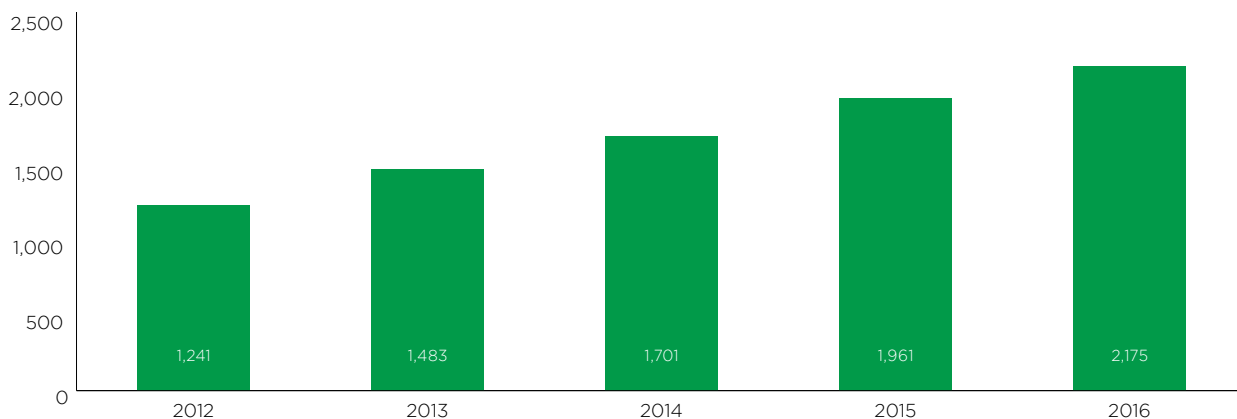


Source: '2015-16 Demand Analysis of China's Fruit Vinegar Industry' released by China Industry Information Network.

3.1.2 Consumption

With the rapid growth of the national Chinese economy and the continuous increase of income levels and consumption capacity in urban and rural regions, demand for beverage products is experiencing a period of sustained growth. From 2012 to 2016, beverage turnover in China increased from 124.1 billion RMB (approximately AUD 19 billion) to 217.5 billion RMB (approximately AUD 43 million), representing a steady growth state. The following chart shows the beverage turnover trend in China from 2012 to 2016:

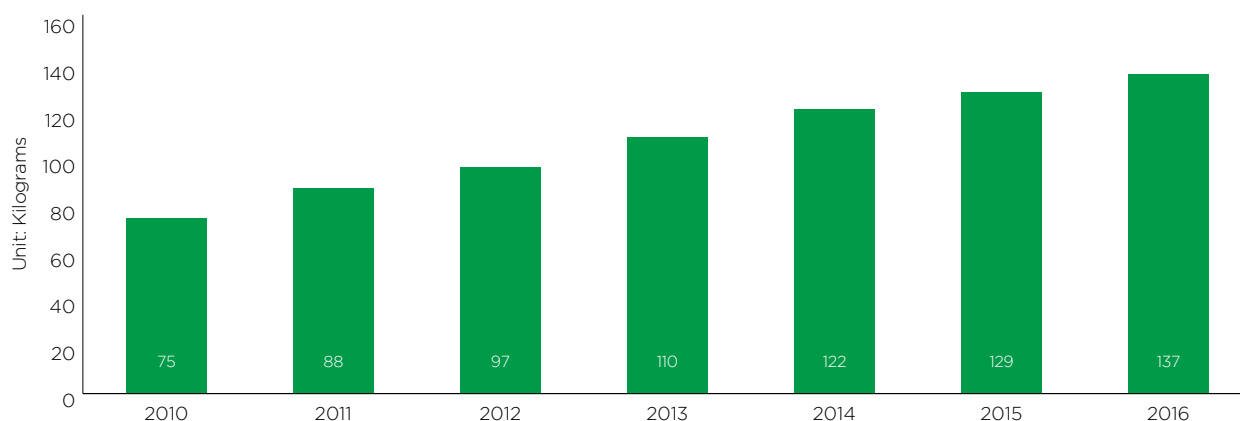
2012-2016 Growth in retail sales of beverages



Source: 'Business Data: 2016 National Beverage Turnover is 217.5 billion, a Year-on-Year Growth of 10.5%' released by AskCI.

In recent years, China's per capita annual consumption of beverages increased rapidly from 75 kilograms in 2010 to 137 kilograms in 2016. China's per capita consumption of beverages is shown below:

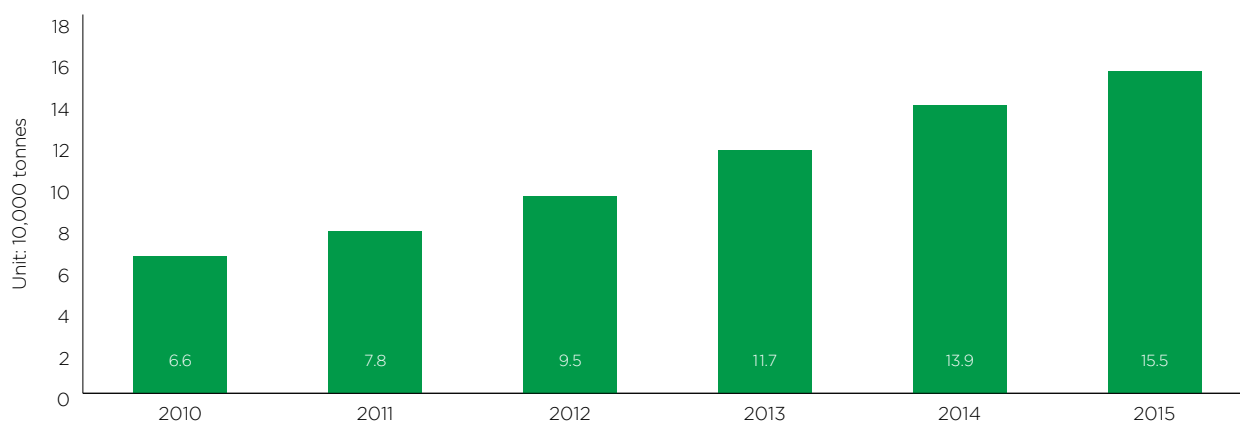
China's Per Capital Beverage Consumption Volume



Source: China Industry Information Network

From 2010 to 2015, fruit vinegar consumption in China increased each year, with 66,000 tonnes being consumed in 2010 and 78,000 tonnes being consumed in 2011. By 2015, consumption reached 155,000 tons. The details are shown below:

2010-2015 Fruit Vinegar Consumption in China



Source: '2016-2022 Evaluation Report on the Market Operation and Investment Prospect of the Chinese Vinegar Market' released by China Industry Information Network.

3.1.3 Industry Prospects

The soft drink and beverages industry is expected to reach 143.286 billion litres in retail volume, with 1.0174 trillion RMB (approximately AUD 189 billion) in retail sales by 2020 (Source: 'Report on the Chinese Functional Beverage Industry Market in 2016' released by Chinese Commerce Industrial Research Institute). As consumers become increasingly health conscious, demand for carbonated beverages is decreasing while demand for dairy and fruit-based beverages is increasing. This consumer trend brings great opportunity for growth to the fruit vinegar beverages industry.

3.2 Fruit confection Industry

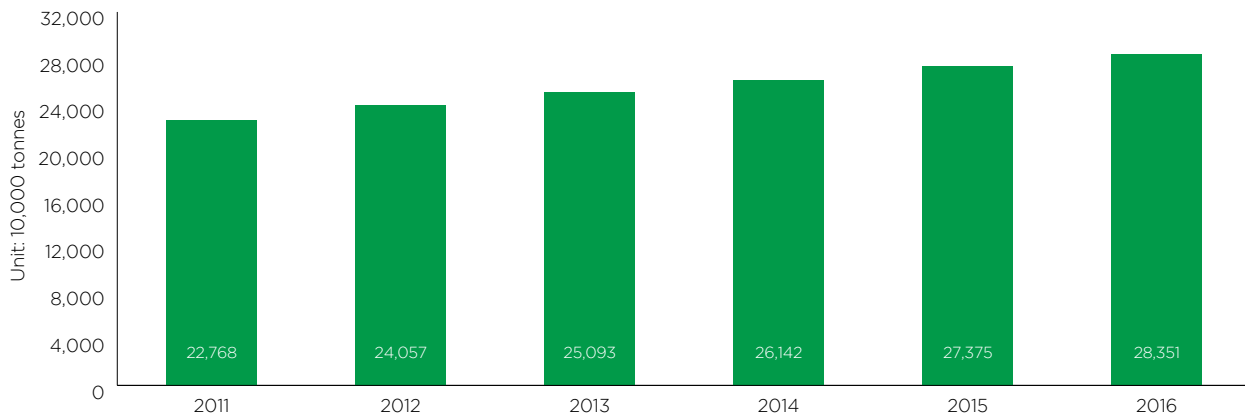
Fruit confections are categorized as candy and preserved fruits in the snack food industry. Other snack food categories include braised snacks, candy, preserved fruits, bread, cakes and pastries, puffed snacks, roasted seeds, and biscuits. There is increasing consumer wealth in China, which has led to an increase in living standards and a consequent increase in demand for healthy food and snacks. This presents opportunity for growth for the fruit confection industry, as fruit confections, which are made from fruit produce, are associated with greater health benefits. For example, fruit confection products may boost consumers' immune and health. Fruit confection products, which come in a variety of flavours and packaging, have become a consumer favourite in China.

03. INDUSTRY OVERVIEW (CONTINUED)

3.2.1 Production

Fruit confections are made from fruit produce. From 2011 to 2016, China's fruit production increased from 227.68 million tonnes to 283.51 million tonnes, representing an annual average compound growth rate of 9.30%. This indicates steady growth. The specific output of fruits each year are shown in the chart below:

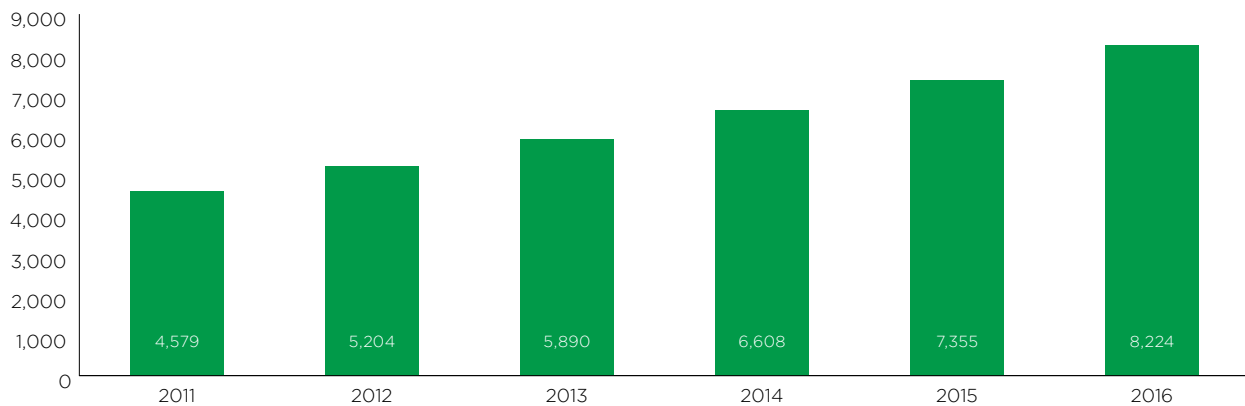
Fruit production volume 2011-2016



Source: 'National Crop Output: Fruit' released by Unicom Data.

Meanwhile, China's snack foods industry size has increased from 457.9 billion RMB (approximately AUD 71 billion) in 2011 to 822.4 billion RMB (approximately AUD 163 billion) in 2016, representing a compound annual growth rate of 12.4%. The annual market scale and growth rate of the snack food industry is as follows:

Market Size and Growth of the Snack Food Industry 2011-2016



Source: '2017 Retail Market Scale Forecast of the Chinese Leisure Food Industry' released by AskCI.

3.2.2 Consumption

China has the largest population in the world. As at the end of 2016, the total population of mainland China reached 1,383,000,000. This means that China has a large population base and a vast consumption market. In addition, the National People's Congress Standing Committee (**NPC Standing Committee**) voted to approve the Amendment to the Population and Family Planning Act. As a result, a comprehensive two child policy has been officially implemented since 1 January 2016. The rapid growth of the domestic Chinese population and the continuous improvement of consumption levels will create significant levels of demand for food in China, and thus broaden the market space of the fruit processing industry.

Currently, each box of fruit confection is priced from 10 RMB (approximately AUD 1.86) to 30 RMB (approximately AUD 5.58), making it suitable for low-, medium-, and high-end consumers. It is especially popular among the middle class and is becoming a new consumer trend. As consumers continue to demand more nutritious food products, the fruit confection industry has been able to experience strong development opportunities, made popular by its perceived health benefits stemming from the fruit produce from which fruit confection are made. Fruit confection products are perceived to contribute towards improving immune health, and possess other beneficial health characteristics, thereby making it a popular product amongst consumers.

As consumers become increasingly health-conscious, the market share of fruit confection products in the snack and nutrition products market is experiencing gradual expansion. According to AskCI's data, from 2010 to 2015, the market scale of fruit confection products increased from 146 billion RMB (approximately AUD 21 billion) to RMB 258 billion (approximately AUD 54 billion), representing a compound annual growth rate of 12%. It is expected that from 2016 to 2020, the compound annual growth rate will remain at 12.5%. By then, the fruit confection products market will become the largest market in the snack food industry.

3.2.3 Industry Prospects

The snack food industry is expected to reach 919.1 billion RMB (approximately AUD 171 billion) in 2017 and 1.2984 trillion RMB (approximately AUD 240 billion) in 2020. The 2016 to 2020 compound annual growth rate may reach 12.1% (*Source: '2017 Retail Market Scale Forecast of the Chinese Leisure Food Industry' released by AskCI*). As with the fruit vinegar industry, there is increasing consumer demand for these products which is driven by increasing levels of disposable income and growing demand for healthy snacks and foods in China. This presents a strong growth opportunity for fruit confection and fruit vinegar products in this market.

04.

COMPANY OVERVIEW



04. COMPANY OVERVIEW

4.1 Introduction

Bojun is incorporated in New South Wales, Australia, and is the holding company of the Group. The main operating entity of the Group, Bojun China, was established in 2006 and is headquartered in Jiangxi, China. It is engaged in the business of manufacturing processed foods and beverages, which are derived from agricultural fruit produce. Its key products include fruit cider vinegar beverages and fruit confections. These products are produced with natural fruit and contain no preservatives, artificial colours and artificial flavours.

Bojun China has obtained certification for its food safety management systems (ISO22000:2005), as well as the relevant food production approval, and is committed to investing in the research and development of its fruit selection, processing and production techniques. Bojun China and its products are recognised by the local county government, city government and provincial Small and Medium Enterprise Bureau. It has received several awards, including the title of 'Advanced Scientific Agricultural Company' and 'New High-tech Enterprise'.

The Group has a dedicated management team with many years of experience and co-founders who are actively involved in the day-to-day management of the Group. The Group has the potential for significant future growth by increasing its sales and production capability to meet the demands of a growing health-conscious consumer market.

4.2 History

A timeline of some of the significant events and milestones for Bojun China is set out below.

Time	Event
2006	Bojun China founded in Jiangxi, China.
2007	Bojun China was awarded the title of 'Advanced Civil Organisation of Jiangxi Province' from the Jiangxi Provincial Civil Affairs Department.
2008	Bojun China commenced the sale of Nanfeng mandarins (Nanfeng Mandarin). New stores were established in Beijing, Taiyuan, Hangzhou and Nanchang for this purpose.
2009	Bojun China commenced its establishment and construction of production lines for its new fruit confection products and was awarded the title of 'the Advanced Unit for Popularisation of Science and Rural Benefit' by the Jiangxi Association for Science and Technology.
2010	Bojun China established and settled operations in Jianshankou Industrial Park, Nancheng County, and was awarded the title of 'Leading Enterprise in Agricultural Industrialisation' in the Jiangxi Province.
2011	Bojun China obtained the Chinese national award of 'the Advanced Unit for Popularisation of Science and Rural Benefit' from the China Association for Science and Technology and Ministry of Finance.
2012	Bojun China successfully won a project from the National Ministry of Science in relation to the transformation of science and technology in agricultural industries. Jiangxi Bojun also obtained a patent for its brewing technology for Nanfeng Mandarin cider vinegar (Nanfeng Mandarin Cider Vinegar) beverages.
2013	Bojun China commenced the sale of its Nanfeng Mandarin Cider Vinegar beverages and began focusing on developing new products.
2014	Bojun China obtained four new patents and was awarded the title of 'New High-tech Enterprise' by the Chinese government.
2015	Bojun China was awarded the title of 'Scientifically and Technologically Innovative Exemplar Enterprise of Jiangxi Province' by the Jiangxi Provincial Party Committee.

04. COMPANY OVERVIEW (CONTINUED)



Time	Event
2016	Bojun China won the Gold Award of the 94th National (Chengdu) Sugar and Wine Commodities Trade Fair and obtained certification for its food safety management systems (ISO22000:2005). Bojun China was also awarded the titles of 'Jiangxi Enterprise with Competitive Advantages in Intellectual Property' and the 'National Enterprise with Competitive Advantages in Intellectual Property'.
2017	Bojun China's two key products, Nanfeng Mandarin Cider Vinegar and Nanfeng Mandarin fruit confection, were awarded the second and third prize respectively in Jiangxi Province's new product rankings.




4.3 Product Range

Bojun China's key products are set out below. There are two main categories of products:

- **Fruit vinegar:** which is sweet and sour drink produced from fermented fruit (Nanfeng Mandarins) puree packaged in cans; and
- **Fruit confection:** which is a slightly sweet snack that is not wheat based, but rather produced from fruit extract such as pulp.




Bojun China's products are derived from agricultural fruit produce and other active ingredients with no added artificial ingredients. Bojun's production processes aims to retain the natural flavours and original nutritional value and health benefits of the fruit from which they are made. As such, there may be nutritional value associated with the consumption of its products. However, any nutritional value or health benefits attributed to the products are not supported by empirical evidence or medical research and results may vary based on the consumer and individual circumstances.

Product	Product description*
BEVERAGE PRODUCTS	
 <p>Nanfeng Mandarin Cider Vinegar – “Original”</p>	<p>This is a fermented fruit cider vinegar beverage produced with Nanfeng Mandarin puree. Its key ingredients include flavone, gluconic acid, and amino acid. It contains no artificial preservatives, artificial colours or artificial flavours.</p> <p>This beverage is suitable for all consumers. Its key active ingredient is gluconic acid.</p> <p>Packaging specifications: 245mL per tin.</p>
 <p>Nanfeng Mandarin Cider Vinegar – “Beautiful”</p>	<p>This is a fermented fruit cider vinegar beverage produced with Nanfeng Mandarin puree and lemon juice. Its key ingredients include citric acid, vitamin C, and chlorogenic acid. It contains no artificial preservatives, artificial colours or artificial flavours.</p> <p>The target market for this beverage is female consumers. Its key active ingredients are vitamin C and chlorogenic acid. This contains high levels of antioxidants which may have certain health benefits.</p> <p>Packaging specifications: 245mL per tin.</p>

Product	Product description*
 <p>Nanfeng Mandarin Cider Vinegar - "Lovely"</p>	<p>This is a fermented fruit cider vinegar beverage produced with Nanfeng Mandarin puree. Its key ingredients include chlorogenic acid, organic acid, and sugar. It contains no artificial preservatives, artificial colours or artificial flavours.</p> <p>The target market for this beverage is children. Its key active ingredient is chlorogenic acid.</p> <p>Packaging specifications: 245mL per tin.</p>
 <p>Nanfeng Mandarin Cider Vinegar - "Handsome"</p>	<p>This is a fermented fruit cider vinegar beverage produced with Nanfeng Mandarin puree. Its key ingredients include flavone, chlorogenic acid, and malic acid. It contains no artificial preservatives, artificial colours or artificial flavours.</p> <p>This beverage is suitable for all consumers and contains significantly less sugar content than the other Nanfeng Mandarin Cider Vinegars.</p> <p>Packaging specifications: 245mL per tin.</p>
FOOD PRODUCTS	
 <p>Strawberry Confection</p>	<p>This product contains natural trehalose sugar and large amounts of vitamins and minerals derived from its natural fruit ingredient. Each package is 19 grams.</p> <p>Each 100 grams contains 1,377 kilojoules (KJs), 0 grams of protein, 0 grams of fat, 81.0 grams of carbohydrates, and 15.4 milligrams of sodium.</p>
 <p>Blueberry Confection</p>	<p>This product contains natural trehalose sugar and large amounts of vitamins and minerals derived from its natural fruit ingredient. Each package is 19 grams.</p> <p>Each 100 grams contains 1,347 KJs, 0 grams of protein, 0 grams of fat, 80.8 grams of carbohydrates and 16.8 milligrams of sodium.</p>

04. COMPANY OVERVIEW (CONTINUED)

Product	Product description*
 Kiwi Confection	<p>This product contains natural trehalose sugar and large amounts of vitamins and minerals derived from its natural fruit ingredient. Each package is 19 grams.</p> <p>Each 100 grams contains 1,411 KJs, 0 grams of protein, 0 grams of fat, 83 grams of carbohydrates, and 17 milligrams of sodium.</p>
 Nanfeng Mandarin Confection	<p>This product contains natural trehalose sugar and large amounts of vitamins and minerals derived from its natural fruit ingredient. Each package is 45 grams, 150 grams or 485 grams.</p> <p>Each 100 grams contains 1,360 KJs, 0 grams of protein, 0 grams of fat, 80 grams of carbohydrates, and 15.8 milligrams of sodium.</p>
 Magu Mountain Date Fruit Confection	<p>This product contains natural trehalose sugar and large amounts of vitamins and minerals derived from its natural fruit ingredient. Each package is 45 grams, 150 grams or 485 grams.</p> <p>Each 100 grams contains 1,377 KJs, 0 grams of protein, 0 grams of fat, 81 grams of carbohydrates, and 12.6 milligrams of sodium.</p>
 Pumpkin Fruit Confection	<p>This product contains natural trehalose sugar and large amounts of vitamins and minerals derived from its natural fruit ingredient. Each package is 45 grams or 150 grams.</p> <p>Each 100 grams contains 785 KJs, 0 grams of protein, 0 grams of fat, and 48.1 grams of carbohydrates.</p>

Product	Product description*
 <p>Nanfeng Mandarin Pulp Confection</p>	<p>This product contains natural trehalose sugar and large amounts of vitamins and minerals derived from its natural fruit ingredient. Unlike the Nanfeng Mandarin Fruit Confection, the Nanfeng Mandarin Pulp Cake retains higher levels of fruit pulp in the product. Each package is 30 grams.</p> <p>Each 100 grams contains 1,360 KJs, 0 grams of protein, 0 grams of fat, 80 grams of carbohydrates, and 15.8 milligrams of sodium.</p>
 <p>Magu Mountain Date Pulp Confection</p>	<p>This product contains natural trehalose sugar and large amounts of vitamins and minerals derived from its natural fruit ingredient. Unlike the Magu Mountain Date Fruit Confection, the Magu Mountain Date Pulp Cake retains higher levels of fruit pulp in the product. Each package is 30 grams.</p> <p>Each 100 grams contains 1,360 KJs, 0 grams of protein, 0 grams of fat, 80 grams of carbohydrates, and 15.9 milligrams of sodium.</p>
 <p>Hawthorn Pulp Confection</p>	<p>This product contains natural trehalose sugar and large amounts of vitamins and minerals derived from its natural fruit ingredient. Each package is 30 grams.</p> <p>Each 100 grams contains 1,377 KJs, 0 grams of protein, 0 grams of fat, 81 grams of carbohydrates, and 12.6 milligrams of sodium.</p>

4.4 Business Model

Bojun China derives profits from producing and packaging beverage and fruit products, which are sold in wholesale quantities to distribution Agents, which then on-sell the products to end-consumers. The Group adopts a combination of a made-to-order and planned production model where the quantity of products it produces is based on planned amount of and actual orders placed by the agencies. An illustrative diagram is set out below:



04. COMPANY OVERVIEW (CONTINUED)

4.4.1 Confirmation of production quantity

The sales Agents place monthly orders directly with Bojun China. Upon receiving these orders, Bojun China's marketing department will communicate with the production department, which confirms the production amount in accordance with planned production and actual orders placed. Bojun China will then organise for the production of the products. The inventory manager within the production department will ensure that the appropriate quantity of raw materials are procured and that the production processes are operating efficiently and effectively.

4.4.2 Procurement

The main procurement locations of Bojun China's raw fruit produce are Fuzhou Nanfeng and Nancheng, which is also where Bojun China's offices and facilities are located. This allows Bojun China to maintain low procurement and transportation costs. The quantity procured by Bojun China varies depending on harvesting seasons.

Given its long operating history and standing in the market, Bojun China has developed long-term partnerships with various trusted suppliers of raw produce. As at the date of this Prospectus, Bojun China has entered into 11 framework agreements with raw material suppliers (**Procurement Agreement**) (see Section 11.4.1 for further information on the Group's material contracts).

The following is a list of Bojun China's suppliers in no particular order. For more information regarding procurement agreements, please see Section 11.4.1.

Supplier name	Products generally supplied
Fujian Hecheng Zhiguan Co., Ltd	<ul style="list-style-type: none"> • Cans for the packaging of fruit cider vinegar beverages
Fuzhou Yuheng Packaging Materials Co., Ltd	<ul style="list-style-type: none"> • Rolls of aluminium film
Hengfeng County Zhenfeng Industrial Co., Ltd	<ul style="list-style-type: none"> • Coal
Jiangxi Hengfeng Foodstuffs Co., Ltd	A range of raw fruit produce, including the following: <ul style="list-style-type: none"> • Lemons • Sodium citrate • Vitamin C
Jiangxi Kejia Colour Printing Packaging Co., Ltd	<ul style="list-style-type: none"> • Product packaging materials
Jiangxi Magu Food Technology Co., Ltd	A range of ingredients, including the following: <ul style="list-style-type: none"> • Maltose • Xylitol • Stevioside
Nanchang Futai Chemical Co., Ltd	<ul style="list-style-type: none"> • Hydrogen peroxide • Alkali tablets
Nancheng County Xinxing Fruit Industry Planting Professional Cooperatives	<ul style="list-style-type: none"> • Fruit produce
Qingdao Miaopin Chocolate Co., Ltd	<ul style="list-style-type: none"> • Chocolate
Tengzhou City Haidai Food Co., Ltd	<ul style="list-style-type: none"> • Carrageenan
Zhucheng City Xinbei Food Co., Ltd	<ul style="list-style-type: none"> • Sticky rice paper

4.4.3 Production

The production information and processes for Bojun China's two key products types, fruit cider vinegar and fruit confection, are outlined below.

Key product type	Production process
Fruit cider vinegar	The production of fruit cider vinegar process includes peeling, washing and breaking the fruit. The fruit is then fermented twice, aged in a storage tank and mixed for flavour. Finally, the product is packaged.
Fruit confection	The production of fruit confection includes peeling, washing, breaking, steaming, stirring and drying the fruit. The product is then wrapped in a printed waxed paper and again wrapped in a thin edible paper-like wrapping made from sticky rice. Finally the product is packaged.

Bojun China implements a strict set of production quality management protocols to ensure that food safety is maintained at the highest level. These protocols also ensure that production processes are standardised and efficiency is maximised.

Overview	Quality control system
6S Management	Bojun China adopts advanced 6S management systems to strictly control its entire production process, from the procurement of raw materials to the distribution of its final end-products. This ensures that the quality of its products flowing into the market is of the highest standards and quality.
Food Safety Management Certification	Bojun China has obtained certification for its food safety management systems (ISO22000:2005), thereby demonstrating its ability to control food safety hazards and ensure the safety of its food products.

4.4.4 Distribution and sales

Bojun China sells its products in wholesale quantities to regional sales Agents, which then on-sell the products to end-consumers. By entering into distribution agreements with its Agents (**Distribution Agreements**), Bojun China is able to access the Agents' well-established distribution and marketing channels, while minimising its sales and marketing costs. Bojun China combines its resources and market knowledge with that of the Agents' in order to effectively maximise product distribution reach and market share (see Section 11.4.2 for further details of the Distribution Agreements).

As at the date of this Prospectus, Bojun China's key Agents, in no particular order, are as follows:

- Jiangxi Baishitong Zhaobao Ecological Agricultural Co., Ltd;
- Xiamen Fast Moving Trading Co., Ltd;
- Shanghai Yuanguo Trade Co., Ltd;
- Chengdu Hongshenghuikang Food Co., Ltd;
- Ningbo Fenghua City Yonglin Dinggiang Food Co., Ltd;
- Guangzhou City Doule Trading Co., Ltd;
- Hunan Guojiuhui E-Commerce Co., Ltd;
- Nanning Yidinghong Commerce Co., Ltd; and
- Hubei Ao Peng Food Co., Ltd.

04. COMPANY OVERVIEW (CONTINUED)

4.5 Patents

As at the date of this Prospectus, Bojun China has a total of 35 patents, including 2 Invention Patents, 10 Utility Model Patents, and 23 Industrial Design Patents. Invention Patents have a validity period of 20 years before they must be renewed and Utility Model Patents and Industrial Design Patents have a validity period of 10 years before they must be renewed. Bojun China has 5 further invention patents which have been submitted and are pending approval.

Patent	Registration Number	Validity period	Patent Type
Brewing technology of Nanfeng Mandarins	2010101358472	30 March 2010 to 29 March 2030	Invention Patent
Processing method of Nanfeng Mandarin pastries	2011100724688	24 March 2011 to 23 March 2031	Invention Patent
Non-woven seedling pouch tray filled with soil	2014202152095	30 April 2014 to 29 April 2024	Utility Model Patent
Machinery for the shaping and moulding of fruit pastries	2014203026102	9 June 2014 to 8 June 2024	Utility Model Patent
Water cooling and condensing platform	2014203026494	9 June 2014 to 8 June 2024	Utility Model Patent
Fermentative pot for fruit wine processing	2016200451602	18 January 2016 to 17 January 2026	Utility Model Patent
	2015210878436	23 December 2015 to 22 December 2025	Utility Model Patent
Fruit vinegar production elevator machinery	2016214232901	23 December 2016 to 22 December 2026	Utility Model Patent
Fruit vinegar production automatic water temperature control	2016214234428	23 December 2016 to 22 December 2026	Utility Model Patent
Fruit vinegar heating machinery	2016214234451	23 December 2016 to 22 December 2026	Utility Model Patent
Fruit vinegar conveyer machine	2016214234536	23 December 2016 to 22 December 2026	Utility Model Patent
A water level adjustable washing machine for fruit cider vinegary products	2016214237962	23 December 2016 to 09 December 2026	Utility Model Patent
Packaging for strawberry pies	2014305160027	10 December 2014 to 09 December 2024	Industrial Design Patent
Packaging for blueberry pies	2014305161208	10 December 2014 to 09 December 2024	Industrial Design Patent
Packaging for kiwi pies	2014305161180	10 December 2014 to 09 December 2024	Industrial Design Patent

Patent	Registration Number	Validity period	Patent Type
Packaging for magu date pies	2014305161195	10 December 2014 to 09 December 2024	Industrial Design Patent
Packaging for Nanfeng Mandarin pies	2014305161481	10 December 2014 to 09 December 2024	Industrial Design Patent
Packaging for lemon pies	2014305158934	10 December 2014 to 09 December 2024	Industrial Design Patent
Packaging for hawthorn pies	2014305161392	10 December 2014 to 09 December 2024	Industrial Design Patent
Packaging bag - titled 'Glance Back a Million Times'	2015301940359	15 June 2015 to 14 June 2025	Industrial Design Patents
Packaging bag - titled 'Fate of this Life'	2015301940325	15 June 2015 to 14 June 2025	Industrial Design Patent
Packaging bag - titled 'Inseparable'	201530194033X	15 June 2015 to 14 June 2025	Industrial Design Patent
Packaging bag - titled 'Waiting for a Millennium'	2015301940363	15 June 2015 to 14 June 2025	Industrial Design Patent
Packaging bag - titled 'Happiness'	2015301940310	15 June 2015 to 14 June 2025	Industrial Design Patent
Packaging bag - titled 'Holding Hands'	2015301940382	15 June 2015 to 14 June 2025	Industrial Design Patent
Packaging bag - titled 'Attached to Each Other'	2015301940344	15 June 2015 to 14 June 2025	Industrial Design Patent
Packaging bag - titled 'Deep Affection'	2015301940378	15 June 2015 to 14 June 2025	Industrial Design Patent
Packaging bottle for mandarin juice	2016306384753	22 December 2016 to 21 December 2026	Industrial Design Patent
Packaging bottle for kiwi fruit juice	2016306384984	22 December 2016 to 21 December 2026	Industrial Design Patent
Packaging bottle for Chinese royal pear juice	2016306380930	22 December 2016 to 21 December 2026	Industrial Design Patent
Packaging bottle for vinegar beverages	2016306380945	22 December 2016 to 21 December 2026	Industrial Design Patent
Packaging box - fermented fruit	201630638514X	22 December 2016 to 21 December 2026	Industrial Design Patent


04. COMPANY OVERVIEW (CONTINUED)

Patent	Registration Number	Validity period	Patent Type
Label – titled ‘Beautiful’	2015305529375	23 December 2015 to 22 December 2025	Industrial Design Patent
Label – titled ‘Handsome’	2015305529341	23 December 2015 to 22 December 2025	Industrial Design Patent
Label – titled ‘Cute’	2015305529445	23 December 2015 to 22 December 2025	Industrial Design Patent

4.6 Registered trademarks and logos

The Group has the below 31 registered trademarks under Bojun China. These trademarks have a validity period of 10 years before they must be renewed.

Trademark	Registration Number	Product and/or service category	Validity period
‘Bojun’	18470747	Class 29 ³	7 January 2017 to 6 January 2027
	18470799	Class 30 ⁴	14 March 2017 to 13 March 2027
	18470884	Class 32 ⁶	14 March 2017 to 13 March 2027
‘Bojun Agriculture’	18477954	Class 29 ³	14 March 2017 to 13 March 2027
 Bojun Agriculture (Image Logo)	18773250	Class 5 ²	7 February 2017 to 7 February 2027
	18787666	Class 29 ³	7 February 2017 to 7 February 2027
	18787652	Class 30 ⁴	7 February 2017 to 7 February 2027
	18787687	Class 31 ⁵	7 February 2017 to 7 February 2027
	18787733	Class 32 ⁶	7 February 2017 to 7 February 2027
‘Bojun; JB’	6670323	Class 31 ⁵	14 March 2010 to 13 March 2020
‘Bojun Magushan’	15526539	Class 5 ²	7 December 2015 to 6 December 2025
	15526457	Class 29 ³	28 December 2015 to 27 December 2025
	15526652	Class 30 ⁴	7 December 2015 to 6 December 2025
	15526724	Class 32 ⁶	7 December 2015 to 6 December 2025
‘Bojun Mama Orchard’	15990429	Class 5 ²	7 March 2016 to 6 March 2026
	15990398	Class 29 ³	7 March 2016 to 6 March 2026
	15990707	Class 30 ⁴	21 February 2016 to 20 February 2026
	15990941	Class 31 ⁵	21 February 2016 to 20 February 2026
	15990940	Class 32 ⁶	21 February 2016 to 20 February 2026
‘Bojun Rescue 1919’	19006884	Class 32 ⁶	7 March 2017 to 6 March 2027
‘Diudiuxiuxiu’	19715735	Class 32 ⁶	7 June 2017 to 6 June 2027

Trademark	Registration Number	Product and/or service category	Validity period
'Doctor Zhu'	20248814	Class 29 ³	28 July 2017 to 27 July 2027
	20248742	Class 32 ⁶	28 July 2017 to 27 July 2027
'Gujiguji'	14834371	Class 29 ³	14 November 2015 to 13 November 2025
'Guoranfa'	19715801	Class 29 ³	7 June 2017 to 6 June 2027
'Juwang'	18477444	Class 30 ⁴	14 March 2017 to 13 March 2027
	18477627	Class 32 ⁶	7 January 2017 to 6 January 2027
'Magushan'	8665072	Class 29 ³	7 November 2011 to 6 November 2021
'Maguqing'	12213859	Class 30 ⁴	7 August 2014 to 6 August 2024
 博君农业 BOJUN NONGYE	18773250	Class 5 ²	7 February 2017 to 6 February 2027
	18787666	Class 29 ³	7 February 2017 to 6 February 2027
	18787652	Class 30 ⁴	7 February 2017 to 6 February 2027
	18787687	Class 31 ⁵	7 February 2017 to 6 February 2027
	18787733	Class 32 ⁶	7 February 2017 to 6 February 2027
Mama Orchard (Image Logo)			
'Scarecrow'	9135811	Class 29 ³	28 April 2012 to 27 April 2022
'Shujia'	17629428	Class 32 ⁶	7 December 2016 to 6 December 2026

- Class 3:** bleaching preparations and other substances for laundry use; cleaning, polishing, scouring and abrasive preparations; soaps; perfumery, essential oils, cosmetics, hair lotions; dentifrices.
- Class 5:** pharmaceutical and veterinary preparations; sanitary preparations for medical purposes; dietetic food and substances adapted for medical or veterinary use, food for babies; dietary supplements for humans and animals; plasters, materials for dressings; material for stopping teeth, dental wax; disinfectants; preparations for destroying vermin; fungicides, herbicides.
- Class 29:** meat, fish, poultry and game; meat extracts; preserved, dried and cooked fruits and vegetables; jellies, jams, compotes; eggs, milk and milk products; edible oils and fats; prepared meals; soups and potato crisps.
- Class 30:** coffee, tea, cocoa, sugar, rice, tapioca, sago, artificial coffee; flour and preparations made from cereals, bread, pastry and confectionery, edible ices; honey, treacle; yeast, baking-powder; salt, mustard; vinegar, sauces (condiments); spices; ice; sandwiches; prepared meals; pizzas; pies and pasta dishes.
- Class 31:** agricultural, horticultural and forestry products; live animals; fresh fruits and vegetables, seeds, natural plants and flowers; foodstuffs for animals; malt; food and beverages for animals.
- Class 32:** beers; mineral and aerated waters; non-alcoholic drinks; fruit drinks and fruit juices; syrups for making beverages; shandy, de-alcoholised drinks, non-alcoholic beers and wines.
- Class 33:** alcoholic beverages (except beers); alcoholic wines; spirits and liqueurs; alcopops; alcoholic cocktails.
- Class 35:** advertising; business management; business administration; office functions; organisation, operation and supervision of loyalty and incentive schemes; advertising services provided via the Internet; production of television and radio advertisements; accountancy; auctioneering; trade fairs; opinion polling; data processing; provision of business information.

It is noted that there are 27 further trademark applications which are pending, and there is no guarantee that these trademarks can be successfully obtained. In the event that these pending trademark registrations are not obtained or approved, the impact on the Company's overall business and operations is not likely to be material.

04. COMPANY OVERVIEW (CONTINUED)

4.7 Copyright

The Group has the below copyrights under Bojun China. These copy rights are in relation to the content on the packaging bottles (please also refer to trademarks above). Please note that the below are translated from the original Chinese wording. On and from the registration date, these copyrights have a long-term validity period.

Name	Registration number	Registration date
'Attached to Each Other'	2015-F-00002622	06 September 2016
'Fate of this Life'	2015-F-00002623	06 September 2016
'Waiting for a Millennium'	2015-F-00002844	06 September 2016
'Happiness'	2015-F-00002846	06 September 2016
'Glance Back a Million Times'	2015-F-00002848	06 September 2016
'Inseparable'	2015-F-00003031	20 October 2015
'Deep Affection'	2015-F-00003033	20 October 2015
'Holding Hands'	2016-F-00000090	02 February 2016

4.8 Strengths and competitive advantages

4.8.1 Research and development

Bojun China's research and development in technology for its business and manufacturing processes is one of its core strengths and competencies. In 2014, Bojun China was awarded the Chinese national title of 'New High-tech Enterprise' and, each year, it allocates approximately 3% to 5% of its annual sales income to its research and development work. At present, Bojun China has a total of 35 patents, including 2 Invention Patents, 10 Utility Model Patents, and 23 Industrial Design Patents (see Section 4.5). Through their R&D efforts, Bojun China has been able to develop technical expertise and ensure ongoing efficiency and effectiveness with its manufacturing processes.

Research and development team

Bojun China is cognizant of the need to have a strong team to lead its research and development efforts. At present, its R&D team is led by Dr Bo Zhu, who is also an Executive Director of the Company. As the technical lead, Dr Zhu manages the two key departments within the R&D team, which are the R&D centre and the R&D laboratory. Bojun China also employs external experts as technical advisers to guide its R&D efforts and activities. By having a strong R&D team, Bojun China is able to continuously develop and improve its products and production processes.

Cooperation with universities

Bojun China's R&D team frequently cooperates with universities and other scientific research departments, such as the Jiangxi Agricultural University. By collaborating with university scholars and professors, Bojun China is able to closely follow technological updates and R&D trends. This allows Bojun China to undertake high-quality R&D work and also facilitates its efforts in purchasing cutting-edge R&D equipment and technology. For more information on Bojun China's ongoing R&D projects, see Section 4.11.2.

4.8.2 Producer of high-quality products

Bojun China utilises patented technology to produce its products without preservatives, artificial colours or artificial flavours. For example, Nanfeng Mandarin cider vinegar is produced with puree fermentation and makes full use of the natural detoxification characteristics of Nanfeng Mandarins. Nafeng Mandarins' detoxification characteristic is associated with the ability to alleviate hangovers, liver protection, and promote immune health. As such, the Group's products, which aims to retain the nutritional value of the fruit ingredient, are highly attractive in a market which is increasingly developing a preference for healthy snack foods and beverages.

4.8.3 Geographical advantage

Bojun China is located in Nancheng County, Jiangxi, China. Nancheng County is covered in 62.5% of forest and has an urban greening rate of 45.6%. It belongs to a subtropical monsoon humid climate, which makes it an ideal geographical region for the cultivation of Nanfeng Mandarins. Further, Nancheng County is the main farming area for fruits in the region. By having its main offices in Nancheng County, Bojun China is able to obtain low procurement costs and low transportation costs, thereby allowing it to operate cost-efficiently and effectively. The below map displays the location of Jiangxi province.



04. COMPANY OVERVIEW (CONTINUED)

4.8.4 Policy advantages

As a high-tech enterprise, Bojun China enjoys a preferential tax rate of 15% on taxable income (as opposed to the standard tax rate of 25% on taxable income). It also enjoys various subsidies from national and local governments. In accordance with the 'Preferential Policies for Investment Promotion in Nancheng County' (City Development 2012, clause 4), Bojun China currently enjoys business subsidies provided by the Nancheng County government. Further, in accordance with the 'Preferential Policies for Investment Promotion Nancheng County' (City Development 2012, clause 7), Bojun China also enjoys land subsidy funds. These preferential policies and subsidies allow Bojun China to minimise its costs of operations and thereby, maximise its financial efficiencies and profitability.

4.8.5 Market advantage

With the continuous improvement of consumers' living standards and the growing consumer trend in healthy consumption, consumers are placing greater emphasis on the health and safety of food and beverage products. Bojun China's products utilise natural ingredients and are produced with no artificial preservatives, artificial colours and artificial flavours. As such, Bojun China is well-positioned in the market as its fruit-based products are compatible with the modern consumer consumption trends in healthy-eating. This allows Bojun China to continuously develop and expand its business in the consumer market.

4.9 Facilities and Assets

Bojun China has approximately 6,700 square metres of facilities, offices and factories in the Jinshankou Industry District of Nancheng County, Fuzhou City, Jiangxi Province, China. Its assets include an office building, a fruit confection factory, a fruit cider vinegar factory and a R&D facility amongst other assets. The total value of property, plant and equipment amounts to approximately A\$2,074,000 as at 31 March 2017.

4.10 Head Office and employees

As of the date of this Prospectus, Bojun China has 200 employees, including 7 senior management officers and 193 production and operational staff.

Bojun China adopts strong management systems and operates fully in accordance with its Articles of Association. The board of directors are selected by the shareholders and possess a skills matrix that is crucial to Bojun China's development. The management team, who are accountable to the board, are responsible for the day to day operations and communication with each of Bojun China's departments. Clear communication channels have been established between each department to ensure efficiency in production processes and high-quality products.

4.11 Strategies for growth

4.11.1 New procurement and R&D avenues in Australia

The Company's business plans in Australia are to supply high-quality Australian agricultural food products into China and engage with Australian institutions to jointly undertake R&D efforts in horticultural techniques. The Company is currently attempting to identify opportunities to cooperate with established research institutions to strengthen its R&D capacities. These R&D projects include the plantation and cultivation of fruit trees, the development of beverage products (including wine and enzymes), the development of fruit confection products, and the development of agricultural feed.

The Company has already entered into two Memorandums of Understandings (**MOU**) with Preshafood Pty Limited (**Preshafood**) on 12 May 2017 and New South Wales Department of Primary Industries Horticulture Unit (**NSW DPI HU**) on 12 May 2017.

Under the MOU with Preshafood, the Company and Preshafood have recorded their intention to negotiate in good faith terms upon which Preshafood may supply its products on a non-exclusive basis to the Company's network in China. Such negotiations will include products, branding, quantity, pricing, payment terms, import and quarantine requirements, marketing initiatives and incentives, and such other terms as the parties see fit. The Company believes that agricultural products grown and developed in Australia would be of high-quality, which in turn would improve the quality of its products to end consumers. The Company also believes that such an agreement may create further economic and employment benefits to Australia, thereby mutually benefiting both the Company and the Australian agriculture industry.

Under the MOU with NSW DPI HU, the Company and NSW DPI HU have recorded their intention to negotiate in good faith terms to undertake joint R&D in citrus horticulture. Such joint R&D may include germ plasm improvement, farming systems management, plant protection, supply chains and market access and development and delivery. The Company believes that collaborating and researching with an Australian government department will lead to significant growth, development opportunities and synergies. The Company also believes that such an agreement may further create economic developments across NSW, thereby mutually benefiting both the Company, NSW primary industries and the NSW economy.

As at the date of this Prospectus, the Company has not entered into any further agreements with Preshafood or NSW DPI HU.

4.11.2 Further R&D projects

The Company intends to continue undertaking research and development projects in order to provide high-quality products to the market and enhance the long-term efficiency of its business operations. As part of this, the Company undertaking two R&D projects in collaboration with Jiangxi Agriculture University. These projects are outlined in the table below.

Product and project scope	Partner	Status	Description
Nanfeng Mandarin Deep Processing Project	Jiangxi Agricultural University	Ongoing	<p>Under this project, Bojun China is researching into Nanfeng Mandarins and developing related products. The agreement stipulated that Bojun China will provide funds and the production testing base. Meanwhile, Jiangxi Agricultural University will provide the experimental research equipment, researchers, and technical support in order to jointly conduct R&D of techniques to promote Bojun China's fruit tree cultivation and fruit product processing techniques. In particular, Bojun China's key research areas into Nanfeng Mandarins include the following:</p> <ul style="list-style-type: none"> • Nutritional information; • Fermentation processes of Nanfeng Mandarin juice; • Utilisation of yeast strains in Nanfeng Mandarin fruit wine and fruit cider vinegar; • Processing and peeling methods; • Development of products using Nanfeng Mandarins, including pectin, flavonoids, coumarin, essential oils, dietary fibre, and natural pigments; and • Updating and renovating the equipment used by Bojun China in the processing of Nanfeng Mandarins.
Magu Mountain Date and Kiwi Processing Research Project	Jiangxi Agricultural University	Ongoing	<p>Under this project, Bojun China is researching and developing into the following:</p> <ul style="list-style-type: none"> • Increasing the production capacity of magu mountain date trees; • Preventing and controlling pests and diseases in magu mountain date trees; and • Processing methods of Magu Mountain dates.

04. COMPANY OVERVIEW (CONTINUED)

4.11.3 Expansion of and upgrade to Bojun China's facilities

The Company intends to expand its business facilities through upgrading and renovating its existing production plant including the construction of an underground refrigeration storage unit. By doing so, the Company will be able to meet increasing market demand for its products and ensure the standard and quality of its products is maintained at high levels. For more information on the expansion and upgrade plans, see Section 4.12 below.

4.12 Future funding use

The Company expects to receive proceeds of A\$7,200,000 at Minimum Subscription and of A\$12,000,000 at Maximum Subscription from the issue of Shares at the Offer Price of A\$0.30 per Share.

Use of funds	Minimum Subscriptions		Maximum Subscriptions	
	Amount (A\$)	% of Total Funds	Amount (A\$)	% of Total Funds
Costs of the offer to be paid out of proceeds raised (current estimate) ¹	1,561,000	21.7%	2,280,000	19.0%
Business expansion costs				
Market expansion costs	858,200	11.9%	1,800,000	15.0%
Upgrades, renovations and expansions to the existing production plant and production lines	878,400	12.2%	1,164,000	9.7%
Establishment of new and additional production lines for new products	684,000	9.5%	912,000	7.6%
Construction of an underground refrigeration storage unit	302,400	4.2%	396,000	3.3%
Product development costs				
R&D projects for the development of beverage products (such as wine and enzyme-based beverages)	417,600	5.8%	804,000	6.7%
R&D projects for the development of fruit confection products (such as colourful fruit confection products and chocolate fruit confection products)	273,600	3.8%	600,000	5.0%
R&D and other collaboration costs				
R&D projects with universities and other research institutions for the plantation and cultivation of fruit trees in China	928,800	12.9%	1,644,000	13.7%
R&D projects with Australian institution(s)	273,600	3.8%	444,000	3.7%
Other R&D projects (such as development into agricultural feed)	302,400	4.2%	756,000	6.3%
Operating expenses for collaborations with other entities	331,200	4.6%	516,000	4.3%
Working capital	388,800	5.4%	684,000	5.7%
Total	7,200,000	100.0%	12,000,000	100.0%

Actual total costs of the Offer differ from the costs of the offer to be paid out of proceeds raised due to approx. A\$615,000 of offer costs already paid prior to the IPO. Refer to Section 11.9 for more information about the costs of the Offer.

The proposed use of proceeds described above represents the Company's current intentions based upon the present plans and business conditions. The amounts and timing of the actual expenditures may vary significantly and will depend upon numerous factors, including the timing and success of the Company's development efforts.

4.12.1 Business expansion costs

(a) Market expansion costs

Bojun China plans to set aside funds raised from the IPO to be used for business expansion. In particular, it intends to develop new markets, increase sales and enhance its market share. To do this, Bojun China plans to invest additional capital in developing new marketing, promotional and advertising strategies. This will allow Bojun China to maximise its overall brand awareness, competitive advantage and profitability.

(b) Upgrades, renovations and expansions to the existing production plant and production lines

In order to improve its production capacity to meeting growing market demand, Bojun China intends to upgrade, renovate and expand its existing production plant and production lines. In particular, Bojun China intends to add a new fruit vinegar filling production line. The expected construction duration for this is 5 months. By constructing new production lines, Bojun China will be able to enhance its production output and ensure its ability to meet growing market demand.

(c) Establishment of new and additional production lines for new products

Bojun China intends to construct a production line for the production of newly developed products, such as fruit wine and enzymes. In particular, Bojun China intends to construct a fermentation production line (**Fermentation Production Line**) which covers an area of 1,000 square metres. The Fermentation Production Line will consist of two components, including the fermenting process line and the filling production line. The expected construction period for the fermenting process line is 2 months and it will be installed at Bojun China's existing cider vinegar production plant. The expected construction period for the filling production line is 1 month and is expected to commence in August 2018. By establishing new production lines, Bojun China will be able to produce and distribute new products to the market in a timely and efficient manner.

(d) Construction of an underground refrigeration storage unit

With the continuous development and expansion of Bojun China's business, its demand for raw materials and produce will continue to increase. For this purpose, Bojun China intends to construct a large underground refrigeration storage unit for the preservation of raw produce. The expected construction duration for this unit is 5 months and the anticipated size of the unit will be 400 square metres with a storage capacity of 1,500 tonnes. By constructing this unit, Bojun China will be able to ensure the freshness of its fruit, thereby enhancing the quality of its end products. This will also allow Bojun China to increase the quantity of raw produce purchased during peak seasons, thereby achieving economies of scale and reducing procurement costs.

4.12.2 Product development costs

(a) R&D projects for the development of beverage products (such as fruit wine and enzymes)

Bojun China is undertaking an R&D project with Jiangxi Agricultural University to research and develop Nanfeng Mandarins. In particular, Bojun China seeks to develop new products from Nanfeng Mandarins, including pectine, flavonoids, coumarin, essential oils, dietary fibre, and natural pigments. It also seeks to upgrade and renovate the equipment used in the processing of Nanfeng Mandarins. By conducting experiments and research on Nanfeng Mandarins, Bojun China will be able to develop new products for the market, thereby enhancing its product variety to meet changing consumer needs.

(b) R&D projects for the development of fruit confection products (such as colourful fruit confection products and chocolate fruit confection products)

Bojun China intends to research and develop new products, such as Smoked Plum Fruit Confections, Fermented Fruit Confections, and Chocolate-filled Fruit Confections. To achieve this, Bojun China intends to research and develop into various product formulas. As at the date of this Prospectus, Bojun China has already conducted some research into product formulas and various sample products have been successfully developed.

04. COMPANY OVERVIEW (CONTINUED)

4.12.3 R&D and other collaboration costs

(a) R&D projects with universities and other research institutions for the plantation and cultivation of fruit trees in China

Bojun plans to invest into researching the cultivation of new varieties of fruit trees with Australian universities and other institutions. Please see section 4.11.1 for further details on the existing R&D MOU arrangement with NSW DPI HU. Bojun wishes to set aside funds raised from the IPO to invest in and fund R&D programs undertaken collaboratively with these Australian institutions.

(b) R&D projects with Australian institution(s)

Bojun China intends to research the cultivation of new varieties of fruit trees with Australian institutions. The Company believes that collaborating with Australian institutions will lead to significant growth, development opportunities and synergies. The Company also believes that this may create further economic development opportunities in Australia.

(c) Other R&D projects (such as development into agricultural feed)

Fruit pomace is derived during the process of processing the fruits. Bojun China intends to utilise this fruit pomace to analyse and extract biogenic elements. Following several experiments and extractions, the fruit pomace can be dried and used to produce feed additives' that are high in protein.

(d) Operating expenses for collaborations with other entities

Bojun plans to cooperate with other companies in order to undertake market development activities. The Group intends to use a small portion of the funds raised to meet any costs associated with the import, export or distribution of snack food and/or beverages between the Bojun China and Australian partners, in particular, Preshafood with whom an MOU has been entered into (for further details please see Section 4.11.1).

05.

KEY INDIVIDUALS, INTERESTS AND BENEFITS



05. KEY INDIVIDUALS, INTERESTS AND BENEFITS

The Company is very cognizant of investor expectations with respect to governance and communications. In that regard, the majority of the Bojun Board is constituted of Australian resident Directors who have extensive skills and experience in both business operations and governance. The Board and senior management have a broad base of experiences covering operational, technical, corporate and commercial backgrounds spanning a number of decades across a range of different industries. The Board is well positioned to implement, oversee and monitor the Company's strategic objectives.

5.1 Board of Directors and Management Team

At Listing, the Board will comprise five members, consisting of 3 Independent Non-Executive Directors and 2 Executive Directors. The following table provides information regarding the Directors and the management team, including their positions and expertise.

Experience	
 Andrew John Stoner	<p>Mr Stoner was a member of the New South Wales Legislative Assembly, representing the electorate of Oxley from 1999 to 2015. He has also performed in the role as the Leader of the Nationals NSW (2003-2014), Deputy Premier of NSW and Minister for Trade & Investment, Tourism & Major Events, Small Business, Regional Infrastructure & Services (2011-2014).</p> <p>He currently holds a number of directorships at companies including China Dairy Corporation Limited (CDC), Global Fortune Investment Limited (GFI) and Slasherteck Limited.</p> <p>In addition, Mr Stoner acts as an adviser to a number of firms, including Moelis & Co. (Australia) Ltd, Yuhu Group (Australia) Ltd, and Slasherteck Limited.</p>
Role	Non-Executive Director and Chairman
Expertise/ Qualifications	<ul style="list-style-type: none">• Master of Business Administration• Bachelor of Business
Location	Australia
Independence or affiliations	Independent
Legal or disciplinary action	Nil
Insolvent companies	Nil

Experience



**Chen Chik
(Nicholas) Ong**

Mr Ong was a Principal Adviser at the Australian Securities Exchange in Perth and brings 12 years' experience in listing rules compliance and corporate governance. He has overseen the admission of over 100 companies to the official list of the ASX. Mr Ong is currently a director of Helios Energy Limited, Tianmei Beverage Group Corporation Limited (**TB8**), Jiajiafu Modern Agriculture Limited (**JJF**), Segue Resources Limited and CoAssets Limited, and is company secretary to TB8, JJF, Traditional Therapy Clinics Limited and Sagalio Energy Limited.

Mr Ong was a director of Excelsior Gold Limited, Auroch Minerals NL, Minerals Corporation Limited, Global Gold Holdings Limited and Fraser Range Metals Group Limited.

Mr Ong now runs a boutique corporate advisory firm in Perth, Western Australia. He is a member of the Governance Institute of Australia and holds a Bachelor of Commerce and a Master of Business Administration from the University of Western Australia.

Role

Non-executive Director and Company Secretary

Expertise/ Qualifications

- Bachelor of Commerce
- Graduate Diploma of Applied Finance
- Graduate Diploma of Applied Corporate Governance
- Member of ACIS (Institute of Chartered Secretaries and Administrators)
- Member of AICD (Australian Institute of Company Directors)
- AGIA (Associate of Government Institute of Australia)
- Master of Business Administration

Location

Australia

Independence or affiliations

Independent


Legal or disciplinary action

Nil

Insolvent companies

Nil

05. KEY INDIVIDUALS, INTERESTS AND BENEFITS (CONTINUED)

Experience	
 <p>Qingfeng Zhang</p>	<p>Mr Zhang is currently the President of the Jiangxi Natural Science Foundation and was also the Head Tutor at the College of Jiangxi Agricultural University. He is passionate about teaching and researching food chemistry, food biochemistry, and agricultural product processing and storage.</p> <p>He has published more than 50 academic papers, been granted 5 patents and is the reviewer of more than 10 academic journals, including the Analytica Chimica Acta Journal, European Food Research and Technology Journal, Food and Fermentation Industries Journal, and Modern Food Science and Technology Journal.</p> <p>Mr Zhang is a Graduate of the City University of Hong Kong and was the recipient of two academic prizes and the Chow Yei Ching Scholarship.</p>
Role	Non-Executive Director
Expertise/Qualifications	Associate Professor
Location	China
Independence or affiliations	Independent
Legal or disciplinary action	Nil
Insolvent companies	Nil

Experience	
 <p>Bo Zhu</p>	<p>Bo Zhu is the founder of Bojun China and is passionate about innovation in the science and agriculture industry. He is currently director of both China Horticultural Society of Pomegranates and Jiangxi Horticultural Society, and Committee Member of the Chinese Citrus Association. In 2014, Dr Zhu was also selected to lead the '10,000 People Plan' for innovation and entrepreneurship by the Organisation Department of the Central Committee of the Communist Party of China.</p> <p>Dr Zhu has presided and participated in more than 20 national, provincial and municipal scientific research projects, received 6 Science and Technology Innovation Awards, published more than 30 academic papers, and been granted more than 20 patents. He has also been awarded the title of 'National Entrepreneurship Star', 'National Science Leader', and 'National Rural Rich Leader' by the Chinese government.</p>
Role	Executive Director
Expertise/Qualifications	<ul style="list-style-type: none"> • Forest Cultivation Studies, Jiangxi Agricultural University • Senior Agronomist, Jiangxi Province Professional Title Office
Location	China
Independence or affiliations	Not independent
Legal or disciplinary action	Nil
Insolvent companies	Nil

Experience	
 <p>Zhen Yu</p>	<p>Ms. Yu has extensive experience in financial and operational management in the food and beverage industry. Between 2001 and 2011, she served as the Financial Manager of Neijing Huiyuan Beverage and Food Group Co., Ltd. She joined Bojun China in 2012 and has since held the position of Financial Manager.</p>
Role	Executive Director
Expertise/ Qualifications	Senior Accountant, Ministry of Finance of the People's Republic of China
Location	China
Independence or affiliations	Not independent
Legal or disciplinary action	Nil
Insolvent companies	Nil

Experience	
 <p>Xianhong Fan</p>	<p>Ms. Fan has obtained a Masters of Marketing from the Nanchang University of China. Between 1999 and 2014, she acted as the Assistant General Manager of Lujie Co., Ltd and between 2004 and 2010, she acted as the General Manager of Guangzhou Beiqi Beverage Co., Ltd. Ms. Fan joined Bojun China in 2010 and is now acting in the capacity of CEO of Bojun China (the operating entity).</p>
Role	Chief Executive Officer (Senior Management) of Bojun China
Expertise/ Qualifications	Master of Economics, Nancheng University
Location	China
Independence or affiliations	Not independent
Legal or disciplinary action	Nil
Insolvent companies	Nil

05. KEY INDIVIDUALS, INTERESTS AND BENEFITS (CONTINUED)

5.2 Interests and benefits

This Section sets out the extent of the interests and fees of certain persons involved in the Offer. Other than as set out below or elsewhere in this Prospectus, no:

- Director or proposed Director of the Company;
- person named in this Prospectus and who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- financial services licensee involved in the Offer; or
- promoter of the Company,

holds, at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of the Company;
- the property acquired or proposed to be acquired by Bojun in connection with its formation or promotion, or in connection with the Offer; or
- the Offer,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given to any such persons for services in connection with the formation or promotion of the Company or the Offer or to any Director or proposed Director to induce them to become, or qualify as, a Director of Bojun.

5.2.1 Directors' and managements' interests and remuneration

(a) Non-Executive Director and Chairman remuneration – Andrew John Stoner

Andrew John Stoner is a Non-Executive Director and Chairman of the Company commencing from 18 May 2017. Under ASX Listing Rules the total amount paid to all Non-Executive Directors must not exceed in total in any financial year the amount fixed in a general meeting of the company. The annual fees agreed to be paid to Andrew John Stoner is A\$80,000 per annum, with an additional \$20,000 payable for the three months prior to the Company's listing on the ASX. All Directors fees include superannuation at the statutory rate.

Non-Executive Directors may be paid such additional or special remuneration as the Directors decide is appropriate where a Director performs extra work or services which are not in the capacity as a Director of the company.

There are no retirement benefit schemes for Directors other than statutory superannuation contributions.

(b) Non-Executive Director and Company Secretary remuneration – Chen Chik (Nicholas) Ong

Chen Chik (Nicholas) Ong is a Non-Executive Director and Company Secretary of the Company commencing from 6 June 2017. Under ASX Listing Rules the total amount paid to all Non-Executive Directors must not exceed in total in any financial year the amount fixed in a general meeting of the company. The annual fees agreed to be paid to Chen Chik (Nicholas) Ong is A\$45,000 per annum as remuneration as Non-Executive Director and \$35,000 per annum as remuneration as Company Secretary. All Directors fees include superannuation at the statutory rate.

Non-Executive Directors may be paid such additional or special remuneration as the Directors decide is appropriate where a Director performs extra work or services which are not in the capacity as a Director of the company.

There are no retirement benefit schemes for Directors other than statutory superannuation contributions.

(c) Non-Executive Director remuneration – Qingfeng Zhang

Qingfeng Zhang is a Non-Executive Director of the Company commencing from 2 May 2017. Under ASX Listing Rules the total amount paid to all Non-Executive Directors must not exceed in total in any financial year the amount fixed in a general meeting of the company. The annual fees agreed to be paid to Qingfeng Zhang is A\$45,000 per annum. All Directors fees include superannuation at the statutory rate.

Non-Executive Directors may be paid such additional or special remuneration as the Directors decide is appropriate where a Director performs extra work or services which are not in the capacity as a Director of the company.

There are no retirement benefit schemes for Directors other than statutory superannuation contributions.

(d) Executive Director remuneration – Bo Zhu and Zhen Yu

Bo Zhu and Zhen Yu are Executive Directors of the Group. From 2 May 2017, Bo Zhu and Zhen Yu will receive an annual fixed remuneration of A\$45,000 each. Pursuant to Bo Zhu and Zhen Yu's executive agreements, Bo Zhu and Zhen Yu may resign from their position by giving 30 days' notice in writing. Bo Zhu and Zhen Yu's employment may be terminated by their employer (a member of the Group) by giving 30 days' notice in writing or by making a payment in lieu of notice. In the event of serious misconduct or other specific circumstances warranting summary dismissal, Bo Zhu and Zhen Yu's employment contract may be terminated immediately by notice in writing and without payment in lieu of notice. Upon the termination of Bo Zhu and Zhen Yu's executive agreements (whether by resignation or termination), Bo Zhu and Zhen Yu will be subject to a restraint of trade period of up to 12 months. The restraint of trade period may be reduced or eliminated in its entirety at the discretion of the Company.

(e) Directors' and managements' interest in Shares and other securities

Directors and the Company Secretary's interests' at the date of this Prospectus are as follows.

Name	Role	Shares
Andrew John Stoner	Non-Executive Director and Chairman	Nil
Chen Chik (Nicholas) Ong	Non-Executive Director and Company Secretary	Nil
Qingfeng Zhang	Non-Executive Director	Nil
Bo Zhu	Executive Director	16,352,640
Zhen Yu	Executive Director	9,792,000

Senior management interests' at the date of this Prospectus are as follows.

Name	Role	Shares
Xianhong Fan	CEO of Bojun China	8,127,360

05. KEY INDIVIDUALS, INTERESTS AND BENEFITS (CONTINUED)

5.2.2 Interests of advisers

The following entities have been engaged as professional advisers to various members of the Group for the purposes of the Offer. The details of work provided and the fees payable are summarised below.

Adviser	Role	Fee (inclusive of tax) ²
Beer & Co	Australian Lead Arranger to the Group in connection with the Offer	A\$1,787,600 ¹
Beijing Ruihua Future Investment Management Co., Ltd	Corporate adviser to the Group in connection with the Offer and has offered corporate advisory services in relation to the proposed listing	A\$380,000
Baker & McKenzie	Australian legal adviser to the Company in connection with the Offer and has performed work in relation to due diligence enquiries on Australian legal matters	A\$200,000
Beijing Quan Xiao Law Firm	Chinese legal adviser to Bojun China in connection with the Offer and has performed work in relation to due diligence enquiries on Chinese legal matters	A\$47,500 (RMB 250,000) (at exchange rate A\$ 1: RMB 5.26)
HM Chan & Co	Hong Kong legal adviser to the Group and has performed the work in relation to due diligence enquiries on Hong Kong legal matters	A\$ 3,750(US\$ 3000) (at exchange rate A\$ 1: US\$ 0.80)
Travers Thorp	BVI legal adviser to the Group and has performed the work in relation to due diligence enquiries on BVI legal matters	A\$ 3,750(US\$ 3000) (at exchange rate A\$ 1: US\$ 0.80)
BDO Corporate Finance (East Coast) Pty Ltd	Investigating Accountant to the Company and has prepared the Investigating Accountant's Report in Section 7	A\$80,000
BDO East Coast Partnership	Australian tax advisers to the Company and has prepared the Taxation Report for the Company	A\$15,000
Shenzhen CIC Advisory	Independent expert to the Group and has prepared the Independent Market Report in Section 3	A\$1,520 (RMB 8,000) (at exchange rate A\$ 1: RMB 5.26)

1. Amount is based on the assumption that the Maximum Subscription is raised under the Offer.

2. These amounts and other expenses of the Offer will be paid by the Company (or one of its subsidiaries) out of funds raised under the Offer. Further information on the use of proceeds from the Offer and costs of the Offer are set out in Sections 1.7 and 10.9 respectively.

5.3 Corporate governance

The Board of Bojun is cognizant of the need for a well-articulated and robust corporate governance framework and believes that good corporate governance is essential to the preservation and enhancement of Shareholder value. The Board believes that the success of the business is strengthened by implementing clearly articulated policies to enhance accountability, efficiency and the reliable measurement of performance.

The Board has adopted a *Board Charter (Charter)*, which sets out the key corporate governance principles and procedures of Bojun. The Charter and other corporate governance documents are available on the Company's website at <http://bojunagriculture.com>. These key documents will be kept under review by the Board and amended from time to time.

The Charter and the other governance measures adopted reflect the Board's endorsement of the recommendations contained in the ASX Corporate Governance Council's Principles and Recommendations, 3rd edition, 2014 (**Principles**). Those Principles marked with a ☉ either have not been fully implemented or are to be addressed as of the date of this Prospectus. The commentary addresses the reasons for the departure from the requirements.

Principle 1 – Lay solid foundations for management and oversight

1.1	The Board has outlined in its Charter, its roles and responsibilities and has established a clear distinction between its functions and those delegated to management.	✓
1.2	Appropriate checks including criminal record checks have been carried out on all Board members prior to their appointment. The Company will provide Shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director at future general meetings	✓
1.3	All Directors and senior executives have a written agreement with the Company or a member of the Bojun Group setting out the terms of their appointment.	✓
1.4	The Company Secretary is accountable directly to the Board, through the Chairman on all matters to do with the proper functioning of the Board.	✓
1.5	The Board has adopted a Diversity Policy (a copy of which is on the Company's website). The Diversity Policy requires the Board to set measurable objectives for obtaining gender diversity. The Board has not yet set measurable objectives but intends to review the diversity statistics within the Company and use those measures to formulate measurable objectives.	⊙
1.6	At least once per year the Board will, with the advice and assistance of the Nomination and Remuneration Committee (NRC), review and evaluate the performance of the Board, each Board committee and each individual Director against the relevant charters, corporate governance policies, and agreed goals and objectives.	✓
1.7	Performance reviews for Executive Directors and Senior Management will take place at least annually. The NRC has accountability in its Charter to oversee these reviews and report to the Board on their outcomes. The Company intends to ensure the appropriate disclosures in the remuneration report are made in relation to each reporting period as to the performance evaluations that were undertaken and the process that was followed.	✓

Principle 2 – Structure the Board to add value

2.1	The Board has formed a Nomination and Remuneration Committee. The charter for the Nomination and Remuneration Committee is available on the Company's website. Membership of the NRC is Andrew John Stoner, Qingfeng Zhang and Bo Zhu.	✓
2.2	In establishing the Board of Bojun, regard was had to the skills and expertise required of the Directors relevant to Bojun's business, its Listing in Australia and operations in China and its franchising network. Directors with the desired skills and expertise were carefully selected for appointment to the Board.	✓
2.3 & 2.4	The Board Charter sets out the criteria adopted by the Board for considering if a Director is independent. The Board is comprised of five members, three of whom are independent. Andrew John Stoner, Chen Chik (Nicholas) Ong and Qingfeng Zhang are considered independent as none of them has a material shareholding in the Company or is an adviser or supplier to the Company or has any other material contractual relationship with the Company other than their position as a Director. The Company is satisfied that the composition of the Board reflects an appropriate range of independence and skill and experience in the period immediately after Listing on the ASX. Together, the Directors have a broad range of experience, expertise, skills, qualifications and contacts relevant to the business of the Company.	✓

05. KEY INDIVIDUALS, INTERESTS AND BENEFITS (CONTINUED)

Principle 2 – Structure the Board to add value

2.5	The Board has adopted the recommendation that the chairman should be an independent Non-Executive Director. The Board believes that Andrew John Stoner is the most appropriate person to act as Chairman and lead the Board given his extensive experience and application of sound judgment to issues falling within the scope of the role of Chairman.	✓
2.6	<p>All Non-Executive Directors have had an extensive induction into the business of the Company prior to accepting their appointment and have received continuing information on the Company and its operations since being appointed. The induction process has included site visits in China and presentations by management.</p> <p>Directors are also given access to continuing education in relation to the Company extending to its business, the industry in which it operates, and other information required by them to discharge the responsibilities of their office.</p>	✓

Principle 3 – Act ethically and responsibly

3.1	The Board has adopted a code of conduct applicable to all Directors, senior executives and employees, a copy of which is disclosed on the Company's website.	✓
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Principle 4 – Safeguard integrity in financial reporting

4.1	<p>The Board has established an audit and risk committee (ARC). The audit and risk committee is comprised a majority of Non-Executive Directors. Its composition being Qingfeng Zhang (Chair of the ARC), Andrew John Stoner and Zheng Yu. The qualifications of the members of the audit and risk committee are set out in the Prospectus in Section 5.1.</p> <p>A copy of the audit and risk committee's charter is on the Company's website.</p>	✓
4.2	The Board of Bojun has not yet had to approve the entity's financial statements for a financial period and accordingly has not been required to receive relevant declarations from the CEO in respect of the financial records of the Bojun Group. It is the intention of the Board that these declarations will be required for both the half-year and full-year results and this fact has been communicated to both the CEO.	⊙
4.3	Bojun has not yet held an Annual General Meeting (AGM) but it is the intention of the Board to ensure that its external auditor attends the AGM and is available to answer questions from security holders relevant to the audit.	⊙

Principle 5 – Make timely and balanced disclosure

5.1	The Board has established a written continuous disclosure policy to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability for compliance. Each Board meeting considers whether any continuous disclosure issues arose during the course of the meeting. The continuous disclosure policy is on the Company's website.	✓
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Principle 6 – Respect the rights of Shareholders

6.1	Bojun has established an English website which provides information about the Bojun Group, Directors and executives, key governance policies and other information relevant to its investors. The website will be a key communication tool between the Company and the Shareholders.	✓
6.2	Bojun has not yet designed and implemented an investor relations program to facilitate effective two-way communication with investors, however, the Board recognises its importance and will put in place a tailored program following the Completion.	⊙
6.3	The Board has adopted a Shareholder Communication Policy and will provide Shareholders with opportunities to have questions addressed at Shareholder meetings, irrespective of whether the Shareholder is able to attend. A copy of the Shareholder Communication Policy is on the Company's website.	✓
6.4	All Shareholders of Bojun will be able to communicate with the Company and its share registry electronically and in fact this method of communication is encouraged.	✓

Principle 7 – Recognise and manage risk

7.1	The Board has established a combined audit and risk committee. The audit and risk committee is comprised a majority of Non-Executive Directors. Its composition being Qingfeng Zhang, Andrew John Stoner and Zheng Yu. The qualifications of the members of the audit and risk committee are set out in the Prospectus in Section 5.1. A copy of the audit and risk committee's charter is on the Company's website.	✓
7.2	The risk management framework for the Bojun Group has not yet been formally reviewed by the Board. The Board has appointed the ARC to assist it with discharging its oversight function in respect of material business risks and to determine if the system of risk management is sound. Outcomes of those reviews will be reported in the corporate governance statement annually.	⊙
7.3	The Bojun Group has various quality assurance functions throughout the business but not a dedicated internal audit function. It is the Board's intention that the ARC reviews the need for an internal audit function, the scope of any function should one be required and whether it will be insured or outsourced. The outcome of the review will be reported in the Company's annual report.	⊙
7.4	As mentioned under Principle 7.2, the Board expects a report on the risk management framework in December 2017 and has requested that management address economic, environmental and sustainability risks. The outcome of that review will be reported in the Company's annual report.	⊙

Principle 8 – Remunerate fairly and responsibly

8.1	The Board has formed a combined Nomination and Remuneration Committee. Membership of the Nomination and Remuneration Committee is: Andrew John Stoner, Qingfeng Zhang and Bo Zhu. A copy of the charter for the NRC is provided on the company's website. The qualifications of the members of the nomination and remuneration committee are set out in the Prospectus in Section 5.1. A copy of the charter for the NRC is provided on the Company's website.	✓
8.2	The Board has adopted a remuneration policy for Non-Executive Directors. A remuneration policy for Executive Directors and other senior executives will be developed post Completion. A copy of the Non-Executive Director remuneration policy is provided on the Company's website.	✓
8.3	The Company's Securities Trading Policy prohibits participants of any equity-based remuneration scheme entering into transactions which limits the economic risk of a participant.	✓

06.

FINANCIAL INFORMATION



06. FINANCIAL INFORMATION

6.1 Introduction

This Section contains a summary of the historical financial information of Jiangxi Bojun Ecological Agriculture Development Co., Ltd. ('**Bojun China**') and pro-forma historical financial information of Bojun Agriculture Holdings Limited and its controlled entities ('**Bojun**' or '**the Company**') (collectively the 'Financial information'), which has been prepared by the Directors of Bojun.

The Historical Financial Information comprises the:

- Bojun China historical Statements of Profit or Loss and Other Comprehensive Income for the financial years ended 30 September 2014 ('**FY2014**'), 30 September 2015 ('**FY2015**'), 30 September 2016 ('**FY2016**') and the six-month period ended 31 March 2017 ('**1H2017**') ('**Historical Statements of Profit or Loss and Other Comprehensive Income**'); and
- Bojun China historical Statements of Cash Flows for FY2014, FY2015, FY2016 and 1H2017 ('**Historical Statements of Cash Flows**').

The Pro-forma Historical Financial Information comprises the:

- Bojun pro-forma historical consolidated Statement of Financial Position as at 31 March 2017 ('**Pro-forma historical consolidated Statement of Financial Position**').

The Historical Financial Information has been audited by Wei, Wei & Co., LLP ('**Wei Wei**') for FY2014, FY2015 and FY2016 respectively and has been reviewed by Wei Wei for 1H2017. The Pro-forma Historical Financial Information has been reviewed by BDO Corporate Finance (East Coast) Pty Ltd ('**BDO Corporate Finance**'). BDO Corporate Finance's Investigating Accountant's Report on the Pro-forma Historical Financial Information is contained in Section 7. Investors should note the scope and limitations of that report (refer to Section 7).

Also summarised in this Section are:

Table 1: Overview of Financial Information

Section	Heading
6.2	Basis of Preparation and Presentation of the Financial Information
6.3	Historical Statements of Profit or Loss and Other Comprehensive Income
6.4	Historical Statements of Cash Flows
6.5	Pro Forma historical consolidated Statement of Financial Position
6.6	Management Discussion and Analysis of the Financial Information
6.7	Debt facilities
6.8	Lease commitments
6.9	Liquidity and Capital Resources
6.10	Dividend Policy
6.11	Significant Accounting Policies

The information in this Section 6 should be read in conjunction with the risk factors set out in Section 9 and other information contained in this Prospectus.

Amounts disclosed in the tables are, unless otherwise noted, rounded to the nearest thousand dollars.

06. FINANCIAL INFORMATION (CONTINUED)

6.2 Basis of Preparation and Presentation of the Financial Information

6.2.1 Overview

The Directors of Bojun are responsible for the preparation and presentation of the Financial Information.

The Financial Information included in this Section 6 has been prepared in accordance with the recognition and measurement principles prescribed in International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board, and the accounting policies of Bojun. The Financial Information and accompanying commentary presented in this Section has also been disclosed with consideration to regulatory guidance issued by ASIC.

The Financial Information is presented in an abbreviated form insofar as it does not include all the presentation and disclosures, statements or comparative information as required by IFRS and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

In preparing the Financial Information, the accounting policies of Bojun have been applied consistently throughout the periods presented. The significant accounting policies of Bojun relevant to the Financial Information are set out in Section 6.11.

The Directors have considered ASIC Regulatory Guide 170, and having regard to the requirements of this Regulatory Guide, note any prospective financial information would contain a broad range of potential outcomes and possibilities such that the Directors have concluded Bojun cannot include prospective financial information in this Prospectus.

6.2.2 Preparation of Historical Financial Information

The Historical Financial Information has been extracted from the financial statements of Bojun China for FY2014, FY2015, FY2016 and 1H2017.

The financial statements of Bojun China for FY2014, FY2015 and FY2016 were each audited by Wei Wei in accordance with International Standards on Auditing. Wei Wei issued unqualified audit opinions on each of these financial statements.

The financial statements of Bojun China for 1H2017 have been reviewed by Wei Wei, who have issued an unqualified review opinion in respect of this period.

The Directors of Bojun intend to present the financial reports of Bojun in Australian dollars to ensure consistency with other Australian listed companies. Historical financial reports of Bojun China were presented in US dollars. For the convenience of prospective investors, both Australian dollar and US dollar financial information is included in this Prospectus.

6.2.3 Preparation of Pro-forma Historical Financial Information

The Pro-forma Historical Financial Information has been prepared solely for the purposes of inclusion in this Prospectus, and has been extracted from the financial statements of Bojun China with adjustments applied to reflect the Company's capital structure that will be in place following completion of the Offer. Refer to Section 6.5 for a reconciliation between the Pro-forma Historical Financial Information and the statutory equivalent financial information.

In June 2017, an internal restructure was completed resulting in a newly incorporated company, Bojun, becoming the legal parent of Bojun China.

The Directors have elected to account for the restructure as a capital re-organisation rather than a business combination. In the Directors' judgement, the continuation of existing accounting values is consistent with the accounting that would have occurred if the assets and liabilities had already been in a structure suitable to an IPO and most appropriately reflects the substance of the internal restructure.

As such, the consolidated financial statements of Bojun will be presented as a continuation of the pre-existing accounting values of assets and liabilities in the Bojun China financial statements with Bojun China deemed to be the acquirer for accounting purposes.

The Pro-forma Historical Financial Information presented in this Prospectus has been reviewed by BDO Corporate Finance. Investors should note the scope and limitations of BDO Corporate Finance's Investigating Accountant's Report (refer to Section 7).

6.2.4 Explanation of certain non-IFRS and other financial measures

The Company uses certain measures to manage and report on its business that are not recognised under IFRS. These measures are collectively referred to as 'non-IFRS financial measures'. Non-IFRS financial measures are intended to supplement the measures calculated in accordance with IFRS and not as a substitute for those measures. As non-IFRS financial measures are not defined by the recognised body of accounting standards, they do not have a prescribed meaning and the way that the Company calculates them may be different to the way that other companies calculate similarly titled measures. Readers should therefore not place undue reliance on non-IFRS financial information.

In the disclosures in this Prospectus, the Company uses the following non-IFRS measures of performance to assist prospective investors with understanding the trends in financial performance and profitability.

- **Gross profit** is calculated as revenue less costs of sales;
- **EBITDA** is earnings before interest, tax, depreciation and amortisation expenses; and
- **EBIT** is earnings before interest and tax expenses.

6.3 Historical Statements of Profit or Loss and Other Comprehensive Income

Set out below is a summary of Bojun China's historical Statements of Profit or Loss and Other Comprehensive Income for FY2014, FY2015, FY2016 and 1H2017.

Table 2: Bojun China historical Statements of Profit or Loss and Other Comprehensive Income

	US\$				A\$			
\$000s	FY2014	FY2015	FY2016	1H2017	FY2014	FY2015	FY2016	1H2017
Revenue	18,208	27,620	45,422	26,929	19,847	35,354	61,774	35,816
Less: Cost of sales	(10,706)	(17,386)	(32,322)	(19,989)	(11,670)	(22,254)	(43,957)	(26,586)
Gross profit	7,502	10,234	13,100	6,940	8,177	13,100	17,816	9,230
Other income	40	122	181	170	43	156	246	227
Selling and distribution expenses	(1,053)	(1,466)	(2,292)	(1,323)	(1,148)	(1,877)	(3,117)	(1,760)
Administrative expenses	(385)	(491)	(573)	(312)	(420)	(629)	(779)	(415)
Research and development expenses	(876)	(1,065)	(1,356)	(626)	(955)	(1,364)	(1,844)	(833)
EBITDA	5,227	7,334	9,060	4,849	5,698	9,387	12,322	6,449
Depreciation and amortisation	(255)	(283)	(293)	(134)	(278)	(362)	(399)	(179)
EBIT	4,972	7,051	8,767	4,714	5,420	9,026	11,923	6,270
Interest income	3	2	2	1	4	3	2	1
Profit before income tax	4,976	7,054	8,769	4,715	5,423	9,029	11,926	6,271
Income tax expense	(1,251)	(1,067)	(1,306)	(631)	(1,364)	(1,366)	(1,776)	(839)
Profit for the year	3,725	5,987	7,463	4,084	4,060	7,663	10,150	5,432
Other comprehensive income/(loss)								
Exchange differences	(30)	(802)	(1,313)	(987)	(32)	(1,026)	(1,786)	(1,312)
Total comprehensive income	3,695	5,185	6,150	3,098	4,028	6,637	8,364	4,120

Notes:

1. All amounts disclosed in the tables unless otherwise noted are rounded to the nearest \$1,000. Rounding in the Financial Information may result in some immaterial rounding differences between totals and sums of components and the total percentage calculations outlined within tables, figures and commentary.
2. US dollar financial information has been translated into Australian dollars at the average exchange rate for the relevant financial period, being 1.09 for FY2014, 1.28 for FY2015, 1.36 for FY2016 and 1.33 for 1H2017.

06. FINANCIAL INFORMATION (CONTINUED)

6.4 Historical Statements of Cash Flows

Set out below is a summary of Bojun China's historical Statements of Cash Flows for FY2014, FY2015, FY2016 and 1H2017.

Table 3: Bojun China historical Statements of Cash Flows

	US\$				A\$			
\$000'S	FY2014	FY2015	FY2016	1HFY17	FY2014	FY2015	FY2016	1HFY17
EBITDA	5,227	7,334	9,060	4,849	5,698	9,387	12,322	6,449
Movement in working capital	(1,394)	(7,711)	(5,880)	(2,758)	(1,519)	(9,870)	(7,996)	(3,669)
Net cash flow from operating activities before investing activities, financing activities and tax	3,834	(377)	3,181	2,090	4,179	(483)	4,326	2,780
Purchase of Property, Plant & Equipment	(85)	(220)	(115)	(67)	(92)	(282)	(156)	(90)
Net cash flow before interest, tax and financing activities	3,749	(597)	3,066	2,023	4,086	(765)	4,170	2,690
Interest income	3	2	2	1	4	3	2	1
Income taxes paid	(1,247)	(1,042)	(1,237)	(681)	(1,359)	(1,334)	(1,682)	(905)
Exchange differences	23	(488)	(1,220)	(888)	25	(625)	(1,660)	(1,181)
Net Cash flow	2,528	(2,126)	610	456	2,756	(2,721)	830	606

Notes:

1. All amounts disclosed in the tables unless otherwise noted, are rounded to the nearest \$1,000. Rounding in the Financial Information may result in some immaterial rounding differences between totals and sums of components and the total percentage calculations outlined within tables, figures and commentary.
2. US dollar financial information has been translated into Australian dollars at the average exchange rate for the relevant financial period, being 1.09 for FY2014, 1.28 for FY2015, 1.36 for FY2016 and 1.33 for 1H2017.

6.5 Pro-forma historical consolidated Statement of Financial Position

6.5.1 Overview

Set out in the table below are the adjustments that have been made to the Statement of Financial Position of Bojun China as at 31 March 2017 to present the pro-forma consolidated Statement of Financial Position of Bojun. The adjustments include the impact of the change in capital structure that will be in place immediately following completion of the Offer, as if the Offer had occurred as at 31 March 2017. These adjustments include assumptions relating to matters that are known as at the date of the Prospectus.

Table 4: Bojun pro-forma historical consolidated Statement of Financial Position as at 31 March 2017

					Minimum subscription	Maximum subscription	
\$000s	31-Mar-17 Bojun China USD	31-Mar-17 Bojun China AUD	Notes	Pro forma adjustments	Bojun Pro forma	Pro forma adjustments	Bojun Pro forma
Current assets							
Cash and cash equivalents	6,546	8,575	1	5,552	14,127	9,634	18,209
Inventory	8,808	11,539		-	11,539	-	11,539
Trade and other receivables	16,791	21,996	2	(615)	21,381	(615)	21,381
Prepayments	3	4		-	4	-	4
Total current assets	32,148	42,114		4,937	47,051	9,018	51,132
Non-current assets							
PP&E	1,583	2,074		-	2,074	-	2,074
Land use rights	1,345	1,762		-	1,762	-	1,762
Biological assets	-	-	3	87	87	87	87
Deferred tax asset	-	-	4	653	653	868	868
Total non-current assets	2,928	3,836		740	4,576	955	4,791
Total assets	35,076	45,950		5,677	51,626	9,974	55,923
Current liabilities							
Trade and other payables	361	473		-	473	-	473
Deferred revenue	51	67		-	67	-	67
Taxes payable	746	977		-	977	-	977
Total current liabilities	1,158	1,517		-	1,517	-	1,517
Total non-current liabilities	-	-		-	-	-	-
Total liabilities	1,158	1,517		-	1,517	-	1,517
Net assets	33,918	44,432		5,677	50,109	9,974	54,406
Equity							
Share capital	870	1,140	5	6,309	7,448	10,544	11,683
Statutory reserve fund	1,121	1,468		-	1,468	-	1,468
Retained earnings	34,019	44,565	6	(632)	43,933	(570)	43,995
Other comprehensive (loss)	(2,092)	(2,741)		-	(2,741)	-	(2,741)
Total equity	33,918	44,432		5,677	50,109	9,974	54,406

Notes:

1. All amounts disclosed in the tables are unless otherwise noted rounded to the nearest \$1,000. Rounding in the Financial Information may result in some immaterial rounding differences between totals and sums of components and the total percentage calculations outlined within tables, figures and commentary.
2. All amounts disclosed in the above table have been translated from the reporting currency of US dollars to Australian dollars at the closing rate applicable as at 31 March 2017 being 1.31.

06. FINANCIAL INFORMATION (CONTINUED)

6.5.2 Pro-forma adjustments to Statement of Financial Position

Note 1 – Cash and cash equivalents

CASH AND CASH EQUIVALENTS	Pro-forma after Offer	
\$000	Minimum	Maximum
Reviewed balance of Bojun China as at 31 March 2017	8,575	8,575
<i>Pro-forma adjustments:</i>		
Acquisition cost of orchard purchased	(87)	(87)
Proceeds from shares issued under the Offer	7,200	12,000
Offer costs to be settled from Offer proceeds	(1,561)	(2,280)
	5,552	9,633
Pro-forma Balance	14,127	18,209

As discussed above, Bojun China acquired an orchard for A\$87,000 subsequent to 31 March 2017. The Offer is expected to raise a minimum of A\$7.2 million and a maximum of A\$12.0 million before payment of Offer costs. Offer costs incurred subsequent to 31 March 2017 are expected to total between approximately A\$1.6 million (minimum) and A\$2.3 million (maximum) (inclusive of non-recoverable GST where applicable).

Note 2 – Trade and other receivables

TRADE AND OTHER RECEIVABLES	Pro-forma after Offer	
\$000	Minimum	Maximum
Reviewed balance of Bojun China as at 31 March 2017	21,996	21,996
<i>Pro-forma adjustments:</i>		
Prepaid assets relating to Offer costs	(615)	(615)
	(615)	(615)
Pro-forma Balance	21,381	21,381

Bojun China has prepaid A\$0.6 million relating to Offer costs as at 31 March 2017 which has been adjusted against the Trade and Other Receivables balance.

Note 3 – Biological assets

BIOLOGICAL ASSETS	Pro-forma after Offer	
\$000	Minimum AUD	Maximum AUD
Reviewed balance of Bojun China as at 31 March 2017	-	-
<i>Pro-forma adjustments:</i>		
Acquisition cost of orchard purchased	87	87
Pro-forma Balance	87	87

Subsequent to 31 March 2017, Bojun China acquired an orchard to be used as the Company's experimental base for fruit trees breeding, pest defence and other scientific research for A\$87,000 which has been considered as a biological asset.

Note 4 – Deferred tax asset

DEFERRED TAX ASSET	Pro-forma after Offer	
\$000	Minimum	Maximum
Reviewed balance of Bojun China as at 31 March 2017	–	–
<i>Pro-forma adjustments:</i>		
Deferred tax asset relating to capital raising costs	653	868
	653	868
Pro-forma Balance	653	868

Offer costs are expected to total between approximately A\$2.2 million (minimum) to A\$2.9 million (maximum). It is assumed the Offer costs are deductible to the Company for tax purposes over five years, resulting in deferred tax assets of A\$0.7 million (minimum) and A\$0.9 million (maximum).

Note 5 – Share Capital

SHARE CAPITAL	Pro-forma after Offer	
\$000	Minimum	Maximum
Reviewed balance of Bojun China as at 31 March 2017	1,140	1,140
<i>Pro-forma adjustments:</i>		
Proceeds from shares issued under the Offer	7,200	12,000
Offer costs in relation to new equity raised	(891)	(1,456)
	6,309	10,544
Pro-forma Balance	7,448	11,683

Prior to the Offer, the Company had paid up share capital of A\$1.1 million. Under the Offer, the Company will raise a minimum of A\$7.2 million and a maximum of A\$12.0 million. Offer costs directly attributable to the new equity raised are booked against share capital.

Note 6 – Retained Earnings

RETAINED EARNINGS	Pro-forma after Offer	
\$000	Minimum	Maximum
Reviewed balance of Bojun China as at 31 March 2017	44,565	44,565
<i>Pro-forma adjustments:</i>		
Offer costs in relation to listing of existing equity	(632)	(570)
	(632)	(570)
Pro-forma Balance	43,933	43,995

Offer costs in relation to listing of existing equity are booked against retained earnings totalling A\$0.6 million under the minimum and maximum scenarios respectively.

06. FINANCIAL INFORMATION (CONTINUED)

6.6 Management Discussion and Analysis of the Financial Information

The management discussion and analysis (MD&A) below relates to the Bojun China historical Statements of Profit or Loss and Other Comprehensive Income and Statements of Cash Flows and should be read in conjunction with the description of the basis upon which the information has been prepared.

The MD&A provides a brief discussion of the general factors which affected Bojun China's historical operating and financial performance between FY2014 and 1H2017. The discussion of these general factors is intended to provide a summary only and does not detail all the factors that affected Bojun China's historical operating and financial performance.

The information in this Section should also be read in conjunction with the risk factors set out in Section 9 and other information contained in this Prospectus.

6.6.1 Year on year management discussion and analysis

6.6.1.1 FY2014 compared to FY2015

Table 5: Selected financial performance items

	A\$		
\$'000's	FY2014	FY2015	Change (%)
Revenue	19,847	35,354	78.1%
Less: Cost of sales	(11,670)	(22,254)	90.7%
Gross profit	8,177	13,100	60.2%
<i>Gross profit %</i>	41.2%	37.1%	
Other income	43	156	262.8%
Operating expenses	(2,523)	(3,869)	53.4%
EBITDA	5,698	9,387	64.8%
<i>EBITDA %</i>	28.7%	26.6%	
EBIT	5,420	9,026	66.5%
<i>EBIT%</i>	27.3%	25.5%	

Revenue

Bojun China expanded its scale of operations in FY2015 with the addition of two provincial-level agents in the Fujian and Sichuan Provinces respectively, which contributed to the 78.1% increase in revenues from A\$19.8 million in FY2014 to A\$35.4 million in FY2015.

Gross profit %

An increase in the discount rate for sales agents in October 2014 and the increase in discount rates for both fruit confections and fruit vinegar resulted in a decrease in gross profit margins from 41.2% in FY2014 to 37.1% in FY2015.

Operating expenses

As part of the expansion of its activities in FY2015, in addition to the appointment of two agents in the Fujian and Sichuan Province respectively, the Company also actively carried out brand promotion activities which contributed to an increase in Selling and distribution expenses from A\$1.1 million in FY2014 to A\$1.5 million in FY2015.

Further, there was a corresponding increase in freight outwards and salary related expenses that also contributed to a 53.4% increase in the level of operating expenses between FY2014 and FY2015.

EBITDA margins

The increase in revenue by 78.1% during FY2015 partially offset the impact of a decline in gross profit margins and the growth in operating expenses during the year resulting in a decline in EBITDA margins from 28.7% in FY2014 to 26.6% in FY2015. Reported EBITDA of A\$5.7 million in FY2014 increased 64.8% to A\$9.4 million in FY2015.

6.6.1.2 FY2015 compared to FY2016

Table 6: Selected financial performance items

	A\$		
\$000's	FY2015	FY2016	Change (%)
Revenue	35,354	61,774	74.7%
Less: Cost of sales	(22,254)	(43,957)	97.5%
Gross profit	13,100	17,816	36.0%
<i>Gross profit %</i>	<i>37.1%</i>	<i>28.8%</i>	
Other income	156	246	57.2%
Operating expenses	(3,869)	(5,740)	48.4%
EBITDA	9,387	12,322	31.3%
<i>EBITDA %</i>	<i>26.6%</i>	<i>19.9%</i>	
EBIT	9,026	11,923	32.1%
<i>EBIT%</i>	<i>25.5%</i>	<i>19.3%</i>	

Revenue

The Company further expanded its operations during FY2016 with the appointment of three provincial-level agents in the Guangdong, Guangxi and Hunan Provinces which resulted in the Company having a total of eight provincial-level agents selling fruit confection and fruit vinegar products in eight provinces at the end of FY2016. This coupled with the development of the fruit vinegar market led to an increase in the sales volumes of the original five agents and led to the overall growth in revenues by 74.7% during FY2016 as compared to FY2015.

Gross profit %

In order to further promote sales and enhance the competitiveness of its products, Bojun China adjusted the discount rate to sales agents during October 2015 which impacted gross profit margins (decrease from 37.1% in FY2015 to 28.8% in FY2016).

Operating expenses

As part of Bojun China's continued expansion into newer provinces during the year, there was an increase in selling and distribution expenses. Additionally, to support its expansion, the Company increased its sales staff from 17 at the end of FY2015 to 26 at the end of 2016 with a corresponding growth in salary expenses.

The impact of the above led to an increase in operating expenses by 48.4% from A\$3.9 million in FY2015 to A\$5.7 million in FY2016

EBITDA margins

Although there was a 74.7% increase in revenues during the year, the impact of the decline in gross profit margins and the 48.4% increase in operating expenses during the year contributed to the decline in EBITDA margins from 26.6% in FY2015 to 19.9% in FY2016. Reported EBITDA of A\$9.4 million in FY2015 increased 31.3% to A\$12.3 million in FY2016.

06. FINANCIAL INFORMATION (CONTINUED)

6.6.1.3 1H2016 compared to 1H2017

Table 7: Selected financial performance items

	A\$		
\$000's	1H2016 ¹	1H2017	Change (%)
Revenue	26,979	35,816	32.8%
Less: Cost of sales	(18,849)	(26,586)	41.0%
Gross profit	8,130	9,230	13.5%
<i>Gross profit %</i>	<i>30.1%</i>	<i>25.8%</i>	
Other income	50	227	352.7%
Operating expenses	(3,002)	(3,008)	0.2%
EBITDA	5,178	6,449	24.5%
<i>EBITDA %</i>	<i>19.2%</i>	<i>18.0%</i>	
EBIT	4,972	6,270	26.1%
<i>EBIT%</i>	<i>18.4%</i>	<i>17.5%</i>	

Revenue

The primary driver of revenue growth during 1H2017 was the increase in revenue from sales of fruit cider vinegar and fruit confection products by 58% and 26% respectively.

Gross profit %

The decrease in gross profit margins by approximately 4% during 1H2017 was due to the change in the sales discount offered to agents for both the fruit confection and fruit cider vinegar product range.

Operating expenses

Operating expenses have remained flat between 1H2016 and 1H2017.

EBITDA margins

The decrease in the gross profit margins as discussed above was offset by an increase in other income and a flat level of operating expenses during 1H2017, which contributed to EBITDA margins decreasing from 19.2% in 1H2016 to 18.0% during 1H2017. Reported EBITDA of A\$5.2 million in 1H2016 increased 24.5% to A\$6.4 million in 1H2017.

Note 1: Wei Wei has not reviewed or audited the financial information of Bojun China for the six-month period ended 31 March 2016 (1H2016), which has been extracted from the 1H2016 Bojun China financial statements and included for MD&A comparative purpose only.

6.7 Debt facilities

Immediately following completion of the Offer, the Company will have no bank debt or borrowings.

6.8 Commitments

As at 31 March 2017, the Company had no operating or finance lease commitments.

6.9 Liquidity and Capital Resources

Following Completion of the Offer, the Company's principal sources of funds will be cash flow from operations and proceeds from the Offer.

6.10 Dividend Policy

The ability to pay dividends depends on a number of factors. Dividends paid out of profits generated outside of Australia will be unfranked. The Directors do not provide any assurance of the future level of dividends or the extent to which they are franked, and there may be periods in respect of which dividends are not paid.

6.11 Significant Accounting Policies

The significant accounting policies adopted in the preparation of the financial information are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

6.11.1 Basis of preparation

The financial information has been prepared in accordance with International Financial Reporting Standards.

Historical cost convention

The financial information has been prepared under the historical cost basis, except for assets and liabilities required to be measured at fair value.

Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Functional currency and foreign currency translation

The Company's functional currency is the Renminbi ("RMB") and all the company assets are located in the People's Republic of China.

6.11.2 Revenue recognition

Revenue from the sale of goods in the course of ordinary activities is measured at the amount of the consideration received or receivable, net of estimated returns, trade discounts and volume rebates. Revenue is recognized when persuasive evidence exists that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

There are two streams of revenue in the normal course of the Company's business: sales of fruit vinegar and sales of fruit confections.

Sales of fruit vinegar and fruit confections

Sales of fruit vinegar and fruit confections are recognised when the title to the goods has been passed to the customer, which is at the date when the customer receives and accepts the goods, and collectability of the related receivable is reasonably assured.

6.11.3 Income taxes

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

Deferred taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. A valuation allowance is established to reduce deferred tax assets to the amount expected to be realized.

Revenues, expenses and assets are recognized net of the amount of sales tax. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

06. FINANCIAL INFORMATION (CONTINUED)

6.11.4 Non-derivative financial assets

The Company initially recognizes trade and other receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following non-derivative financial assets: cash and cash equivalents and trade and other receivables.

6.11.5 Cash and cash equivalents

Cash and cash equivalents are comprised of cash balances, money market funds and short-term investments with original maturities of three months or less.

6.11.6 Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial, non-current trade and other receivables are measured at amortized cost using the effective interest method, less any impairment losses.

6.11.7 Non-derivative financial liabilities

The Company recognizes the liabilities on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. The Company has the following non-derivative financial liabilities: trade and other payables. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs.

6.11.8 Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated and adjusted accordingly.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognized in profit and loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

The Company has the following non-financial assets: property, plant and equipment, land use rights, inventory and prepayments.

6.11.9 Property, plant and equipment

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognized net within other income (loss) in the statements of profit or loss and other comprehensive income.

The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in the statements of comprehensive income as incurred.

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value, if any. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current period are as follows:

Buildings and building improvement	5-20 years
Production equipment	5-10 years
Motor vehicles	4 years
Furniture and office equipment	3-5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

6.11.10 Land use rights

Land use rights are stated at cost less accumulated amortisation and accumulated impairment losses. Cost represents consideration prepaid for the rights to use the land over a period of 50 years. Amortisation of land use rights is calculated on a straight line basis over the 50-year period.

6.11.11 Inventory

Inventory is stated at the lower of cost or net realizable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity).

Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

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

06. FINANCIAL INFORMATION (CONTINUED)

6.11.12 Impairment

A financial asset not carried at fair value through profit and loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The Company considers evidence of impairment for trade and other receivables at both a specific asset and collective levels. All individually significant accounts receivable are assessed for specific impairment. All individually significant accounts receivable found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Trade and other receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

6.11.13 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

6.11.14 Statutory reserve fund

Pursuant to corporate law of the PRC, the Company is required to transfer 10% of its profit, as determined under PRC accounting rules and regulations, to a statutory reserve fund until such reserve balance reaches 50% of the Company's registered capital. The statutory reserve fund is non-distributable other than during liquidation and can be used to fund previous years' losses, if any, and may be utilized for business expansion or used to increase registered capital, provided that the remaining reserve balance after use is not less than 25% of registered capital.

6.11.15 Government grants

Grants from the government are recognised at fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all required conditions.

Government grants relating to costs are deferred and recognised in the statements of profit or loss and other comprehensive income as other income over the period necessary to match them with the costs that they are related to.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred government grants and are recognised in the statements of profit or loss and other comprehensive income as other income on a straight-line basis over the expected lives of the related assets.

6.11.16 Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Inventory

The fair value of inventory is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventory.

Trade and other receivables

Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value. The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

6.11.17 New Accounting Standards and Interpretations not yet adopted

A number of new standards, amendments to standards and interpretations have been issued since 30 September 2016 up to the date of authorization of the financial statements which are not yet effective and have not been applied in preparing these financial statements. None of these new standards or amendments to standards when effective are expected to have a material effect on the financial statements of the Company except for the following:

IFRS 15 – Revenue from Contracts with Customers, which is effective, after amendment, for periods beginning on or after 1 January 2018. IFRS 15 sets forth the requirements for recognizing revenue that applies to all contracts with customers. The Company is in the process of determining the possible effects, if any, on its financial reporting.

IFRS 16 – Leases, which is effective for periods on or after 1 January 2019. IFRS 16 principally requires lessees to recognise assets and liabilities for all leases with terms longer than 12 months and to present the rights and obligations associated with these leases in the statement of financial position. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are treated in a similar way to finance leases applying IAS 17. The Company is in the process of determining the possible effects on its financial reporting.

07.

INVESTIGATING ACCOUNTANT'S REPORT



07. INVESTIGATING ACCOUNTANT'S REPORT



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The Directors
Bojun Agriculture Holdings Limited
Level 27, 50 Bridge Street
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28 August 2017

Dear Directors

INVESTIGATING ACCOUNTANT'S REPORT

Introduction

BDO Corporate Finance (East Coast) Pty Ltd ("**BDO Corporate Finance**") has been engaged by Bojun Agriculture Holdings Limited ("**Bojun**" or "**the Company**") to prepare this Investigating Accountant's Report ("**Report**") in relation to certain financial information of the Company, for the initial public offering of shares in the Company which wholly owns Jiangxi Bojun Ecological Agriculture Development Co., Limited ("**Bojun China**"), for inclusion in a prospectus proposed to be issued on or about 29 August 2017 ("**Prospectus**").

Unless stated otherwise in this Report, expressions defined in the Prospectus have the same meaning in this Report.

This Report has been prepared for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this Report or on the financial information to which it relates for any purpose other than that for which it was prepared.

Scope

You have requested BDO Corporate Finance to perform a limited assurance engagement in relation to the pro forma historical financial information described below and disclosed in the Prospectus.

The pro forma historical financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

Our limited assurance engagement has not been carried out in accordance with auditing or other standards and practices generally accepted in any jurisdiction other than Australia and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

BDO Corporate Finance (East Coast) Pty Ltd ABN 70 050 038 170 AFS Licence No. 247 420 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Corporate Finance (East Coast) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.

07. INVESTIGATING ACCOUNTANT'S REPORT (CONTINUED)



Pro Forma Historical Financial Information

You have requested BDO Corporate Finance to review the following pro forma historical financial information (the “**Pro Forma Historical Financial Information**”) of the Company included in the Prospectus:

- the pro forma historical consolidated Statement of Financial Position as at 31 March 2017.

The Pro Forma Historical Financial Information has been derived from the historical financial information of Bojun China, after adjusting for the effects of pro forma adjustments described in section 6.5 of the Prospectus. The stated basis of preparation is the recognition and measurement principles contained in International Financial Reporting Standards applied to the historical financial information and the event(s) or transaction(s) to which the pro forma adjustments relate, as described in section 6.2.3 of the Prospectus, as if those event(s) or transaction(s) had occurred as at the date of the historical financial information. Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position.

The Pro Forma Historical Financial Information has been compiled by the Company to illustrate the impact of the event(s) or transaction(s) described in Section 6.5 of the Prospectus on the Company's financial position as at 31 March 2017. As part of this process, information about Bojun China's financial position has been extracted by the Company from the financial statements of Bojun China for the half year ended 31 March 2017.

The financial statements of Bojun China for the half year ended 31 March 2017 were reviewed by Wei, Wei & Co, LLP in accordance with International Standards on Auditing. Wei, Wei & Co., LLP issued an unqualified review opinion on the financial report relating to those financial statements.

Directors' Responsibility

The directors of the Company are responsible for the preparation and presentation of the Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the historical financial information and included in the Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of Pro Forma Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express limited assurance conclusions on the Pro Forma Historical Financial Information, based on our limited assurance engagement. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

The procedures we performed were based on our professional judgement and included consideration of work papers, accounting records and other documents, including those dealing with the derivation of the Historical Financial Information of Bojun China from its audited financial statements for the years ended 30 September 2014, 30 September 2015 and 30 September 2016 respectively and the reviewed financial statements for the half year ended 31 March 2017.

Our limited assurance procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with



Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or limited assurance reports on any financial information used as a source of the financial information.

Conclusions

Pro Forma Historical Financial information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information as described in section 6.5 of the Prospectus, and comprising:

- the pro forma historical consolidated Statement of Financial Position of the Company as at 31 March 2017;

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 6.2.3 of the Prospectus.

Subsequent Events

Apart from the matters dealt with in this Report, and having regard to the scope of this Report and the information provided by the Directors, to the best of our knowledge and belief no material transaction or event outside of the ordinary business of the Company not described in the Prospectus, has come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

Independence

BDO Corporate Finance is a member of BDO International Ltd. BDO Corporate Finance does not have any interest in the outcome of the proposed IPO other than in connection with the preparation of this Report and participation in due diligence procedures, for which professional fees will be received.

General Advice Warning

This Report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to be a substitute for professional advice and potential investors should not make specific investment decisions in reliance on the information contained in this Report. Before acting or relying on any information, potential investors should consider whether it is appropriate for their objectives, financial situation or needs.

Without modifying our conclusions, we draw attention to the Prospectus, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

BDO Corporate Finance has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. At the date of this Report this consent has not been withdrawn. However, BDO Corporate Finance has not authorised the issue of the Prospectus. Accordingly, BDO Corporate Finance makes no representation regarding, and takes no responsibility for, any other statements or material in or omissions from the Prospectus.

07. INVESTIGATING ACCOUNTANT'S REPORT (CONTINUED)



Financial Services Guide

Our Financial Services Guide follows this Report. This guide is designed to assist retail clients in their use of any general financial product advice in our Report.

Yours faithfully

A handwritten signature in black ink, appearing to read "G. Ellis". The signature is fluid and cursive, with a small horizontal line at the end.

Greg Ellis

Director and Representative



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Financial Services Guide

This Financial Services Guide is issued in relation to an investigating accountant's report ("Report") prepared by BDO Corporate Finance (East Coast) Pty Limited (ABN 70 050 038 170) ("BDO Corporate Finance") at the request of the directors ("Directors") of Bojun Agriculture Holdings Limited ("Company") to provide general financial product advice in the form of a Report in relation to the initial public offering of shares in the Company ("Proposal"). The Report is intended to accompany a Prospectus ("Document") that is to be provided by the Directors to help potential investors make an information decision in relation to the financial product.

Engagement

BDO Corporate Finance has been engaged by the Directors to prepare the Report expressing our opinion in respect of the pro-forma historical financial information to be included in the Document to be issued in connection with the Proposal.

Financial Services Guide

BDO Corporate Finance holds an Australian Financial Services Licence (Licence No: 247420) ("Licence"). As a result of our Report being provided to you BDO Corporate Finance is required to issue to you, as a retail client, a Financial Services Guide ("FSG"). The FSG includes information on the use of general financial product advice and is issued so as to comply with our obligations as holder of a Licence.

Financial services BDO Corporate Finance is licenced to provide

The Licence authorises BDO Corporate Finance to provide reports for the purposes of acting for and on behalf of clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate restructures or share issues, to carry on a financial services business to provide general financial product advice for securities and certain derivatives to retail and wholesale clients.

BDO Corporate Finance provides financial product advice by virtue of an engagement to issue the Report in connection with the issue of securities of another person.

Our Report includes a description of the circumstances of our engagement and identifies the party who has engaged us. You have not engaged us directly but will be provided with a copy of our Report (as a retail client) because of your connection with the matters on which our Report has been issued.

Our Report is provided on our own behalf as an Australian Financial Services Licensee authorised to provide the financial product advice contained in the Report.

General financial product advice

Our Report provides general financial product advice only, and does not provide personal financial product advice, because it has been prepared without taking into account your particular personal circumstances or objectives (either financial or otherwise), your financial position or your needs.

Some individuals may place a different emphasis on various aspects of potential investments.

An individual's decision in relation to the Proposal described in the Document may be influenced by their particular circumstances and, therefore, individuals should seek independent advice.

Benefits that BDO Corporate Finance may receive

BDO Corporate Finance has charged fees for providing our Report. The basis on which our fees will be determined has been agreed with, and our fees will be paid by, the person who engaged us to provide the Report. Our fees have been agreed on either a fixed fee or time cost basis.

BDO Corporate Finance will receive a fee of approximately \$80,000 (plus GST and disbursements) in relation to the preparation of the Report. The fee is not contingent upon the outcome of the Proposal, and accordingly, does not have any pecuniary or other interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased opinion in relation to the Proposal.

Remuneration or other benefits received by our employees

All our employees receive a salary. Employees may be eligible for bonuses based on overall productivity and contribution to the operation of BDO Corporate Finance or related entities but any bonuses are not directly connected with any assignment and in particular are not directly related to the engagement for which our Report was provided.

Referrals

BDO Corporate Finance does not pay commissions or provide any other benefits to any parties or person for referring customers to us in connection with the reports that BDO Corporate Finance is Licenced to provide.

Associations and relationships

BDO Corporate Finance is a member of a national association of independent entities which are all members of BDO (Australia) Ltd, an Australian company limited by guarantee. BDO Corporate Finance and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms.

BDO Corporate Finance's contact details are as set out on our letterhead.

Complaints resolution

As the holder of a Licence, we are required to have a process for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to The Complaints Officer, BDO Corporate Finance (East Coast) Pty Limited, Level 10, 1 Margaret Street, Sydney NSW 2000.

On receipt of a written complaint we will record the complaint, acknowledge receipt of the complaint and seek to resolve the complaint as soon as practical. If we cannot reach a satisfactory resolution, you can raise your concerns with the Financial Ombudsman Service Limited ("FOS"). FOS is an independent body established to provide advice and assistance in helping resolve complaints relating to the financial services industry. BDO Corporate Finance is a member of FOS. FOS may be contacted directly via the details set out below.

Financial Ombudsman Service Limited
GPO Box 3
Melbourne VIC 3001

Toll free: 1300 78 08 08
Email: info@fos.org.au

08.

INVESTING IN PRC BASED BUSINESSES



08. INVESTING IN PRC BASED BUSINESSES

8.1 Overview of the Market

PRC is currently the second largest economy in the world with a high growth in GDP. Notwithstanding its size and growth, it continues to be a developing country with major economic divisions between urban and rural areas. PRC is also a member of the World Trade Organisation and is developing an increasingly open economy.

Since 1979, the PRC's legislative bodies have passed laws and regulations dealing with such economic matters as foreign investment, corporate organization and governance, commerce, taxation and trade. The legislative tendency since then has been to grant increased protection to foreign investors. In this way, significant progress has been made in the legal system of the PRC.

Despite significant improvement in developing its legal system, there remain uncertainties and/or inconsistencies in the enforcement of existing laws and regulations. Most current PRC legislation has been passed relatively recently. As a result, there is a lack of established practice regarding the implementation, interpretation and enforcement of these laws. For this reason, the interpretation of these laws and regulations may be more volatile and less predictable.

8.2 PRC Legal System

The PRC legal system is based on the Constitution of the PRC and comprises written laws, administrative regulations and directives. Decided cases do not constitute binding precedents.

The National People's Congress of China (NPC) and Standing Committee of NPC (SCNPC) are authorized by the Constitution of PRC to exercise the legislative power of the state to modify the Constitution of PRC and to pass and modify laws.

The State Council is the highest authority of state administration and has the power to pass administrative rules and regulations.

At the regional level, the standing committees of the people's congresses of provinces and municipalities may pass local rules and regulations and the people's government may publicize administrative rules and directives applicable to their own administrative areas. Rules, regulations or directives may be passed or issued at the provincial or municipal level.

8.3 Judicial System

The People's Courts are the judicial structures of PRC and comprise of the local people's courts, military courts and other special courts, and the Supreme People's Court. The local people's courts are divided into three levels, namely, the basic people's courts, intermediate people's courts and high people's courts. There are also special courts, such as military courts, maritime courts, and rail transport courts.

A foreign individual or foreign enterprise is conferred the same litigation rights and obligations as a citizen or legal person of PRC, except where the courts of a foreign country impose restrictions on the civil litigation rights of the citizens, legal persons or other organizations, the People's Courts of PRC shall follow the principle of reciprocity regarding the civil litigation rights of the citizens, enterprises and organizations of that foreign country.

8.4 Dispute Resolution

Arbitration is the most traditional and well-known form used in the dispute resolution out of court. Arbitration is characterized by flexibility and mutual acceptance of means of conflict resolution. Recently, commercial parties often seek less formal and more efficient means to settle their disputes, such as mediation.

Mediation is a process in which disputing parties are aided by a neutral third party to attempt to settle their dispute. Mediation, unlike arbitration, is not generally binding. The parties may, however, agree to enter into a settlement agreement. Mediation is voluntary and non-binding and its process is under the control of the parties themselves. Settlement will be reached only if it is acceptable to all the parties. If mediation fails, the dispute usually will go on to arbitration or litigation.

Under the Arbitration Law, an arbitral award is final and binding on parties and if a party fails to comply with the award, the other party to the award may apply to the people's court for enforcement.

Whereas the award is cancelled or void under a rule by the People's Court, the parties concerned may reach another agreement for arbitration and apply for arbitration or bring a suit in the people's court.

08. INVESTING IN PRC BASED BUSINESSES (CONTINUED)

8.5 Foreign Exchange

The main law governing foreign currency exchange in PRC is the Regulations of the PRC on Foreign Exchange Control. PRC's national currency, Renminbi, is commonly freely convertible for payments of current account items, such as trade and service related foreign exchange transactions and dividend payments but not freely convertible for capital account items such as capital transfer, direct investment, investment in securities, derivative services or loan unless prior approval of State Administration of Foreign Exchange (**SAFE**) or its local counterparts is obtained.

8.6 Dividend Distribution

Profits of the Group are generated in China and under the PRC Company Law, a WFOE may remit profits generated in China to overseas only if the relevant restrictions are complied with. Pursuant to Article 166 of Company Law of the People's Republic of China, companies shall contribute 10% of the profits into their statutory common reserve upon distribution of their after-tax profits of the current year, until the aggregate balance of the statutory common reserve fund reaches 50% of the WFOE's registered capital. As a result, the Company will need to set aside part of its annual after-tax profit to the statutory common reserve fund every year in the short run. This may reduce the pool of funds that is available to be distributed as dividends to investors in their first few years of investing in the Company.

Tax Law prescribes a withholding tax rate of 10% on dividends and other PRC sourced passive income of non-resident enterprise, unless any such foreign investor's jurisdiction of incorporation has a tax treaty with PRC that provides for a preferential withholding arrangement. Pursuant to the Arrangement between mainland PRC and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income signed on August 21, 2006 (the Hong Kong Tax Treaty), a company incorporated in Hong Kong will be subject to withholding income tax at a rate of 5% on dividends it receives from its PRC subsidiary if it holds a 25% or more interest in that particular PRC subsidiary, or 10% if it holds less than a 25% interest in that subsidiary. In addition, the State Administrative of Taxation of China (**SAT**) promulgated a tax notice on 27 October 2009, or Circular 601, which provides that tax treaty benefits will be denied to "conduit" or shell companies without business substance, and a beneficial ownership analysis will be used based on a "substance-over-the-form" principle to determine whether or not to grant tax treaty benefits.

As a result, the dividend income received by Bojun HK from the WFOE is likely to be subject to a 5% withholding tax in accordance with the Hong Kong Tax Treaty. This is on the basis that Bojun HK (a company incorporated in Hong Kong) will receive dividends from WFOE (a company in which it holds a 100% interest). This however is subject to confirmation from the competent tax authority as it is not automatically applied. Should confirmation not be provided, then the dividends paid by WFOE will be subject to a 10% withholding tax.

8.7 Taxation

(a) General

There are numerous taxes imposed on PRC entities, many of which may impact the Company and its subsidiaries. The Company notes that PRC Companies are subject to the following taxes in PRC:

No	Description of Tax	Basic Rate
1	Enterprise Income Tax	25%
2	Value-added Tax	17%
3	Construction Tax	5%
4	Educational Tax	3%
5	Local Educational Surcharges	2%
6	Stamp Tax	0.03%

Set out below is a summary of these taxes.

(b) Value Added Tax

The sale of goods, repairs and replacement services and the provision of labour services in relation to the processing of goods and import of goods within PRC are subject to value added tax (VAT) and the VAT rate is generally 17% unless otherwise stipulated by laws.

(c) Additional Education Tax and the Local Additional Education Tax

Certain PRC institutions and individuals are required to pay the Additional Education Tax and the Local Additional Education Tax to promote the development of local education and expanding the funding sources for local education. PRC institutions and individuals are required to pay these taxes if they pay consumption tax, value-added tax or business tax.

As the PRC Companies pay value-added tax, they are required to pay:

- (i) the Additional Education Tax at a rate of 3% of the VAT paid; and
- (ii) the Local Additional Education Tax at a rate of 2% of the VAT paid.

(d) Urban Maintenance and Construction Tax

Certain PRC institutions and individuals are required to pay the Urban Maintenance and Construction Tax to promote maintenance and construction of urban public institutions and infrastructure. The PRC institutions and individuals are required to pay these taxes if they pay consumption tax, value-added tax or business tax. The rate of the Urban Maintenance and Construction Tax rate payable by the relevant PRC institutions and individuals depends on where that institution or individual is located.

As the PRC Companies pay value-added tax and is located in a place other than a city, county town or town, they are required to pay the Urban Maintenance and Construction Tax at the rate of 1% of the amount of the value-added tax paid by the PRC Companies.

(e) Stamp duty

Stamp duty is imposed on the execution or receipt in PRC of certain documents including contracts for purchases and sales, the undertaking of processing work, the contracting of construction and engineering projects, leases, commodity transport, warehousing, loans, property insurance, and technology. Stamp duty is also imposed on documentation affecting the transfer of property/shares, business account books and certificates evidencing rights and licences and other documents that are taxable as determined by the Ministry of Finance in PRC. Stamp duty rates vary for example, the transfer of shares in a PRC enterprise is 0.05% of the contract value for each party, and the purchase and sale contract is a 0.03% of the contract value.

(f) Individual income tax

Individual income tax (**IIT**) is imposed on all individuals, including both PRC and foreign nationals, residing in or deriving income from PRC. PRC residents are generally subject to tax on their worldwide income while non-residents are taxed on their PRC sourced income. IIT is imposed on income from wages and salaries from 3% to 45%, capital gains at 20% and interest, dividends, royalties at 20%.

(g) Other Taxes

Other taxes in PRC include customs duties for exports and imports, land appreciation tax, deed tax, real estate taxes, vehicle and vessel taxes and resource tax.

(h) Enterprise income tax

A resident enterprise is an enterprise that is established in PRC or which is established under the law of a foreign country (region) but whose actual institution of management is inside PRC. The PRC Companies are classified as a PRC resident enterprise. As a result, the PRC Companies are required to pay tax on income derived both outside and inside PRC at a rate of 25%.

A non-resident enterprise is an enterprise established under the law of a foreign country, whose actual institution of management is not inside PRC but which have offices or establishments inside PRC, or which does not have any offices or establishments inside PRC but has income sourced in PRC.

Based on information concerning relevant PRC laws and regulations provided by PRC advisors, the Directors have formed the view that the holding companies that are established outside of PRC are non-resident PRC enterprises. As non-resident PRC enterprises, they will be required to pay a 10% enterprise income tax on any income that is generated by these companies that is derived from PRC.

(i) Other Taxes

Other taxes in PRC include without limitation customs duties for exports and imports, land appreciation tax, deed tax, real estate taxes, vehicle and vessel taxes.

08. INVESTING IN PRC BASED BUSINESSES (CONTINUED)

8.8 Labour and Social Insurance

Major concerns for foreign invested enterprises operating in PRC are problems in hiring appropriately skilled labour, navigating many new and often vague labour and social safety net laws, limitations on the mobility of workers, and the shortage of independent trade unions as independent trade unions are illegal in PRC.

While worker protests and work stoppages occur frequently, the right to strike is not protected by law. Despite this, PRC labour laws largely meet international labour standards. However, implementation of existing labour regulations is poor.

Pursuant to the Labour Contract Law of the PRC, where an employer fails to conclude a written labour contract with an employee after the lapse of more than one month but less than one year as of the day when it begins to work, it shall pay to the employee his monthly wages at double amount. Where in violation of this Law, an employer fails to conclude with an employee a labour contract without fixed term, it shall pay to the employee his monthly wage at double amount, starting from the date on which a labour contract without fixed term should have been concluded. Meanwhile, according to the Regulation on the Implementation of the Labour Contract Law of the PRC, where an employer fails to conclude a written employment contract with an employee after the lapse of one full year from the day when the employee begins to work, under the Labour Contract Law, the employer shall pay his monthly wages in double amount from the day next to the lapse of a full month to the day before it is a full year since the employee's employment, and it shall be deemed that the employer has concluded an employment contract without a fixed term with the employee on the day when it is a full year since the employee's employment, and a written employment contract without a fixed term shall be concluded with the employee immediately.

Accordingly, wages paid in double amount is supported at the most for 11 months due to failing to conclude a written employment contract with an employee.

An employer and employee may, through negotiations, conclude a labour contract without a fixed term. Under any of the following circumstances, if the employee proposes or agrees to renew or conclude a labour contract, a labour contract without a fixed term shall be concluded unless the employee proposes to conclude a fixed-term labour contract.

- (a) The employee has already worked for the employer for 10 full years consecutively;
- (b) When the employer initially adopts the labour contract system or when a state-owned enterprise re-concludes the labour contract due to restructuring, the employee has already worked for this employer for 10 full years consecutively and the employee attains the age which is less than 10 years up to the statutory retirement age; or
- (c) The labour contract is to be renewed after two fixed-term labour contracts have been concluded consecutively, unless otherwise provided for by law.

An employer shall pay social insurance contributions including basic pension insurance, basic medical insurance, work-related injury insurance, underemployment insurance and maternity insurance and housing fund for the employees.

8.9 Environmental Laws

Bojun China's business operations must be carried out in compliance with all environmental legislation and regulations including the Environmental Protection Law. An environmental impact assessment report must be filed when applying for the establishment of Bojun China. A violation of PRC's Environmental Protection Law may result in fines, suspension of operation, closedown or criminal liabilities.

8.10 Regulatory

There are many laws and regulations which are applicable to the Group's operations in the PRC. Further information regarding these regulations is set out below:

Name of applicable law and regulation	Scope of the law and regulation
Food Safety Law of the People's Republic of China	This law is a basic law of China formulated to strengthen food safety supervision, food safety levels, and safeguard the safety and legal rights and interests of the people. As Bojun China is engaged in the activities of food production, processing, distribution, storage, and transportation, this law is materially applicable to all aspects of Bojun China's business.
Trademark Law of the People's Republic of China	This law is formulated for the purposes of strengthening trademark administration, protecting the rights to exclusively use trademarks, urging producers and dealers to guarantee the quality of products and services, maintaining the reputation of trademarks, protecting the interests of consumers, producing and dealers, and promoting the development of the socialist market economy.
Patent Law of the People's Republic of China	This law is formulated to provide protection to inventions. After passing an examination process, a patent applicant can be granted with exclusive rights to the patent for a specified time period. This law can ensure and protect Bojun China's exclusive rights to its inventions.
Tort Liability Law of the People's Republic of China	This law provides protection of the rights and interests of the people. It provides clear tort liability and sanctions and promotes social harmony and stability. It provides guidance on Bojun China's business operations, particularly in relation to personal injury, property damage, and other related matters.
Environmental Protection Law of the Peoples' Republic of China	This law is formulated to promote the protection and improvement of the natural environment, the rational use of natural resources, and the prevention of pollution and other public hazards. If an entity violates the provisions of the law, the relevant government departments may seize the offending facilities and assets.
Company Law of the Peoples' Republic of China	This law is a basic law of China formulated to regulate the conduct of companies, protect the rights and interests of companies and its stakeholders, and maintain social and economic order. This law influences Bojun China's management and operations.
Contract Law of the People's Republic of China	This law is formulated to regulate market transactions and is the main law in relation to contracts. It covers various areas of contracts, including contract formation, individual rights, and contract law protection. This law applies to Bojun China's contractual activities and protects the interests of the parties to the contract.
Labour Contract Law of the People's Republic of China	This law is formulated to provide clarity on the rights and obligations of the parties to a labour contract, protect the legitimate rights and interests of labourers, and construct and develop harmonious and stable labour relations. It covers various topics, including minimum wage for employees, probationary wages, and the requirements for written labour contracts.

09.

RISK FACTORS



09. RISK FACTORS

9.1 Introduction

Bojun is subject to various risks. Some of these are specific to its business activities. Others could affect the whole industry or are more general in nature. Individually or in combination, these risks may affect the future operating and financial performance of Bojun and the value of its Shares. There can be no guarantee that Bojun will achieve or realise its stated business strategy or any of its forward-looking statements contained in this Prospectus. Investors should note that past performance is not a reliable indicator of future performance.

This Section describes potential risks associated with Bojun's business and risks associated with an investment in the Shares. It does not purport to list every risk that may be associated with Bojun's business or with an investment in the Shares now or in the future. The occurrence or consequences of some of the risks described in this section are partially or completely outside the control of Bojun, its Directors and its senior management.

The risks described in this section have been grouped into the following:

- Risks that relate specifically to Bojun and the way it operates its businesses
- General risks that relate to investing in Bojun Shares

Before applying for Shares, investors should satisfy themselves that they have sufficient understanding of the risks of investing in Bojun, of investing in the industry and of investing in shares in general, with regard to their own investment objectives, financial circumstances and taxation position. Investors should read this Prospectus in its entirety and should consider consulting their professional advisers before deciding on whether or not to apply for the Shares.

9.2 Risks specific to the Company

9.2.1 Fluctuations in the supply of raw produce

As Bojun China's products are dependent on the supply of raw fruit produce, it faces natural agricultural risk, such as adverse weather conditions, disease, and pests. Any of these adverse factors can affect the supply of raw fruit produce to Bojun China. If Bojun China is unable to procure sufficient raw produce to meet its production needs, the Company's future profitability may fall, which may have a material adverse effect on the Company's business, financial position, and operating results.

9.2.2 Relationships with suppliers

Bojun China has long-term partnerships with numerous key suppliers. Any loss of or changes to these key suppliers may have a material and adverse effect on Bojun China's production, sales and terms of trade. Material increases in the suppliers' costs could lead to higher procurement costs for Bojun China. This could impact Bojun China's margins and require it to source raw produce from other locations. If this occurs, existing gross margins may not be able to be maintained. Further, if Bojun China is unable to effectively offset the rise in raw material costs with an increase in product prices, the Company's future profitability may fall, which will cause adverse effects on the Company's business, financial position, operating results and future prospects.

9.2.3 Relationship with Agents

Bojun China's products are mainly sold in wholesale quantities to regional sales Agents, which then on-sell the products to end-consumers. Bojun China has established good ongoing relationships with various Agents. These Agents are important to the Group's sales strategy and are responsible for establishing distribution channels and promotional strategies to on-sell Bojun's products to end-consumers. However, in the event that an Agent suspends or reduces its business activities, Bojun China may not be able to find qualified and suitable Agents at an acceptable cost. This may adversely impact the Company's business, financial position, operating results and prospects.

9.2.4 Changes to consumer preferences and consumption patterns

Demand for Bojun China's products is affected by changes in consumer behaviour, preferences, and perceptions. On an internal micro level, consumer preferences may be influenced by product factors, such as packaging, taste, health, safety, and perceived benefits and utility. On an external macro level, consumer preferences may be affected by overall economic trends, media, and the activities of key competitors. In response to changes in consumer behaviour, Bojun China may be required to decrease the price of its products, increase marketing expenses, and alter its product range. This may result in increased costs and decreased profits for the Company. Bojun China may also be required to attempt expansion into new product markets in order to meet changing consumer demands. This involves significant costs and has no guarantee of success. If Bojun China's plans to expand into new product markets are unsuccessful, the Company's financial position, operations and prospects may be adversely affected.

09. RISK FACTORS (CONTINUED)

9.2.5 Food safety risk

Food products can have a direct impact on the health and safety of consumers. With the increasing emphasis on food safety in China, consumer awareness of food safety and quality has become the top priority of food production enterprises. Bojun China has been focusing on managing its food product quality since its establishment and has strict quality control systems that comply with international standards. It implements its quality control systems in all aspects of the food production process, including procurement, production, inspection, transportation, storage, and sales. In May 2016, Bojun China obtained certification for its food safety management systems (ISO22000-2005). Although Bojun China has strict quality control systems, there is nevertheless risk that product quality issues may arise. If a quality issue arises, Bojun China may experience adverse impacts to its sales, reputation and corporate brand image.

9.2.6 Reliance on key personnel

Bojun China's business is reliant upon the provision of high-quality operational services by its senior personnel. It is also dependent on its skilled training staff and technical personnel for the successful and ongoing provision of its business activities. Any change in the quality or quantity of these services, or an inability to attract qualified and motivated personnel to provide these services, could affect Bojun China's business activities and financial performance. Bojun China's original founders also retain substantial operations roles with the company and have substantial influence over the day to day affairs and strategic direction of the company. Without these founders acting in conjunction with other management personnel, the Group may not be able to continue its business activities successfully or deliver its long-term strategic objectives.

9.2.7 Business subsidies and preferential tax policies

As an entity engaged in R&D activities for agricultural technology, Bojun China enjoys preferential tax policies as well as several subsidies from national and local governments (see Section 4.8.4). These preferential tax policies and subsidies are granted at the discretion of the relevant PRC authorities, and the criteria for eligibility may change. The business activities of Bojun China and its subsidiaries are subject to the supervision of these authorities which have the power to revoke previously granted preferential tax policies and subsidies. If any changes are made to the preferential tax policies and subsidies that Bojun China currently enjoys, this may have an adverse effect on the Company's business, net assets, financial condition and operational results.

9.2.8 Product price variation

Prices of the main products of Bojun China (i.e. fruit-based food and beverage products) are affected by supply and demand variation in the consumer market. Further, aggressive behaviour by competitors may increase competition and result in a lowering of prices, and may decrease the overall sales volume should Bojun China be unable to match prices.

A decrease in commodity prices, a decrease in demand for Bojun China's products or a decrease in the prices that Bojun China can charge for its products, whether as a result of the action of competitors or more general economic conditions or supply and demand factors in China, may result in Bojun China having to reduce its products' prices. This in turn may lead to a reduction in the supply of products or an inability to grow the supply. A reduction in the price of the products may also reduce the funds available for the payment of dividends on Shares.

9.2.9 Competition risks

Bojun China is subject to competition from domestic producers of fruit-based food and beverage products.

Certain market conditions may cause an increase in competition. For instance, an increase in demand may present the opportunity for competitors to expand their operations and markets. Increased competition may reduce the volume and price of the products that Bojun China is able to sell, which may have a material and adverse effect on the Company's revenue and profitability and, in particular, its growth. Bojun China maintains a competitive advantage through its supply of high-quality products under its well recognised brand. In addition, Bojun China is party to and renews contracts wholesalers to ensure adequate supply channels.

Bojun China maintains a competitive advantage through its supply of high-quality products under its well recognised brand. In addition, Bojun China is party to and renews contracts with various parties, including Agents, advertising agencies, and transport providers (please see Section 11.4).

9.2.10 Reputation and trademarks

The Company believes that reputation and brand recognition are vital to its business and effective protection of intellectual property rights is critical to its interests. Bojun China's brand "Bojun" has been registered as a trademark with the Trademark Office of the State Administration for Industry and Commerce of the People's Republic of China. Bojun China also has various other trademarks as outlined in Section 4.6. Bojun China also possesses various patents, registered with the State Intellectual Property Office, as outlined in Section 4.5.

The Company cannot ensure that there will not be any unauthorised usage or misuse of the Group's brand; and any such infringement of the Group's intellectual property rights in respect of its trademarks or patents may be detrimental to the Group's reputation, lead to litigation or adversely affect financial performance.

9.2.11 Emerging market issuer status

Pursuant to ASIC's Report 368, 'Emerging Market Issuers,' (Report 368), the Company may be classified as an emerging market issuer, being an entity which has:

- (i) material assets located in, or a revenue stream derived from operations in, an emerging market;
- (ii) subsidiaries incorporated in and/or listed in an emerging market;
- (iii) directors and senior management based offshore in an emerging market.

In Report 368, ASIC identified risks associated with identification as an emerging market issuer, including implementation of good corporate governance in light of a geographically scattered board of directors and implementing effective internal controls and risk management systems where operations are geographically diverse.

ASIC also noted that reliance on a small number of key individuals located outside Australia may raise the risk of substantial transactions benefiting those individuals. Finally, ASIC noted that it may be difficult for external professionals, such as auditors, to verify information or opinions provided by experts or professionals in an overseas jurisdiction. While the Company intends to verify and robustly test the reliability of information, it may be difficult to fully assess the sufficiency and appropriateness of information provided.

While the Company is in the process of implementing best-practice corporate governance, internal controls and risk management systems, some members of the Board of Directors are based in China, while others are based in Australia. While the Company anticipates that it will tailor its compliance arrangements to take this into account, the geographical diversity of the Company's Board may render compliance with such systems more difficult.

9.3 PRC related risks

9.3.1 Chinese regulatory environment risks

Bojun China's operations are subject to PRC Food Safety, Trademark, Patent, Tort Liability, Environmental Protection, Company, Contract, and Labour laws and other regulations. The PRC's legal system is largely based on legislation and prior case law has limited precedential value. However, the PRC is still in the process of developing a comprehensive statutory framework. Its legal system is still considered to be underdeveloped in comparison with the legal systems in some western countries.

Since 1979, the PRC's legislative bodies have passed laws and regulations dealing with such economic matters as foreign investment, corporate organisation and governance, commerce, taxation and trade. The legislative tendency since that time has been to grant increased protection to foreign investors. In this way, significant progress has been made in the legal system of the PRC.

Despite significant improvement in developing its legal system, there remain uncertainties and/or inconsistencies in the enforcement of existing laws and regulations. Most current PRC legislation has been passed relatively recently. As a result, there is a lack of established practice regarding the implementation, interpretation and enforcement of these laws. For this reason, the interpretation of these laws and regulations may be more volatile and less predictable. These uncertainties in the legal system may cause delays in any potential litigation, and limit the legal protection that is offered to potential litigants. Any litigation in the PRC may be protracted and result in substantial legal costs and/or significant diversions of resources and management attention. The occurrence of one or several of these risks could have material and adverse effects on the Group's business, net assets, financial condition and operational results.

09. RISK FACTORS (CONTINUED)

9.3.2 Repatriation of dividends

As the Group generates the majority of its profits through the business operations of Bojun China, the ability of the Company to pay dividends to shareholders will be dependent upon the PRC subsidiary's ability to distribute profits from China. Although the Group's operating entity is in China, the Group has a WFOE entity. As such, under Chinese law, it may remit profits generated in China to overseas if the relevant restrictions are complied with. However, these laws and processes are subject to the discretion of the Chinese government. Any tightening of this process inhibiting the ability of the WFOE to remit profits out of China may adversely affect the Company's ability to pay dividends to shareholders.

9.3.3 Government control of currency conversion

The PRC government imposes control on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of China. The Group receives all of its revenue in RMB. Under existing PRC foreign exchange regulations, payment of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without approval from the PRC State Administration of Foreign Exchange (SAFE), by complying with certain procedural requirements. Approval from or registration with appropriate government authorities is required where RMB is to be converted into foreign currency and remitted out of the PRC to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions. If the foreign exchange control system prevents the Company from obtaining sufficient foreign currencies to satisfy its foreign currency demands, it may not be able to pay dividends in foreign currencies to the Company's shareholders and may limit its ability to finance future activities in Australia.

9.3.4 Land-title risk

According to the relevant PRC Law, all lands in the PRC are either state-owned or collectively owned, depending on the location of the land. All land in the urban areas of a city or town is state-owned while all land in the rural areas of a city or town and all rural land is collectively owned, unless otherwise specified by law. Individuals, businesses and other organisations can possess land by being granted land-use rights from the local government for limited time periods.

According to the Urban Real Estate Administration Law of the People's Republic of China, the land user that has maintained continuous use of the land has the right to apply to the land administration department for an extension of the term at least one year before the expiration of the term. The Application would be approved except when the tract of land needs to be taken back in consideration of public interest.

When the term of the land-use right expires and if the land user has not applied for an extension, the right to use the land is returned to the state. Under special circumstances, the state may also take back the land before the expiry of the granted land-use right in consideration of public interest. However, the state is required to give compensation to the related land user. Such compensation is determined by the remaining effective term of the land-use right grant and the conditions of development of the reclaimed land.

9.3.5 Lack of insurance coverage

In the PRC it is not customary for businesses to take out extensive insurance protection. Apart from social security coverage, Bojun China has not taken out any other insurance policies. Any uninsured loss or damage, litigation or business disruption may result in substantial cost to the Company and its subsidiaries, which could have a material and adverse effect on the Company or its subsidiaries' business, net assets, financial condition, and operational results.

This lack of comprehensive insurance coverage is by reason of the early stage of the PRC insurance industry. Insurance companies in PRC offer limited commercial insurance products for the pharmaceutical manufacturing sector or only offer them on unattractive terms. When balancing the risk of disruption or product liability or risk of damage against the cost of insuring against these risks and the difficulty of procuring commercially reasonable insurance product terms, Bojun China considers that it is not commercially sensible to acquire such insurance.

9.4 General investment risks

9.4.1 Potential fluctuations in prices of Shares

The price at which Shares are quoted on the ASX may increase or decrease due to a number of factors. These factors may cause the Shares to trade below the Offer Price. There is no assurance that the price for the Shares will increase following quotation on the ASX, even if the Company's earnings increase.

The market price and demand for shares quoted on ASX could be volatile or fluctuate due to numerous factors including (i) fluctuations in the domestic and international market for listed stocks; (ii) general economic conditions, including interest rates, inflation rates, exchange rates, commodity prices and oil prices; (iii) changes to government fiscal, monetary or regulatory policies; legislation or regulation; inclusion in or removal from market indices; (iv) the nature of the markets in which the Company operates and general operational and business risks.

9.4.2 Liquidity of Shares

There is currently no public market through which the Shares of the Company may be sold. On Completion of the Offer, there can be no guarantee that an active market will develop or that the price of the Shares will increase. There may be relatively few or many potential buyers or sellers of the Shares on the ASX at any time. This may increase the volatility of the market price of the Shares and may prevent investors from acquiring more Shares or disposing of Shares they acquire under the Offer. It may also affect the prevailing market price at which the Shareholders can sell their Shares. This may result in Shareholders who acquire Shares under the Offer receiving a market price for their Shares that is less or more than the Offer Price.

9.4.3 Exposure to general economic conditions

The operating and financial performance of the Company is influenced by a variety of general domestic and global economic and business conditions that are outside the control of the Company. Prolonged deterioration in general economic conditions may affect the demand for the Company's products and may have a material adverse effect on the financial performance, financial position, cash flows, dividends, growth prospects and share price of the Company.

9.4.4 Risk of Shareholder dilution

In the future, the Company may elect to issue additional shares to raise funds for the Company's business operations or additional acquisitions that the Company may decide to make. While the Company will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital that it can issue within a 12-month period (other than where exceptions apply), Shareholders may be diluted as a result of such issuance of shares and fundraisings.

9.4.5 Accounting standards

Any changes in accounting standards or how they are applied and interpreted may have an adverse impact on the Company's financial performance and position.

9.4.6 Taxation reform

Any changes to the current rate of the Company's income tax in Australia or abroad (i.e., China) may affect Shareholder returns. Any changes to relevant tax laws, the way they are interpreted and applied or to the current rate of taxes could have an adverse effect on the Company's financial performance or results. In addition, any change in tax rules and tax arrangements could also have an adverse effect on the level of dividend imputation or franking and Shareholder returns.

9.4.7 Litigation and regulatory inquiries

The Company may be subject to litigation, complaints and other claims or disputes, regulatory inquiries or investigations and other enforcement action initiated by customers, employees, regulators or other third parties in the course of its business. Such matters may have a materially adverse effect on the Company's financial performance and position. Even if such matters are successfully defended or settled without financial consequences, they may have a material adverse effect on the Company's reputation.

09. RISK FACTORS (CONTINUED)

9.4.8 Dividends may not be fully franked

Given the proportion of the Company's earnings from Chinese operations, it is unlikely that the Company will have sufficient franking credits in the future to fully frank dividends. There is likewise no guarantee that the franking system will not be varied or abolished. In addition, as the proportion of the Company's earnings from Chinese operations increases, it may not be possible to fully frank dividends.

The value and availability of franking credits to a Shareholder will differ depending on the Shareholder's particular tax circumstances. Shareholders should also be aware that the ability to use franking credits, either as a tax offset or as a refund claim after the end of the income year, will depend on the individual tax position of each Shareholder.

9.4.9 Force majeure events

Force majeure events, or events beyond the control of the Company, may occur within or outside Australia that could affect the world economy, the operations of the Company and the price of the Shares. These events include war, acts of terrorism, civil disturbance, political intervention and natural events such as earthquakes, floods, fires and severe weather conditions.

10.

TAX REPORT



10. TAX REPORT



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The Directors
Bojun Agriculture Holdings Limited
Level 27, 50 Bridge Street
Sydney NSW 2000

29 August 2017

Dear Sir/Madam

AUSTRALIAN TAXATION REPORT

We have been requested by the Directors of Bojun Agriculture Holdings Limited ("**BA Holdings Limited**") to prepare an Australian taxation report to be included in a Prospectus dated on or around 29 August 2017 (the "**Prospectus**").

The Prospectus contains an offer to subscribe for 24,000,000 ordinary shares in BA Holdings Limited at an offer price of \$0.30 per share.

This report provides a general summary of Australian tax issues for investors who acquire shares in BA Holdings Limited pursuant to this Prospectus. The categories of investors considered in this report are limited to individuals, companies (other than life insurance companies), trusts, partnerships and complying superannuation entities that hold shares on capital account.

This report does not consider the consequences for banks, insurance companies, investors exempt from Australian tax, or investors who hold their shares on revenue account. It also does not consider the consequences for investors who are subject to Division 230 of the *Income Tax Assessment Act 1997* (the Taxation of Financial Arrangements regime) and have made fair value or financial reports elections.

This report has been drafted on the basis of Australian income tax legislation and interpretations of that legislation at the date of this report. It does not take into account the tax law of countries other than Australia.

This report is general in nature and is not intended to be an authoritative or complete statement of the applicable law. Investors should seek independent professional advice on the implications of ownership or disposal of the shares, taking into account their specific circumstances.

BDO East Coast Partnership ABN 83 236 985 726 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO East Coast Partnership and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.



1. Taxation treatment of dividends

The shares to be issued by BA Holdings Limited to investors should be treated as “equity interests” for Australian tax purposes. Any profits returned by BA Holdings Limited to the investors in respect of the shares should be treated as dividends for Australian taxation purposes. Dividends received by Australian investors will constitute assessable income.

Dividends received by Australian resident shareholders

Individuals and complying superannuation entities

Australian tax resident investors who are individuals or complying superannuation entities should include the dividend in assessable income in the year in which the dividend is paid, together with any franking credit attached to that dividend. The franking credit is generally available as an offset against the investor’s tax liability (subject to the investor being a “qualified person” - refer further comments below). Where the tax offset exceeds the tax payable on the investor’s taxable income, investors should be entitled to a refund.

Where a dividend is unfranked, investors will generally be liable for tax at their applicable marginal tax rate. No tax offset is available.

Corporate investors

Australian tax resident corporate investors should also include the dividend received (and attached franking credit) in their assessable income. A tax offset is available (up to the amount of the franking credit). Excess franking credits received do not give rise to a refund of tax but may be able to be converted into tax losses. Such investors should also be entitled to a credit in their own franking account (to the extent of the franking credit received) that can in turn be passed back to their own shareholders on the payment of dividends.

The receipt of unfranked dividends will be subject to tax at the general company tax rate (which is currently 30%).

Trusts and partnerships

Investors who are trustees (other than trustees of complying superannuation entities) or partnerships should include the franking credit in determining the net income of the trust or partnership. The relevant beneficiary or partner may be entitled to a tax offset equal to the beneficiary’s or partner’s share of the franking credit received by the trust or partnership.

10. TAX REPORT (CONTINUED)



“At risk” holding of shares

The abovementioned benefit of franking credits can be denied where an investor is not a “qualified person”, in which case the investor will not be able to include an amount for the franking credit in their assessable income and will not be entitled to a tax offset.

Broadly, to be a qualified person, an investor must satisfy the holding period rule, and, if necessary, the related payments rule.

The holding period rule requires an investor to hold the shares “at risk” for more than 45 days continuously (from the day after the investor acquires the shares to the 45th day after the shares become ex-dividend). Any day on which an investor has a materially diminished risk or loss of opportunity for gain (through transactions such as granting options or warrants over the shares, or entering into a disposal contract) will not be counted as a day on which the investor held the shares “at risk”. The holding period rule is subject to certain exceptions (including where the total franking offsets for an individual in an income year is less than \$5,000). Specific rules apply to trusts and beneficiaries.

Under the related payments rule, a different testing period applies where an investor has made, or is under an obligation to make, a “related payment” in relation to a dividend (broadly involving the benefit of the dividend being passed on to another party). The related payment rule requires the investor to have held the shares at risk for a period commencing on the 45th day before, and ending on the 45th day after, the day the shares become ex-dividend.

Investors should obtain their own tax advice to determine if these requirements have been satisfied.

Dividends received by non-resident shareholders

Dividend withholding tax is not imposed on fully franked dividends paid to foreign shareholders.

However, where an unfranked (or partially franked) dividend is paid to non-resident shareholders, and the unfranked dividend is not declared to be ‘conduit foreign income’¹, dividend withholding tax must be deducted from the gross dividend paid.

If the shareholder is a resident of a country that does not have a Double Tax Agreement (‘DTA’) with Australia, a 30% withholding tax rate will be applied to dividends paid to the non-resident shareholder. If the shareholder is a resident of a country that does have a DTA with Australia then the DTA will determine the maximum amount of withholding tax that can be imposed. DTA dividend withholding tax rates generally range from 0% to 15%.

¹ ‘Conduit foreign income’ is broadly defined as certain types of income (including foreign branch income and capital gains, non-portfolio dividends, non-assessable capital gains derived on disposal of foreign shares, and other foreign income) that is exempt from Australian corporate taxation.



2. Taxation treatment of disposal of shares

Disposal of shares by Australian resident shareholders

The disposal of shares by investors will be a capital gains tax (“CGT”) event. A capital gain will arise if the capital proceeds on the disposal of the shares are greater than the cost base of the shares (broadly, the amount paid to acquire the shares plus any transaction costs). Market value of shares at the time of disposal may be substituted as consideration if the disposal is for nil or not undertaken on an arm’s length dealing basis.

A CGT discount may be applied in relation to the net capital gain where the investor is an individual, complying superannuation entity or trustee; the shares have been held for at least 12 months; and certain other conditions are satisfied. Where the CGT discount applies, any capital gain arising to individuals and entities acting as trustees (other than a complying superannuation entity) may be reduced by 50% (after offsetting current year and prior year capital losses). For a complying superannuation entity, any capital gain may be reduced by 33⅓% (after offsetting current year and prior year capital losses).

Corporate investors are not entitled to any CGT discount and are generally taxed at 30% on capital gains they derive.

Where the capital proceeds on the disposal are less than the reduced cost base of the shares, a capital loss will arise. Capital losses can generally only be applied against capital gains realised by the investor in the same income year (or future income years subject to certain loss recoupment tests being satisfied). Capital losses cannot be offset against other assessable income.

Disposal of shares by non-resident shareholders

Foreign residents are only subject to CGT on the disposal of “taxable Australian property”. Shares will generally only be considered taxable Australian property where the following conditions are satisfied:

- The investor holds a direct participation interest of 10% or more in the relevant entity (i.e. a non-portfolio interest); and
- The sum of the market value of the relevant entity’s assets that are taxable Australian real property (**TARP**) exceeds the market value of non-TARP assets. TARP assets include land and buildings or interests in land and buildings (such as leasehold rights over land situated in Australia).

Foreign residents are not entitled to the CGT discount in working out any net capital gain they have made on taxable Australian property.

10. TAX REPORT (CONTINUED)



3. Tax file number ("TFN") and Australian Business Number ("ABN")

Investors who do not quote their TFN or ABN will automatically be subject to a withholding tax (at the highest marginal tax rate) on any unfranked dividend paid to them by BA Holdings Limited. The highest marginal tax rate (including the Medicare levy) is currently 47%.

BA Holdings Limited is required to withhold and remit such tax until the time that the TFN or ABN is supplied by the investor. The amount withheld by BA Holdings Limited in these circumstances should be available as a credit against the investor's tax liability.

4. Indirect taxes

Investors should not be liable for stamp duty in respect of their investment in shares. Further, under current legislation, no stamp duty should be payable in the event of a subsequent transfer of shares.

Investors should not be liable for GST in respect of their investment in shares. Investors may not be entitled to claim full input tax credits in respect of GST paid on costs incurred in connection with the acquisition of shares.

Investors should seek independent professional advice on the indirect tax implications of holding and disposing of the shares, taking into account their specific circumstances.

Disclaimer

This taxation report does not constitute "financial product advice" under the *Corporations Act 2001* as BDO East Coast Partnership is not licensed to provide financial product advice under the *Corporations Act 2001*.

This report has been prepared for general circulation and does not take into account the financial situation, objectives or needs of any investor. Therefore, any investor should, before acting on this Prospectus, consider seeking advice from a person who is licensed to provide financial product advice under the *Corporations Act 2001*.

Yours faithfully
BDO East Coast Partnership

A handwritten signature in dark ink, appearing to read 'J. de Boer', is written over a light blue horizontal line.

Jason de Boer
Partner, Tax

11.

ADDITIONAL INFORMATION



11. ADDITIONAL INFORMATION

11.1 Registration

The Company was incorporated in New South Wales as a public company limited by shares on 8 May 2017. On Completion of the Offer, the Company will have

- 120,000,000 Shares on issue including 24,000,000 Shares issued under this Prospectus in case of the Minimum Subscription; or
- 136,000,000 Shares on issue including 40,000,000 Shares issued under this Prospectus in case of the Maximum Subscription.

Bojun (on a standalone basis) is and will be subject to tax at the Australian corporate tax rate. Its subsidiaries will be subject to tax in the jurisdictions in which they operate. Profits repatriated to Bojun from Bojun BVI will not be subject to Australian income tax.

11.2 Corporate Structure

The Company was incorporated in New South Wales on 8 May 2017. A group restructure, commencing on 14 June 2016, and completing in 30 June 2017 resulted in:

- the acquisition of 100% of Bojun International Holding Co., Ltd (**Bojun BVI**), which is a company incorporated in the British Virgin Islands, by the Company;
- the acquisition of 100% of Hong Kong Bojun Investment Management Co., Ltd (**Bojun HK**), which is a company incorporated in Hong Kong, by Bojun BVI;
- the acquisition of 100% of Shenzhen Bojun Management Consulting Co., Ltd, which is a wholly foreign-owned enterprise incorporated in China (**WFOE**), by Bojun HK; and
- the acquisition of 100% of Bojun China by the WFOE.

The Group structure at the date of this Prospectus is shown in the diagram below.



11.3 Summary of rights and liabilities attaching to shares and other material provisions of the Company's constitution

11.3.1 General

The rights and liabilities attaching to ownership of the Shares are:

- detailed in the Constitution of the Company which may be inspected during normal business hours at the registered office of the Company; and
- in certain circumstances, regulated by the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules and the general law.

A summary of the significant rights, liabilities and obligations attaching to the Shares and a description of other material provisions of the Constitution are set out below. This summary is not intended to be exhaustive and is qualified by the fuller terms of the Constitution. This summary does not constitute a definitive statement of the rights and liabilities of Shareholders. This summary assumes the Company is admitted to the official list of ASX.

11.3.2 Voting

At a general meeting, every member present in person or by proxy, attorney or representative has one vote on a show of hands and on a poll, one vote for each fully paid Share held. On a poll, partly paid Shares confer a fraction of a vote pro-rata to the amount paid up on the Share.

11.3.3 Dividends

Subject to any special terms and conditions of issue, the amount which the Directors from time to time determine to distribute by way of dividend are divisible among the members in proportion to the amounts paid up on the Shares held by them.

11.3.4 Issue of shares

Subject to the Constitution, the Listing Rules and the ASX Settlement Operating Rules, the Directors have the right to issue shares or grant options over unissued shares to any person and they may do so at such times as they think fit and on the conditions and the issue price they think fit. Such shares may have preferred, deferred or other special rights or special restrictions about dividends, voting, return of capital or otherwise, as the Directors think fit.

11.3.5 Variation of class rights

Subject to the Corporations Act and the Listing Rules, the rights attached to any class of shares may, unless their terms of issue state otherwise, be varied:

- with the written consent of the holders of 75% of the shares of the class; or
- by a special resolution passed at a separate meeting of the holders of shares of the class.

11.3.6 Transfer of Shares

Subject to the Constitution, the Corporations Act, the Listing Rules and to the rights or restrictions attached to any shares or class of shares, holders of Shares may transfer them by a proper transfer effected in accordance with the ASX Settlement Operating Rules or an instrument in writing in any usual form or in any other form that the Directors approve.

The Directors may decline to register a transfer of Shares for reasons including where the transfer is not in registrable form or where the refusal to register the transfer is permitted under the Listing Rules or the ASX Settlement Operating Rules. If the Directors decline to register a transfer, the Company must give the party lodging the transfer written notice of the refusal and the reason for refusal.

11.3.7 Small holdings

The Directors may sell the Shares of a Shareholder if that Shareholder holds less than a marketable parcel of Shares, provided that the procedures set out in the Constitution are followed. A non-marketable parcel of Shares is defined in the Listing Rules and is, generally, a holding of shares with a market value of less than A\$500.

11. ADDITIONAL INFORMATION (CONTINUED)

11.3.8 General meetings and notices

Subject to the Constitution and to the rights or restrictions attached to any shares or class of shares, each member is entitled to receive notice of and, except in certain circumstances, to attend and vote at general meetings of the Company and receive all financial statements, notices and other documents required to be sent to members under the Constitution or the Corporations Act.

11.3.9 Winding up

Subject to any special or preferential rights attaching to any class or classes of shares, the Constitution, the Corporations Act and the Listing Rules, members will be entitled in a winding up to share in any surplus assets of the Company in proportion to the shares held by them, less any amounts which remain unpaid on these shares at the time of distribution.

11.3.10 Directors – appointment and removal

The minimum number of Directors is three and the maximum is to be fixed by the Directors but may not be more than 10 unless the Company passes a resolution varying that number. Directors are elected at annual general meetings of the Company. Retirement will occur on a rotational basis so that any Director who has held office for three or more years or three or more annual general meetings (excluding any managing Director) retires at each annual general meeting of the Company. The Directors may also appoint a Director to fill a casual vacancy on the Board in addition to the Directors who will then hold office until the next annual general meeting of the Company.

11.3.11 Directors – voting

Questions arising at a meeting of Directors will be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter. In the case of a tied vote, the Chairman has a second or casting vote, unless there are only two Directors present or qualified to vote, in which case the proposed resolution is taken as having been lost.

11.3.12 Directors' remuneration

The Directors, other than the Executive Directors, are entitled to be paid by such Directors' fees for their services as the Directors decide, provided that the total fees do not exceed the maximum aggregate sum as may be approved from time to time by Shareholders in general meeting. The Constitution also makes provision for the Company to pay all expenses of Directors in attending meetings and carrying out their duties and for the payment of additional fees for extra services or special exertions. Any change to that maximum aggregate sum needs to be approved by Shareholders.

11.3.13 Alteration of share capital

Subject to the Listing Rules, the Constitution and the Corporations Act, the Company may alter its share capital.

11.3.14 Preference shares

The Company may issue preference shares including preference shares which are liable to be redeemed or convertible to ordinary shares. The rights attaching to preference shares are those set out in the Constitution.

11.3.15 Variation of the Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of members present and voting at a general meeting of the Company. The Company must give at least 28 days' written notice of its intention to propose a resolution as a special resolution.

11.3.16 Share buy-backs

The Company may buy back shares in accordance with the provisions of the Corporations Act.

11.3.17 Dividend plan

The Constitution contains a provision allowing Directors to implement a dividend reinvestment plan.

11.4 Material contracts

The Directors consider that there are a number of contracts which are significant or material to the Group or of such nature that an investor may wish to have details of them when making an assessment of whether to apply for Shares. The main provisions of these contracts are summarised below, or elsewhere in this Prospectus. These summaries do not purport to be complete and are qualified by the text of the contracts themselves.

11.4.1 Procurement Agreements

As at the date of this Prospectus, Bojun China has entered into Procurement Agreements with its key suppliers for the procurement of raw materials. There are two types of Procurement Agreements, which are outlined as follows:

- **Framework agreements:** these agreements are longer-term agreements entered into by Bojun China with some of its key suppliers. Under the framework agreements, Bojun China places specific orders on a monthly or quarterly basis, depending on its production and business demands. The details of each order, including quantity and price, are determined by the specific orders, and the specific orders are in turn governed by the overarching terms of the framework agreement. The parties may enter into a new framework agreement at the end of the term if they wish. As of 31 July 2017, there were 9 specific orders that were in performance.
- **Standalone agreements:** these agreements are standalone agreements entered into by Bojun China with some of its key suppliers. These standalone agreements are entered into on an as-needs basis and specify the details of the order, including products ordered, quantity and price. Although the terms of these standalone agreements may be varied each time, the key overarching terms have remained substantially consistent over the past 3 years. As of 31 July 2017, all of the below listed standalone agreements were in performance.

The standard key terms of the Procurement Agreements are set out as below:

Supplier Name	Products generally supplied	Quality requirements	Payment terms	Term and execution date
FRAMEWORK AGREEMENTS				
Tengzhou City Haidai Food Co., Ltd	Carrageenan (seaweed extract)	The supplier must guarantee that the products delivered are in accordance with national quality requirements of the PRC.	Once the product is verified according to the agreed standard, payment must be made by the end of the month in which delivery is made.	7 May 2016 (valid until 6 May 2019). During those 3 years, the supplier must deliver the products in accordance with the specific orders made by Bojun China.
Jiangxi Kejia Colour Printing Packaging Co., Ltd	Product packaging materials	The supplier must guarantee that the materials delivered are in accordance with the product quality requirements of the PRC.	Once the product is verified according to the agreed standard, payment must be made by the end of the month in which delivery is made.	23 April 2016 (valid until 22 April 2019). During those 3 years, the supplier must deliver raw materials in accordance with specific orders made by Bojun China.
Jiangxi Hengfeng Foodstuffs Co., Ltd	Raw food produce	The supplier must guarantee that the raw food produce is delivered in accordance with industry standards and the national food safety requirements of the PRC.	Once the product is verified according to the agreed standard, payment must be made by the 30th of the month in which delivery is made.	16 April 2016 (valid until 15 April 2019). During those 3 years, the supplier must deliver produce in accordance with specific orders made by Bojun China.

11. ADDITIONAL INFORMATION (CONTINUED)

Supplier Name	Products generally supplied	Quality requirements	Payment terms	Term and execution date
Jiangxi Magu Food Technology Co., Ltd	Raw Magu produce	The supplier must guarantee that 98% to 100% of the produce delivered satisfies the requirements of the Food Safety Law of the People's Republic of China.	Payment must be made by the last day of the month in which delivery is made.	19 March 2016 (valid until 18 March 2019). During those 3 years, the supplier must deliver produce in accordance with specific orders made by Bojun China.
Nancheng County Xinxing Fruit Industry Planting Professional Cooperatives	Fruit produce	The supplier must guarantee that the raw food produce is delivered in accordance with industry standards and the national food safety requirements of the PRC.	Payment must be made within 10 days following confirmation that the product has met the agreed standard.	21 August 2015 (valid until 20 August 2018). During those 3 years, the supplier must deliver produce in accordance with the specific orders made by Bojun China.
STANDALONE AGREEMENTS				
Fujian Hecheng Zhiguan Co., Ltd	Cans for the packaging of fruit cider vinegar beverages	The supplier must guarantee that the quality of the materials supplied are in accordance with the requirements of Bojun China, industry standards, and the national food safety requirements of the PRC.	Once the product is verified according to the agreed standard, payment must be made by the end of the month in which delivery is made.	From the date of execution of each agreement, the supplier must deliver the raw materials to Bojun China within 10 days.
Fuzhou Yuheng Packaging Materials Co., Ltd	Aluminium film	The supplier must guarantee that the raw materials are not damaged or harmful, and are compliant with the national food safety requirements of the PRC.	Once the product is verified according to the agreed standard, payment must be made by the end of the month in which delivery is made.	From the date of execution of each agreement, the supplier must deliver the raw materials to the location specified by Bojun China at the time specified by Bojun China.
Hengfeng County Zhenfeng Industrial Co., Ltd	Coal	The supplier must guarantee that raw materials satisfy the following requirements: <ul style="list-style-type: none"> • Heating capacity of 5,400+; • Volatility of 22%+; • Ash levels of -26; and • Moisture levels of -6%. 	Payment must be made by the end of the month in which the agreement was signed.	From the date of execution of each agreement, the supplier must deliver the raw materials to the location specified by Bojun China at the time specified by Bojun China.

Supplier Name	Products generally supplied	Quality requirements	Payment terms	Term and execution date
Nanchang Futai Chemical Co., Ltd	<ul style="list-style-type: none"> Hydrogen peroxide Alkali tablets 	The supplier must guarantee that all the products delivered satisfy industry standards and are not damaged or harmful products.	Once the product is verified according to the agreed standard, payment must be made by the end of the month in which delivery is made.	From the date of execution of each agreement, the supplier must deliver the raw materials to Bojun China within 10 days.
Qingdao Miaopin Chocolate Co., Ltd	Chocolate	The supplier must guarantee that the food produce is delivered in accordance with national food safety requirements of the PRC, including requirement GB9678.2-2014.	Once the product is verified according to the agreed standard, payment must be made by the end of the month in which delivery is made.	From the date of execution of each agreement, the supplier must deliver the raw materials to Bojun China within 10 days.
Zhucheng City Xinbei Food Co., Ltd	Rice paper	The supplier bears the costs of delivery and must guarantee that the products delivered satisfy Bojun China's requirements in terms of safety, physical appearance, and cleanliness.	Once the product is verified according to the agreed standard, payment must be made by the end of the month in which delivery is made.	From the date of execution of each agreement, the supplier must deliver the raw materials to Bojun China within 10 days.

11.4.2 Order and Distribution Agreements

As at the date of this Prospectus, Bojun China has entered into material framework Distribution Agreements with 9 Agents. Under the framework agreements, specific orders for products are made by the Agents. As of 31 July 2017, there were 9 specific orders that were in performance. The key terms of the framework Distribution Agreements are set out below:

Term	Details
Scope	<p>The Agent will distribute Bojun China's products to end-consumers within specified regions in China. The Agent places orders through sales order forms, specifying the product type and quantity to be ordered. Bojun China is responsible for delivering the products to the Agent.</p> <p>The Agent must order a minimum annual amount specified within each Distribution Agreement. The price that the Agent sells the products for must be based on the recommended retail price provided by Bojun China. However, based on market conditions, the Agent may vary the price by 10%.</p>
Term	1-3 years (varies between different parties). Parties may enter into a new framework agreement at the end of the term if they wish.
Price and rebate	The price is set out in each sales order form and is determined by the type and quantity of products ordered.
Payment	The Agent must pay the total payment due within 3 months of receiving an order from Bojun China.

11. ADDITIONAL INFORMATION (CONTINUED)

11.4.3 Research and development contract

On 23 May 2017, Bojun China entered into a contract with Jiangxi Agricultural University. Under the contract, Bojun China is to pay a monthly fee of 50,000 RMB (approximately AUD 9,300) to Jiangxi Agricultural University. In return, Jiangxi Agricultural University is to provide research and development services to Bojun China for the purpose of enhancing and developing the production capabilities and new product varieties of Bojun China, such as Nanfeng mandarin and kiwi fruit based products. The contract has a term of 5 years and each party is committed to non-disclosures of any trade secrets.

11.4.4 Lead arranger agreement

On 8 June 2017, the Company has appointed Beer & Co (**Lead Arranger**) pursuant to an Engagement Letter (**Engagement Letter**) under which the Lead Manager has agreed to co-ordinate the management and selling of the Offer. The scope of services provided under this Engagement Agreement includes due diligence, investor and stockbroker briefings, capital raising for the IPO, preparation of any investor documentation as part of the road show, marketing arrangements and coordination with the Company's advisers to the listing. The term of the contract is for a period of 6 months or upon the Company completing its IPO. Please refer to section 5.2.2 for the fees payable under the agreement.

11.4.5 Deeds of access, insurance and indemnity for Directors

Access

The Company has entered into deeds of access, insurance and indemnity with each Director which contains rights of access to certain books and records of Bojun.

Indemnification

Under the Constitution, Bojun is required to indemnify all Directors and officers, past and present, against all liabilities allowed under law. Under the deed of access, insurance and indemnity, Bojun indemnifies parties against all liabilities to another person that may arise from their position as an officer of Bojun or its subsidiaries to the extent permitted by law. The deed stipulates that Bojun will meet the full amount of any such liabilities, including reasonable legal costs and expenses.

Insurance

Under the Constitution, Bojun may arrange and maintain directors' and officers' insurance for its Directors to the extent permitted by law and under the deed of access, insurance and indemnity, Bojun must maintain insurance cover for each Director for the duration of the access period.

11.5 Related party contracts

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

As at the date of this Prospectus, the Group has not entered into any related party transactions.

11.6 Existing Shareholder interests

The table below sets out the interests of Shareholders as at the date of this Prospectus and immediately following the Offer:

Shareholders	Minimum Subscriptions		Maximum Subscriptions	
	Number of Shares	%	Number of Shares	%
Bo Zhu (Founder and Executive Director)	16,352,640	13.63	16,352,640	12.02
Zhen Yu (Executive Director)	9,792,000	8.16	9,792,000	7.2
Xianhong Fan (Chief Executive Officer)	8,127,360	6.77	8,127,360	5.98
Zhenxing Liu	7,920,000	6.6	7,920,000	5.82
Aidong Sun	6,480,000	5.4	6,480,000	4.76
Li Yi	6,240,000	5.2	6,240,000	4.59
Xiaomao Huang	4,896,000	4.08	4,896,000	3.6
Yiran Xu	4,896,000	4.08	4,896,000	3.6
Zhiliang Zhu	4,896,000	4.08	4,896,000	3.6
Xiaobei Huang	4,320,000	3.6	4,320,000	3.18
Ian Trump International Limited ¹	3,840,000	3.2	3,840,000	2.82
Wen Wang	3,840,000	3.2	3,840,000	2.82
Wei Yuan	3,840,000	3.2	3,840,000	2.82
Wahoo Holdings Limited ²	2,880,000	2.4	2,880,000	2.12
Yan Zhang	2,880,000	2.4	2,880,000	2.12
Beijing Yuanjing Zhenrong Software Technology Co., Ltd ³	2,400,000	2	2,400,000	1.76
Beijing Lianchuang Guangda Science & Technology Co., Ltd ⁴	1,920,000	1.6	1,920,000	1.41
Dexiu Xiong	480,000	0.4	480,000	0.35
Shares on issue at date of Prospectus	96,000,000	80	96,000,000	70.59
Shares offered under this Prospectus	24,000,000	20	40,000,000	29.41
Total	120,000,000	100.00	136,000,000	100.00

1. Ian Trump International Limited is not held by a related party to the Company.

2. Wahoo Holdings Limited is not held by a related party to the Company.

3. Beijing Yuanjing Zhenrong Software Technology Co., Ltd is 24.33% held by Zhenxing Liu. Zhenxing Liu is a shareholder of the Company who holds 6.6% of the Company's Shares in the event of Minimum Subscription and 5.82% of the Company's Shares in the event of Maximum Subscription. The remaining 75.67% of Beijing Yuanjing Zhenrong Software Technology Co., Ltd is not held by a related party to the Company.

4. Beijing Lianchuang Guangda Science & Technology Co., Ltd is not held by a related party to the Company.

11. ADDITIONAL INFORMATION (CONTINUED)

11.7 Voluntary escrow arrangements

Existing shareholders who hold more than 2.5% of shares in the Company at maximum subscription have entered into voluntary escrow arrangements with the Company, under which all of their Shares held in the Company are subject to restriction and cannot be dealt with during the applicable escrow period. The below table sets out the applicable escrow period for each of the existing shareholders:

Shareholder	Escrow period
Bo Zhu (Founder and Executive Director)	24 months from the date of the admission to the official list of ASX
Zhen Yu (Executive Director)	24 months from the date of the admission to the official list of ASX
Xianhong Fan (Chief Executive Officer)	24 months from the date of the admission to the official list of ASX
Zhenxing Liu	12 months from the date of the admission to the official list of ASX
Aidong Sun	12 months from the date of the admission to the official list of ASX
Li Yi	12 months from the date of the admission to the official list of ASX
Xiaomao Huang	12 months from the date of the admission to the official list of ASX
Yiran Xu	12 months from the date of the admission to the official list of ASX
Zhiliang Zhu	12 months from the date of the admission to the official list of ASX
Xiaobei Huang	12 months from the date of the admission to the official list of ASX
Ian Trump International Limited	12 months from the date of the admission to the official list of ASX
Wen Wang	12 months from the date of the admission to the official list of ASX
Wei Yuan	12 months from the date of the admission to the official list of ASX

These voluntary escrow arrangements do not preclude participation in a takeover where:

- (a) the takeover bid is for all of the securities;
- (b) holders of at least half of the securities that are not subject to restriction (including those Shares that are subject to the voluntary escrow arrangements) to which the takeover bid relates have accepted; and
- (c) if the takeover bid is conditional, the Shareholder agrees in writing that a holding lock will be re-applied to each Share that is subject to the voluntary escrow arrangements that is not unconditionally bought by the bidder under the takeover bid.

Additionally, the holder's restricted securities may be transferred or cancelled in accordance with a merger if the shareholder agrees in writing that a holding lock will be re-applied if the merger does not take effect.

Furthermore, the escrowed Shareholder will not be precluded from transferring their securities where the consent of the Company is sought and provided the transferee agrees to be subject to the escrow restrictions.

11.8 Consents to be named and disclaimers of responsibility

Each of the parties referred to below, to the maximum extent permitted by law, expressly disclaims all liabilities in respect of, makes no representations regarding and takes no responsibility for any statements in or omissions from this Prospectus, other than the reference to its name in the form and context in which it is named and a statement or report included in this Prospectus with its consent as specified below.

Written consents to the issue of this Prospectus have been given and, at the time of lodgement of this Prospectus with ASIC, had not been withdrawn by the following parties:

- Beijing Ruihui Future Investment Management Co., Ltd has given and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the Corporate Adviser to the Company in the form and context it is so named;
- Beer & Co Pty Ltd has given and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the Lead Arranger for the Offer in the form and context it is so named;
- BDO Corporate Finance (East Coast) Pty Ltd has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Investigating Accountant to the Company in the form and context it is so named and to the inclusion of its Investigating Accountant's Report;
- BDO East Coast Partnership has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Australian auditor and tax advisers of the Company in the form and context it is so named;
- Wei, Wei & Co LLP has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the auditors of Bojun China in the form and context it is so named;
- Baker McKenzie has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Australian legal adviser to the Company in relation to the Offer in the form and context in which it is named;
- Beijing Quan Xiao Law Firm has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Chinese legal adviser to the Company in relation to the Offer in the form and context in which it is named;
- Travers Thorp Alberga has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the Company's which has performed the work in relation to due diligence enquiries on British Virgin Islands legal matters British Virgin Islands legal adviser in the form and context it is so named;
- HM Chan & Co. has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the Company's which has performed the work in relation to due diligence enquiries on Hong Kong legal matters Hong Kong legal adviser in the form and context it is so named;
- Boardroom Pty Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the Registry in the form and context it is so named; and
- Shenzhen CI Consulting Corporation has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the Independent Expert in the form and context it is so named.

No entity or person referred to above in Section 11.8 has made any statement that is included in this Prospectus or any statement on which a statement made in this Prospectus is based, except as stated above. Each of the persons and entities referred to above in this Section 11.8 has not authorised or caused the issue of this Prospectus, does not make any offer of New Shares and expressly disclaims and takes no responsibility for any statements in or omissions from this Prospectus except as stated above in this Section 11.8.

In addition, as permitted by ASIC Class Order CO 2016/72 this Prospectus may include or be accompanied by certain statements fairly representing a statement by an official person, or from a public official document or a published book, journal or comparable publication.

11. ADDITIONAL INFORMATION (CONTINUED)

11.9 Costs of the Offer

If the Offer proceeds, the estimated costs of the Offer (inclusive of taxes), by type of cost, are shown in the table below:

Estimated expenses (A\$) (inclusive of non-recoverable GST, where applicable)	Minimum Subscription (A\$)	Maximum Subscription (A\$)
Broker Fees	1,074,200	1,787,600
Corporate advisory	380,000	380,000
Legal fees and other advisory fees	255,000	255,000
ASX and ASIC fees	108,185	113,465
Audit, investigating accountant and taxation fees	241,527	241,527
Independent Market Report	1,520	1,520
Printing, marketing and other costs	115,638	115,638
Total estimated expenses¹	2,176,070	2,894,750

1. Final expenses may be higher due to tax impacts.

11.10 Working capital statement

The Directors believe that, on Completion of the Offer, the Company will have sufficient working capital to carry out its objectives as stated in this Prospectus.

11.11 Governing law

This Prospectus and the contracts that arise from the acceptance of the Applications and bids under this Prospectus are governed by the laws applicable in New South Wales and each Applicant under this Prospectus submits to the exclusive jurisdiction of the courts of New South Wales.

11.12 Legal proceedings

So far as the Company is aware, there is no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material in which the Group is directly or indirectly concerned which is likely to have a material adverse effect on the business or financial position of the Group.

11.13 Statement of Directors

Each Director has authorised the issue of this Prospectus and has consented to the lodgement of this Prospectus with ASIC in accordance with section 720 of the Corporations Act.

This Prospectus is signed by a Director of Bojun Agriculture Holdings Limited in accordance with section 351 of the Corporations Act.



Chairman

Andrew John Stoner

GLOSSARY



GLOSSARY

A\$, AUD or AUD\$	Australian dollars, the lawful currency of the Commonwealth of Australia.
ABN	Australian Business Number.
ACN	Australian Company Number.
AEST	Australian Eastern Standard Time.
Applicant	A person who has applied to subscribe for Shares under the Offer.
Application	A valid application for Shares made under this Prospectus.
Application Form	The form accompanying or attached to this Prospectus by which an Applicant may apply for Shares.
Application Money or Application Amount	Money payable for Shares applied for by an Applicant.
ASIC	Australian Securities and Investment Commission.
ASX or Australian Securities Exchange	ASX Limited (ACN 98 008 624 691), or the securities market it operates, as the context requires.
ASX Listing Rules or Listing Rules	The official listing rules of the ASX.
ASX Settlement	ASX Settlement Pty Limited (ACN 49 008 504 532).
ASX Settlement Operating Rules	The settlement rules of the settlement facility provided by ASX Settlement.
Board	The Board of Directors of the Company.
Bojun BVI	Bojun International Holding Co., Ltd, a company incorporated in the British Virgin Islands.
Bojun China	Jiangxi Bojun Ecological Agriculture Development Co., Limited, a company incorporated in the PRC, being the main operating entity of the Group.
Bojun HK	Hong Kong Bojun Investment Management Co., Ltd, a company incorporated in Hong Kong.
BPAY®	BPAY Pty Ltd (ACN 69 079 137 518)
CEO	Chief Executive Officer of the Company.
China or PRC	The People's Republic of China.
Closing Date	5:00pm (AEST) on 27 October 2017 or such other date as the Board may decide, and is the date on which the Offer closes.
Company or Bojun	Bojun Agriculture Holdings Limited (ACN 618 962 253), the Group's holding company incorporated in New South Wales.
Completion	The issue of the Shares to Successful Applicants.
Corporate Adviser	Beijing Ruihua Future Investment Management Co., Ltd.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Directors	The directors of the Company, and Director means any one of them.
EBIT	Earnings before interest and taxes.
EBITDA	Earnings before interest, taxes, depreciation and amortisation.

Executive Director	A Director appointed as an executive director of the Company.
Existing Shareholders	Those persons or entities who are holders of Shares of the Company as at the date of this Prospectus.
Exposure Period	Has the meaning given in “Important Information”.
Financial Information	Has the meaning given in Section 6.
FY	Financial year, ending on 30 September of any year, and the two digits following FY indicate which year (for example FY2016 means the financial year ending 30 September 2016).
Group	The consolidated group comprising the Company and its subsidiaries.
GST	The meaning given in section 195-1 of the A New Tax System (Goods and Services) Tax Act 1999 (Cth).
Historical Financial Information	Has the meaning given in Section 6.
HK\$ or HKD	Hong Kong dollars, the lawful currency of Hong Kong.
Holding Statement	A holding statement of Shares.
Hong Kong or HK	The Hong Kong Special Administrative Region of China.
Hong Kong Companies Ordinance	Companies Ordinance (Chapter 622 of the laws of Hong Kong), as amended from time to time.
IFRS	International Financial Reporting Standards.
Investigating Accountant	BDO Corporate Finance (East Coast) Pty Ltd.
Lead Arranger	Beer & Co Pty Ltd (AFSL No. 224 313).
Listing	The admission of the Company to the Official List of ASX.
Listing Date	The date that the Company is admitted to the Official List of ASX.
Maximum Subscription	The maximum subscription amount under the Offer, being A\$12,000,000.
Minimum Subscription	The minimum subscription amount under the Offer, being A\$7,200,000.
New Share(s)	Share(s) to be issued under the Offer.
Non-Executive Director	A Director appointed as a Non-Executive director of the Company.
NPAT	Net profit after taxes.
Offer	The invitation in this Prospectus to subscribe for Shares.
Offer Information Line	The Offer Information Line being 02 9290 9600 within Australia and +61 2 9290 9600 outside Australia.
Offer Price	A\$0.30 per Share.
Official List	The official list of entities that ASX has admitted and not removed.
Official Quotation	The quotation of the Shares on ASX.
Opening Date	8:30am (AEST) on 6 September 2017.

GLOSSARY (CONTINUED)

Prospectus	This replacement prospectus and any supplementary prospectus in relation to this document.
R&D	Research and development.
Registry	Boardroom Pty Limited.
RMB, Renminbi or ¥	Chinese Yuan, the lawful currency of the PRC.
Section	A section of this Prospectus.
SFO	The Securities and Futures Ordinance (Cap. 571) of the laws of Hong Kong, as amended from time to time.
Share(s)	Ordinary fully paid share(s) in the Company.
Shareholder	A holder of Share(s).
Successful Applicant	An Applicant who is issued Shares under the Offer.
TFN	Tax file number.
US or United States	United States of America.
US Securities Act	US Securities Act of 1933, as amended.
US\$ or USD	US dollars, the lawful currency of the United States of America.
WFOE	Shenzhen Bojun Management Consulting Co., Ltd, a wholly foreign owned enterprise incorporated in China.

Bojun Agriculture Holdings Limited

ACN 616 806 574

General Offer Application Form

This is an Application Form for Shares in Bojun Agriculture Holdings Limited (**Company**) on the terms set out in the Replacement Prospectus dated 5 September 2017 (Replacement Prospectus). Defined terms in the Replacement Prospectus have the same meaning in this Application Form. You may apply for a minimum of 4,000 Shares. This Application Form and your cheque or bank draft must be received by **5.00pm (Sydney Time) on the Closing Date.** Alternatively, you can apply online at www.bojunagriculture.com and pay by BPAY. Completed Application Forms and Application Monies must be received by the Company by 5.00pm (Sydney time) on the Closing Date.

This Application Form is important. If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. The Replacement Prospectus dated 5 September 2017 contains information relevant to a decision to invest in the Shares of the Company and you should read the entire Replacement Prospectus carefully before applying for Shares.

The Share Registry's Privacy Policy (**Privacy Policy**) also sets out important information relating to the collection, use and disclosure of all personal information that you provide to the Company. Please ensure that you and all relevant individuals have read the Privacy Policy carefully before submitting this Application Form. The Privacy Policy can be found on the website <http://www.boardroomlimited.com.au/Privacy.html>

To meet the requirements of the *Corporations Act 2001* (Cth), this Application Form must not be distributed to another person unless included in, or accompanied by the Replacement Prospectus. A person who gives another person access to this Application Form must, at the same time and by the same means, give the other person access to the Replacement Prospectus. During the Offer period the Company will send you a free paper copy of the Replacement Prospectus if you have received an electronic Replacement Prospectus and you ask for a paper copy before the Replacement Prospectus expires on 5 October 2018.

PLEASE FOLLOW THE INSTRUCTIONS TO COMPLETE THIS APPLICATION FORM (SEE REVERSE) AND PRINT CLEARLY IN CAPITAL LETTERS USING BLACK OR BLUE PEN.

A Number of Shares you are applying for <div style="border: 1px solid black; width: 100%; height: 20px; margin-top: 5px;"></div> <div style="text-align: right; margin-top: 5px;">x \$0.30 per Share =</div> <div style="text-align: center; font-size: small; margin-top: 5px;">Minimum of 6,667 Shares to be applied for</div>	B Total amount payable <div style="border: 1px solid black; width: 100%; height: 20px; margin-top: 5px;"></div>
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C Write the name(s) you wish to register the Shares in (see reverse for instructions)
 Applicant #1
 Name of Applicant #2 or <Account Designation>
 Name of Applicant #3 or <Account Designation>

D Write your postal address here
 Number/Street

Suburb/Town
State
Postcode

E CHESS participant – Holder Identification Number (HIN)

X

Important please note if the name and address details above in sections C and D do not match exactly with your registration details held at CHESS, any Shares issued as a result of your Application will be held on the Issuer Sponsored subregister.

F Enter your Tax File Number(s), ABN, or exemption category

Applicant #1
 Applicant #3

Applicant #2

G Cheque payment details – PIN CHEQUE(S) HERE. Cheque to be made payable to "Bojun Agriculture Holdings Limited" and crossed Not Negotiable. Enter cheque details below.

Alternatively you can apply online at www.bojunagriculture.com and pay by BPAY. If you apply online, you do not need to complete a paper Application Form. See details on reverse.

Name of drawer of cheque	Cheque no.	BSB no.	Account no.	Cheque Amount A\$

H Contact telephone number (daytime/work/mobile)

Contact Name

E-mail Address

Declaration By submitting this Application Form with your Application Monies, I/we declare that I/we:

- ✓ have received a copy of, and read, the Replacement Prospectus in full;
- ✓ have received this Application Form in accordance with the Replacement Prospectus; and
- ✓ have completed the Application Form in accordance with the instructions on the form and in the Replacement Prospectus;
- ✓ declare that all details and statements made by me/us are complete and accurate;
- ✓ agree and consent to the Company collecting, holding, using and disclosing my/our personal information in accordance with the Replacement Prospectus;
- ✓ where I/we have been provided information about another individual, warrant that I/we have obtained that individual's consent to the transfer of their information to the Company;
- ✓ acknowledge my/our Application Form may not be withdrawn;
- ✓ apply for the number of Shares set out in this Application (or a lower number allocated in a manner allowed under the Replacement Prospectus);
- ✓ acknowledge that my/our Application may be rejected by the Company in its absolute discretion;
- ✓ authorise the Company and their respective officers and agents to do anything on my/our behalf necessary (including the completion and execution of documents) to enable the Shares to be allocated to me/us;
- ✓ am/are over 18 years of age;
- ✓ agree to be bound by the constitution of the Company;
- ✓ acknowledge that neither the Company nor any person or entity guarantees any particular rate of return on the Shares, nor do they guarantee the repayment of capital;
- ✓ represent, warrant and agree that I/we am/are not in the United States or a US Person and am/are not acting for the account or benefit of a US Person; and
- ✓ represent, warrant and agree that I/we have not received this Replacement Prospectus outside Australia or New Zealand and am/are not acting on behalf of a person resident outside Australia or New Zealand.

Guide to the Application Form

YOU SHOULD READ THE REPLACEMENT PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.

Please complete all relevant sections of the appropriate Application Form using BLOCK LETTERS. These instructions are cross-referenced to each section of the Application Form.

Instructions

- A** If applying for Shares insert the **number** of Shares for which you wish to subscribe at Item **A** (not less than 6,667 Shares representing a minimum investment of \$2,000.10). Multiply by \$0.30 to calculate the total Application Monies for Shares and enter the **A\$amount** at Item **B**.
- C** Write your **full name**. Initials are not acceptable for first names.
- D** Enter your **postal address** for all correspondence. All communications to you from the Company will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
- E** If you are sponsored in CHESS by a stockbroker or other CHESS participant you may enter your CHESS HIN if you would like the allocation to be directed to your HIN. **NB: your registration details provided must match your CHESS account exactly.**
- F** Enter your Australian tax file number ("TFN") or ABN or exemption category, if you are an Australian resident. Where applicable, please enter the TFN/ABN of each joint Applicant. Collection of TFNs is authorised by taxation laws.
- Quotation of your TFN is not compulsory and will not affect your Application Form. However, if no TFN is quoted your dividends and distributions may be taxed at the highest marginal tax rate plus medicare levy
- G** Complete **cheque details** as requested. Make your cheque payable to "Bojun Agriculture Holdings Limited". Cross it and mark it 'Not negotiable'. Cheques must be in Australian currency, and must be drawn on a bank or financial institution in Australia. **Alternatively you can apply online at www.bojunagriculture.com and pay by BPAY. If you apply online, you do not need to complete a paper Application Form. See below.**
- H** Enter your **contact details**, including name, phone number and e-mail address, so we may contact you regarding your Application Form or Application Monies.
- By providing an e-mail address you are electing to receive notices of meetings, annual reports and other communications from the Company electronically to the provided e-mail address.

Payment by BPAY

You may apply for shares online and pay your Application Monies by BPAY. Applicants wishing to pay by BPAY should complete the online Application Form accompanying the electronic version of the Replacement Prospectus available at www.bojunagriculture.com and follow the instructions on the online Application Form. When completing your BPAY payment please ensure you use the specific Biller Code and Unique CRN provided in the online Application Form and confirmation e-mail. If you do not use the correct Biller Code and CRN, your Application will not be recognised as valid. It is your responsibility to ensure payment is received by 5:00pm (Sydney time) on the Closing Date. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and should therefore take this into consideration when making payment. Neither Boardroom Pty Limited nor Bojun Agriculture Holdings Limited accepts any responsibility for loss incurred through incorrectly completed BPAY payments.

Correct Form of Registrable Title

Note that ONLY legal entities can hold the Shares. The Application must be in the name of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and surname is required for each natural person. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registrable Title	Incorrect Form of Registrable Title
Individual	Mr John David Smith	J D Smith
Company	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings	Mr John David Smith & Mrs Mary Jane Smith	John David & Mary Jane Smith
Trusts	Mr John David Smith <J D Smith Family A/C>	John Smith Family Trust
Deceased Estates	Mr Michael Peter Smith <Est Lte John Smith A/C>	John Smith (deceased)
Partnerships	Mr John David Smith & Mr Ian Lee Smith	John Smith & Son
Clubs/Unincorporated Bodies	Mr John David Smith <Smith Investment A/C>	Smith Investment Club
Superannuation Funds	John Smith Pty Limited <J Smith Super Fund A/C>	John Smith Superannuation Fund

Lodgment

Mail or deliver your completed Application Form with your cheque(s) or bank draft attached to one of the following addresses:

Mailing address:

Bojun Agriculture Holdings Limited
C/-Boardroom Pty Limited
GPO Box 3993
SYDNEY NSW 2001

Delivery address:

Bojun Agriculture Holdings Limited
C/-Boardroom Pty Limited
Level 12, 225 George Street
SYDNEY NSW 2000

The Offer closes at 5:00 p.m. (Sydney Time) on 27 October 2017, unless varied in accordance with the Corporations Act and ASX Listing Rules.

It is not necessary to sign or otherwise execute the Application Form.

If you have any questions as to how to complete the Application Form, please contact Boardroom Pty Limited on 1300 737 760 within Australia and +61 2 9290 9600 outside Australia.

Privacy Statement

Bojun Agriculture Holdings Limited advises that Chapter 2C of the Corporations Act requires information about its shareholders (including names, addresses and details of Shares held) to be included in the Company's share register. Information is collected to administer your securityholding and if some or all of the information is not collected then it might not be possible to administer your securityholding. Your personal information may be disclosed to the Company. To obtain access to your personal information or more information on how the Company collects, stores, uses and discloses your information please contact the Company at the address or telephone number shown in the Replacement Prospectus.

Bojun Agriculture Holdings Limited

ACN 616 806 574

General Offer Application Form

This is an Application Form for Shares in Bojun Agriculture Holdings Limited (**Company**) on the terms set out in the Replacement Prospectus dated 5 September 2017 (Replacement Prospectus). Defined terms in the Replacement Prospectus have the same meaning in this Application Form. You may apply for a minimum of 4,000 Shares. This Application Form and your cheque or bank draft must be received by **5.00pm (Sydney Time) on the Closing Date.** Alternatively, you can apply online at www.bojunagriculture.com and pay by BPAY. Completed Application Forms and Application Monies must be received by the Company by 5.00pm (Sydney time) on the Closing Date.

This Application Form is important. If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. The Replacement Prospectus dated 5 September 2017 contains information relevant to a decision to invest in the Shares of the Company and you should read the entire Replacement Prospectus carefully before applying for Shares.

The Share Registry's Privacy Policy (**Privacy Policy**) also sets out important information relating to the collection, use and disclosure of all personal information that you provide to the Company. Please ensure that you and all relevant individuals have read the Privacy Policy carefully before submitting this Application Form. The Privacy Policy can be found on the website <http://www.boardroomlimited.com.au/Privacy.html>

To meet the requirements of the *Corporations Act 2001* (Cth), this Application Form must not be distributed to another person unless included in, or accompanied by the Replacement Prospectus. A person who gives another person access to this Application Form must, at the same time and by the same means, give the other person access to the Replacement Prospectus. During the Offer period the Company will send you a free paper copy of the Replacement Prospectus if you have received an electronic Replacement Prospectus and you ask for a paper copy before the Replacement Prospectus expires on 5 October 2018.

PLEASE FOLLOW THE INSTRUCTIONS TO COMPLETE THIS APPLICATION FORM (SEE REVERSE) AND PRINT CLEARLY IN CAPITAL LETTERS USING BLACK OR BLUE PEN.

A Number of Shares you are applying for <div style="border: 1px solid black; width: 100%; height: 20px; margin-top: 5px;"></div> <div style="text-align: right; margin-top: 5px;">x \$0.30 per Share =</div> <div style="text-align: center; font-size: small; margin-top: 5px;">Minimum of 6,667 Shares to be applied for</div>	B Total amount payable <div style="border: 1px solid black; width: 100%; height: 20px; margin-top: 5px;"></div>
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C Write the name(s) you wish to register the Shares in (see reverse for instructions)
 Applicant #1
 Name of Applicant #2 or <Account Designation>
 Name of Applicant #3 or <Account Designation>

D Write your postal address here
 Number/Street

Suburb/Town
State
Postcode

E CHESS participant – Holder Identification Number (HIN)

X

Important please note if the name and address details above in sections C and D do not match exactly with your registration details held at CHESS, any Shares issued as a result of your Application will be held on the Issuer Sponsored subregister.

F Enter your Tax File Number(s), ABN, or exemption category

Applicant #1

Applicant #2

Applicant #3

G Cheque payment details – PIN CHEQUE(S) HERE. Cheque to be made payable to "Bojun Agriculture Holdings Limited" and crossed Not Negotiable. Enter cheque details below.

Alternatively you can apply online at www.bojunagriculture.com and pay by BPAY. If you apply online, you do not need to complete a paper Application Form. See details on reverse.

Name of drawer of cheque	Cheque no.	BSB no.	Account no.	Cheque Amount A\$

H Contact telephone number (daytime/work/mobile)

Contact Name

E-mail Address

Declaration By submitting this Application Form with your Application Monies, I/we declare that I/we:

- ✓ have received a copy of, and read, the Replacement Prospectus in full;
- ✓ have received this Application Form in accordance with the Replacement Prospectus; and
- ✓ have completed the Application Form in accordance with the instructions on the form and in the Replacement Prospectus;
- ✓ declare that all details and statements made by me/us are complete and accurate;
- ✓ agree and consent to the Company collecting, holding, using and disclosing my/our personal information in accordance with the Replacement Prospectus;
- ✓ where I/we have been provided information about another individual, warrant that I/we have obtained that individual's consent to the transfer of their information to the Company;
- ✓ acknowledge my/our Application Form may not be withdrawn;
- ✓ apply for the number of Shares set out in this Application (or a lower number allocated in a manner allowed under the Replacement Prospectus);
- ✓ acknowledge that my/our Application may be rejected by the Company in its absolute discretion;
- ✓ authorise the Company and their respective officers and agents to do anything on my/our behalf necessary (including the completion and execution of documents) to enable the Shares to be allocated to me/us;
- ✓ am/are over 18 years of age;
- ✓ agree to be bound by the constitution of the Company;
- ✓ acknowledge that neither the Company nor any person or entity guarantees any particular rate of return on the Shares, nor do they guarantee the repayment of capital;
- ✓ represent, warrant and agree that I/we am/are not in the United States or a US Person and am/are not acting for the account or benefit of a US Person; and
- ✓ represent, warrant and agree that I/we have not received this Replacement Prospectus outside Australia or New Zealand and am/are not acting on behalf of a person resident outside Australia or New Zealand.

Guide to the Application Form

YOU SHOULD READ THE REPLACEMENT PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.

Please complete all relevant sections of the appropriate Application Form using BLOCK LETTERS. These instructions are cross-referenced to each section of the Application Form.

Instructions

- A** If applying for Shares insert the **number** of Shares for which you wish to subscribe at Item **A** (not less than 6,667 Shares representing a minimum investment of \$2,000.10). Multiply by \$0.30 to calculate the total Application Monies for Shares and enter the **A\$amount** at Item **B**.
- C** Write your **full name**. Initials are not acceptable for first names.
- D** Enter your **postal address** for all correspondence. All communications to you from the Company will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
- E** If you are sponsored in CHESS by a stockbroker or other CHESS participant you may enter your CHESS HIN if you would like the allocation to be directed to your HIN. **NB: your registration details provided must match your CHESS account exactly.**
- F** Enter your Australian tax file number ("TFN") or ABN or exemption category, if you are an Australian resident. Where applicable, please enter the TFN/ABN of each joint Applicant. Collection of TFNs is authorised by taxation laws.
- Quotation of your TFN is not compulsory and will not affect your Application Form. However, if no TFN is quoted your dividends and distributions may be taxed at the highest marginal tax rate plus medicare levy
- G** Complete **cheque details** as requested. Make your cheque payable to "Bojun Agriculture Holdings Limited". Cross it and mark it 'Not negotiable'. Cheques must be in Australian currency, and must be drawn on a bank or financial institution in Australia. **Alternatively you can apply online at www.bojunagriculture.com and pay by BPAY. If you apply online, you do not need to complete a paper Application Form. See below.**
- H** Enter your **contact details**, including name, phone number and e-mail address, so we may contact you regarding your Application Form or Application Monies.
- By providing an e-mail address you are electing to receive notices of meetings, annual reports and other communications from the Company electronically to the provided e-mail address.

Payment by BPAY

You may apply for shares online and pay your Application Monies by BPAY. Applicants wishing to pay by BPAY should complete the online Application Form accompanying the electronic version of the Replacement Prospectus available at www.bojunagriculture.com and follow the instructions on the online Application Form. When completing your BPAY payment please ensure you use the specific Biller Code and Unique CRN provided in the online Application Form and confirmation e-mail. If you do not use the correct Biller Code and CRN, your Application will not be recognised as valid. It is your responsibility to ensure payment is received by 5:00pm (Sydney time) on the Closing Date. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and should therefore take this into consideration when making payment. Neither Boardroom Pty Limited nor Bojun Agriculture Holdings Limited accepts any responsibility for loss incurred through incorrectly completed BPAY payments.

Correct Form of Registrable Title

Note that ONLY legal entities can hold the Shares. The Application must be in the name of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and surname is required for each natural person. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registrable Title	Incorrect Form of Registrable Title
Individual	Mr John David Smith	J D Smith
Company	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings	Mr John David Smith & Mrs Mary Jane Smith	John David & Mary Jane Smith
Trusts	Mr John David Smith <J D Smith Family A/C>	John Smith Family Trust
Deceased Estates	Mr Michael Peter Smith <Est Lte John Smith A/C>	John Smith (deceased)
Partnerships	Mr John David Smith & Mr Ian Lee Smith	John Smith & Son
Clubs/Unincorporated Bodies	Mr John David Smith <Smith Investment A/C>	Smith Investment Club
Superannuation Funds	John Smith Pty Limited <J Smith Super Fund A/C>	John Smith Superannuation Fund

Lodgment

Mail or deliver your completed Application Form with your cheque(s) or bank draft attached to one of the following addresses:

Mailing address:

Bojun Agriculture Holdings Limited
C/-Boardroom Pty Limited
GPO Box 3993
SYDNEY NSW 2001

Delivery address:

Bojun Agriculture Holdings Limited
C/-Boardroom Pty Limited
Level 12, 225 George Street
SYDNEY NSW 2000

The Offer closes at 5:00 p.m. (Sydney Time) on 27 October 2017, unless varied in accordance with the Corporations Act and ASX Listing Rules.

It is not necessary to sign or otherwise execute the Application Form.

If you have any questions as to how to complete the Application Form, please contact Boardroom Pty Limited on 1300 737 760 within Australia and +61 2 9290 9600 outside Australia.

Privacy Statement

Bojun Agriculture Holdings Limited advises that Chapter 2C of the Corporations Act requires information about its shareholders (including names, addresses and details of Shares held) to be included in the Company's share register. Information is collected to administer your securityholding and if some or all of the information is not collected then it might not be possible to administer your securityholding. Your personal information may be disclosed to the Company. To obtain access to your personal information or more information on how the Company collects, stores, uses and discloses your information please contact the Company at the address or telephone number shown in the Replacement Prospectus.

CORPORATE DIRECTORY

Bojun Agriculture Holdings Limited

Registered Office

Level 27, 50 Bridge Street
Sydney NSW 2000

Proposed ASX Code: BAH

Offer website:

<http://bojunagriculture.com>

Bojun Share Offer Information Line

Within Australia: 02 9290 9600

Outside Australia: +61 2 9290 9600

Open 8:30am to 5:00pm AEST Monday to Friday

Lead Arranger

Beer & Co Pty Ltd

Level 2 South, 11-19 Bank Place
Melbourne VIC 3000

Corporate Adviser

Beijing Ruihua Future Investment Management Co., Ltd

Full Tower, No. 9, East Third Ring Middle Road
Chaoyang District, Beijing, China

Australian Legal Adviser

Baker & McKenzie

Level 27, 50 Bridge Street
Sydney NSW 2000

Chinese Legal Adviser

Beijing Quan Xiao Law Firm

Floor 5, Taifeng Huizhong Building, No. 120 West
Street, Zhushikou, Xicheng District, Beijing

Hong Kong Legal Adviser

HM Chan & Co.

21st Floor, 8 Queen's Road,
Central, Hong Kong

BVI Legal Adviser

Travers Thorp Alberga

1205A The Centrum,
60 Wyndham Street Central, Hong Kong,
Cayman Islands & British Virgin Islands
Attorneys-at-Law

Investigating Accountant

BDO Corporate Finance (East Coast) Pty Ltd

Collins Square, Tower Four
Level 18, 727 Collins Street
Melbourne Vic 3008

Australian Auditor and Tax Adviser

BDO East Coast Partnership

Collins Square, Tower 4
Level 18, 727 Collins Street
Melbourne VIC 3008

Auditor of Bojun China

Wei, Wei & Co LLP

133-10 39th Avenue
Flushing, NY 11354
United States

Registry

Boardroom Pty Limited

Level 12, 225 George Street
Sydney NSW 2000

Independent Expert

Shenzhen CI Consulting Corporation

No. 4D, Block A, Cedar Blocks, Tairan 6 Road,
Chengongmiao, Futian District, Shenzhen



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**Bojun Agriculture Holdings
Limited**

ACN 618 962 253

