



天喔國際控股有限公司 Tenwow International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)
Stock code: 1219



GLOBAL
OFFERING

Joint Global Coordinators and Joint Sponsors
(in alphabetical order)



Joint Bookrunners
(in alphabetical order)



IMPORTANT: If you are in any doubt about any of the contents of this prospectus, you should seek independent professional advice.



天喔國際控股有限公司 Tenwow International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	: 500,000,000 Shares (subject to the Over-allotment Option)
Number of Hong Kong Offer Shares	: 50,000,000 Shares (subject to adjustment)
Number of International Offer Shares	: 450,000,000 Shares (subject to adjustment and the Over-allotment Option)
Maximum Offer Price	: HK\$3.15 per Offer Share plus brokerage of 1.0%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal value	: HK\$0.1 per Share
Stock code	: 01219

Joint Global Coordinators and Joint Sponsors (in alphabetical order)

Deutsche Bank Group 

HSBC 

Joint Bookrunners (in alphabetical order)



Deutsche Bank Group 

HSBC 

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the section "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix V, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any of the other documents referred to above.

The Offer Price is expected to be determined by agreement between the Joint Bookrunners (on behalf of the Underwriters) and our Company on or about Wednesday, September 11, 2013 and, in any event, not later than Sunday, September 15, 2013. The Offer Price will be not more than HK\$3.15 per Offer Share and is currently expected to be not less than HK\$3.00 per Offer Share, unless otherwise announced. Investors applying for the Hong Kong Offer Shares must pay, on application, the maximum Offer Price of HK\$3.15 per Offer Share, together with brokerage of 1.0%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price is less than HK\$3.15 per Offer Share.

The Joint Bookrunners (on behalf of the Underwriters), with the consent of our Company, may reduce the indicative Offer Price range stated in this prospectus and/or reduce the number of Offer Shares being offered pursuant to the Global Offering at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, notices of the reduction of the indicative Offer Price range and/or the number of Offer Shares will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Further details are set out in the sections "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares". If, for any reason, the Offer Price is not agreed between our Company and the Joint Bookrunners (on behalf of the Underwriters) on or before Sunday, September 15, 2013 (Hong Kong time), the Global Offering (including the Hong Kong Public Offering) will not proceed and will lapse. Please also see the section "Underwriting — Underwriting Arrangements and Expenses — The Hong Kong Public Offering — Grounds for Termination".

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States, except that Offer Shares may be offered, sold or delivered to QIBs in reliance on an exemption from registration under the U.S. Securities Act provided by, and in accordance with the restrictions of, Rule 144A or another exemption from the registration requirements of the U.S. Securities Act. The Offer Shares may be offered, sold or delivered outside the United States in offshore transactions in accordance with Regulation S.

September 5, 2013

EXPECTED TIMETABLE⁽¹⁾

- Latest time for completing electronic applications
under **White Form eIPO** service through the
designated website www.eipo.com.hk⁽²⁾ 11:30 a.m. on Tuesday, September 10, 2013
- Application lists open⁽³⁾ 11:45 a.m. on Tuesday, September 10, 2013
- Latest time for lodging **WHITE** and **YELLOW**
Application Forms 12:00 noon on Tuesday, September 10, 2013
- Latest time for completing payment of
White Form eIPO applications by effecting
internet banking transfer(s) or PPS payment
transfer(s) 12:00 noon on Tuesday, September 10, 2013
- Latest time for giving **electronic application instructions**
to HKSCC⁽⁴⁾ 12:00 noon on Tuesday, September 10, 2013
- Application lists close⁽³⁾ 12:00 noon on Tuesday, September 10, 2013
- Expected Price Determination Date⁽⁵⁾ Wednesday, September 11, 2013

- (1) Announcement of the Offer Price, the level
of indications of interest in the International
Offering, the level of applications in the Hong Kong
Public Offering and basis of allocation of the
Hong Kong Offer Shares under the Hong Kong
Public Offering to be published in the South
China Morning Post (in English) and the Hong Kong
Economic Times (in Chinese) on or before Monday, September 16, 2013
- (2) Results of allocations in the Hong Kong
Public Offering (with successful applicants’
identification document numbers, where appropriate)
to be available through a variety of channels as
described in the section “How to Apply
for Hong Kong Offer Shares — Publication
of Results” Monday, September 16, 2013
- (3) A full announcement of the Hong Kong
Public Offering containing (1) and (2) above
to be published on the website of the Stock
Exchange at www.hkexnews.hk⁽⁶⁾ and our Company’s
website at ir.tenwow.com.hk⁽⁶⁾ from Monday, September 16, 2013

EXPECTED TIMETABLE⁽¹⁾

Results of allocations in the Hong Kong

Public Offering will be available at

www.iporeresults.com.hk with a “search by ID”

function fromMonday, September 16, 2013

Dispatch of share certificates in respect of wholly

or partially successful applications pursuant to the

Hong Kong Public Offering on or before⁽⁷⁾⁽⁸⁾⁽⁹⁾Monday, September 16, 2013

Dispatch of refund cheques and **White Form** e-Refund payment

instructions in respect of wholly or partially successful

applications (if applicable) or wholly or partially

unsuccessful applications pursuant to the Hong Kong

Public Offering on or before⁽⁹⁾⁽¹⁰⁾Monday, September 16, 2013

Dealings in the Shares on the Stock Exchange expected

to commence onTuesday, September 17, 2013

Notes:

- (1) All times refer to Hong Kong local time, except as otherwise stated.
- (2) You will not be permitted to submit your application through the designated website at www.eipo.com.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website at or before 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (3) If there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on September 10, 2013, the application lists will not open or close on that day. See the section “How to Apply for Hong Kong Offer Shares — 10. Effect of Bad Weather Condition on the Opening of the Application Lists”. If the application lists do not open and close on September 10, 2013, or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in this section, an announcement will be made in such event.
- (4) Applicants who apply for Hong Kong Offer Shares by giving electronic application instructions to HKSCC should refer to the section “How to Apply for Hong Kong Offer Shares — 6. Applying by Giving Electronic Application Instructions to HKSCC via CCASS”.
- (5) The Price Determination Date, being the date on which the Offer Price is to be determined, is expected to be on or about September 11, 2013 and, in any event, not later than September 15, 2013. If, for any reason, the Offer Price is not agreed between the Joint Bookrunners (on behalf of the Underwriters) and us (on behalf of ourselves) by September 15, 2013, the Global Offering (including the Hong Kong Public Offering) will not proceed and will lapse.
- (6) None of the website or any of the information contained on the website forms part of this prospectus.
- (7) Share certificates for the Offer Shares will become valid certificates of title at 8:00 a.m. on September 17, 2013 provided that (i) the Global Offering has become unconditional in all respects and (ii) neither of the Underwriting Agreements has been terminated in accordance with its terms.
- (8) e-Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the price payable per Offer Share on application. Part of the applicant’s Hong Kong Identity Card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong

EXPECTED TIMETABLE⁽¹⁾

Identity Card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant's Hong Kong Identity Card number or passport number before cashing the refund cheque. Inaccurate completion of an applicant's Hong Kong Identity Card number or passport number may lead to delays in encashment of, or may invalidate, the refund cheque.

- (9) Applicants who have applied on **WHITE** Application Forms or **White Form eIPO** for 1,000,000 or more Hong Kong Offer Shares under the Hong Kong Public Offering and have provided all required information may collect refund cheques (where applicable) and/or Share certificates (where applicable) in person from our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre 183 Queen's Road East, Wanchai, Hong Kong between 9:00 a.m. to 1:00 p.m. on September 16, 2013. Applicants being individuals who opt for personal collection may not authorize any other person to make collection on their behalf. Applicants being corporations who opt for personal collection must attend through their authorized representatives bearing letters of authorization from their corporation stamped with the corporation's chop. Both individuals and authorized representatives of corporations must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

Applicants who have applied on **YELLOW** Application Forms for 1,000,000 or more Hong Kong Offer Shares under the Hong Kong Public Offering may collect their refund cheques, if any, in person but may not elect to collect their share certificates as such share certificates will be deposited into CCASS for the credit of their designated CCASS participants' stock accounts or CCASS Investor Participant stock accounts, as appropriate. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants.

Applicants who apply for Hong Kong Offer Shares by giving electronic application instructions to HKSCC should refer to the section "How to Apply for Hong Kong Offer Shares — 14. Dispatch/Collection of Share Certificates and Refund Monies — (iv) If you apply by giving electronic application instructions to HKSCC" for details. Uncollected share certificates and refund cheques will be dispatched by ordinary post, at the applicants' risk, to the addresses specified in the relevant applications.

Further information is set out in the sections "How to Apply for Hong Kong Offer Shares — 14. Dispatch/Collection of Share Certificates and Refund Monies" and "How to Apply for Hong Kong Offer Shares — 13. Refund of application monies".

The above expected timetable is a summary only. You should refer to the sections "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" for details of the structure of the Global Offering, including the conditions of the Global Offering, and the procedures for application for the Hong Kong Offer Shares.

IMPORTANT NOTICE

DIRECTORS' RESPONSIBILITY STATEMENT

This prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information with regard to us. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

INFORMATION ABOUT THIS PROSPECTUS

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorized by us, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Joint Sponsors, any of the Underwriters, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering. Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with the Shares should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus and the Application Forms set out the terms and conditions of the Hong Kong Public Offering.

RESTRICTIONS ON OFFERS AND SALES OF SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his acquisition of Offer Shares to, confirm that he is aware of the restrictions on offers of the Offer Shares described in this prospectus.

No action has been taken to permit a public offering of the Offer Shares or the general distribution of this prospectus and/or the Application Forms in any jurisdiction other than in Hong Kong. Accordingly, this prospectus may not be used for the purposes of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions and pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

IMPORTANT NOTICE

APPLICATION FOR LISTING OF THE SHARES ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including the Shares which may be issued pursuant to the exercise of the Over-allotment Option) and the Shares which may be issued pursuant to the exercise of the options granted under the Pre-IPO Share Option Scheme and the options which may be granted under the Post-IPO Share Option Scheme.

PROFESSIONAL TAX ADVICE RECOMMENDED

You should consult your professional advisers if you are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of, or dealing in, the Shares or exercising any rights attaching to the Shares. We emphasize that none of our Company, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Joint Sponsors, the Underwriters, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering accepts responsibility for any tax effects or liabilities resulting from your subscription, purchase, holding or disposing of, or dealing in, the Shares or your exercise of any rights attaching to the Shares.

OTHER

Unless otherwise specified, amounts denominated in RMB and US\$ have been translated, for the purpose of illustration only, into Hong Kong dollars in this prospectus at the following exchange rates: RMB1.00: HK\$1.26 and US\$1.00: HK\$7.76. No representation is made that any amounts in RMB or US\$ were or could have been or could be converted into Hong Kong dollars at such rates or any other exchange rates on such date or any other date.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

Unless otherwise specified, all references to any shareholdings in our Company following the completion of the Global Offering assume that the Over-allotment Option is not exercised.

The English names of companies established in the PRC are translations of their Chinese names and are included for identification purposes only.

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SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set forth in the section “Risk Factors”. You should read that section carefully before you decide to invest in the Offer Shares.

OUR BUSINESS

Overview

We are a leading packaged food and beverage producer and one of the largest distributors of packaged food and beverages in China, according to Frost & Sullivan. We operate a unique business model of producing and distributing a comprehensive range of products, ranging from alcoholic beverages, food and snacks, non-alcoholic beverages to other fast moving consumer goods, through a well-established distribution network across China.

Our Products

We produce and distribute high-quality Own Brand Products mainly under our “Tenwow” (“天喔”) brand, as well as distribute well-known Third Party Brand Products, which span a broad range of consumer markets and command leading market positions in many of their respective product segments.

Our Own Brand Products cover four product categories, food and snacks (including roasted nuts and seeds, preserved fruits and meat snacks and other products), non-alcoholic beverages (including ready-to-drink teas and other bottled beverages), alcoholic beverages (including wines and Chinese rice wines) and others (including sauces and flavourings). Our product portfolio consists of some of the fastest growing packaged food and beverage products in the Chinese market in recent years, including fruit flavored ready-to-drink tea, which is expected to grow at a CAGR of 19.7% from 2012 to 2017, according to Frost & Sullivan. We also command leading market positions in many of our product segments. For example, in 2012, we were the largest producer of pistachios and almonds in China in terms of retail value, and we were among the top three producers of dried pork slices and fruit flavored ready-to-drink tea in terms of retail value, according to Frost & Sullivan.

We also distribute Third Party Brand Products under certain international and local brands, such as Nestlé, Martell, Hennessy and Wahaha, in four main product categories — food and snacks, non-alcoholic beverages, alcoholic beverages and certain fast moving consumer goods. Our Third Party Brand Products represent a broad portfolio of more than 4,300 different products and 76 different international and local brands as of June 30, 2013.

SUMMARY

The tables below set out the amount and percentage of our total sales revenue for each of our product categories for the periods indicated.

Product segments	Year ended December 31,						Six months ended June 30,			
	2010		2011		2012		2012		2013	
(in RMB millions, except percentages)										
<i>Own Brand Products</i>										
Food and Snacks	564.0	14.9%	665.5	17.6%	571.2	13.4%	212.5	11.1%	319.1	13.9%
Non-alcoholic Beverages.	101.2	2.7%	192.9	5.1%	256.3	6.0%	133.2	7.0%	199.1	8.6%
Alcoholic Beverages	137.6	3.6%	152.9	4.0%	334.9	7.9%	172.6	9.1%	138.4	6.0%
Others	56.0	1.5%	42.1	1.1%	37.5	0.9%	12.8	0.7%	18.0	0.8%
Sub-total	<u>858.8</u>	<u>22.7%</u>	<u>1,053.4</u>	<u>27.8%</u>	<u>1,199.9</u>	<u>28.2%</u>	<u>531.1</u>	<u>27.9%</u>	<u>674.6</u>	<u>29.3%</u>
<i>Third Party Brand Products</i>										
Food and Snacks	493.5	13.0%	585.1	15.4%	775.9	18.2%	317.6	16.7%	415.2	18.0%
Non-alcoholic Beverages.	122.4	3.2%	43.6	1.2%	44.5	1.0%	13.3	0.7%	28.6	1.2%
Alcoholic Beverages	2,272.3	60.0%	2,101.4	55.4%	2,169.9	51.1%	1,023.6	53.8%	1,148.7	50.0%
Others	38.9	1.1%	6.8	0.2%	61.9	1.5%	16.6	0.9%	35.6	1.5%
Sub-total	<u>2,927.1</u>	<u>77.3%</u>	<u>2,736.9</u>	<u>72.2%</u>	<u>3,052.2</u>	<u>71.8%</u>	<u>1,371.1</u>	<u>72.1%</u>	<u>1,628.1</u>	<u>70.7%</u>
Total	<u>3,785.9</u>	<u>100.0%</u>	<u>3,790.3</u>	<u>100.0%</u>	<u>4,252.1</u>	<u>100.0%</u>	<u>1,902.2</u>	<u>100.0%</u>	<u>2,302.7</u>	<u>100.0%</u>

Sales of Third Party Brand Products represent a substantial majority of our revenue during the Track Record Period, with sales of third party brand alcoholic beverages accounting for 50.0% of our total revenue for the six months ended June 30, 2013. Although we have historically relied on the sales of Third Party Brand Products for a significant portion of our revenue, sales of Own Brand Products increased during the Track Record Period at a CAGR of 18.2% during the period from 2010 to 2012, and the respective proportion of total revenue increased from 22.7% to 28.2% in the same period as a result of our emphasis on Own Brand Products. We believe Own Brand Products have growth potential and we intend to continue to expand our portfolio of such products. We will also continue to adjust the product mix in each category of Third Party Brand Products to increase existing and new Third Party Brand Products that yield higher profit margins or enhance the profile of our overall product portfolio. Please also refer to the section “Risk Factors — Our efforts to introduce new Own Brand Products or alter our portfolio of Third Party Brand Products may be unsuccessful” for further information on the risks associated with our product portfolio.

SUMMARY

The table below sets forth a breakdown of our gross profit and gross profit margins by product segment and main product categories for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2010		2011		2012		2012		2013	
	(in RMB thousands, except percentages)									
	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)
Own Brand										
Products										
Food and snacks . . .	130,077	23.1	153,120	23.0	159,997	28.0	42,852	20.2	89,763	28.1
Non-alcoholic										
beverages	27,539	27.2	39,730	20.6	53,522	20.9	31,432	23.6	52,019	26.1
Alcoholic										
beverages	16,286	11.8	24,636	16.1	51,794	15.5	24,878	14.4	24,314	17.6
Others	12,017	21.5	8,346	19.8	8,579	22.9	3,106	24.3	3,056	17.0
	185,919	21.6	225,832	21.4	273,892	22.8	102,268	19.3	169,152	25.1
Third Party										
Brand Products										
Alcoholic										
beverages	120,068	5.3	185,681	8.8	212,001	9.8	69,247	6.8	111,070	9.7
Food and snacks . . .	28,126	5.7	43,795	7.5	44,885	5.8	33,557	10.6	27,220	6.6
Non-alcoholic										
beverages	11,553	9.4	5,268	12.1	5,249	11.8	306	2.3	2,166	7.6
Others	837	2.2	1,048	15.5	7,166	11.6	2,832	17.0	1,551	4.4
	160,584	5.5	235,792	8.6	269,301	8.8	105,942	7.7	142,007	8.7
Total	346,503	9.2	461,624	12.2	543,193	12.8	208,210	10.9	311,159	13.5

Our gross profit margin for the three years ended December 31, 2012 and the six months ended June 30, 2013 was 9.2%, 12.2%, 12.8% and 13.5%, respectively, and our net profit margin for the same periods was 3.5%, 4.6%, 5.4% and 4.2%, respectively. Our net profit margin is affected by factors such as production costs (including raw materials costs), distribution costs and borrowing costs.

Our Distribution Network

We leverage on the strength of our distributors' distribution channels which, together with our own distribution channels, allow us to efficiently distribute Own Brand Products and Third Party Brand Products to retailers across China. We distribute our products through direct sales, which includes four main sales channels, and distributors, which comprises of Nanpu and third party distributors. Our extensive nationwide sales and distribution network in China consists of distribution channels operated by us, Nanpu (our jointly controlled entity in which we have a 51% equity interest) and third party distributors. As of June 30, 2013, we, together with Nanpu, had access to 43 sales offices and 12 principal distribution centers and warehouse facilities and more than 1,000 distributors (of which Nanpu owned and operated 20 sales offices and 4 principal distribution centers and warehouse facilities, and has more than 400 distributors), covering more than 120,000 sales points in 30 provinces, municipalities and autonomous regions. We were the fifth largest packaged food and beverage distributor in China, while Nanpu was the largest, in terms of sales revenue in 2012, according to Frost & Sullivan.

SUMMARY

The table below sets out the revenue contribution from our direct sales channels and sales made through distributors for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2010		2011		2012		2012		2013	
(in RMB thousands, except percentages)										
Direct sales										
On-premise channels ⁽¹⁾	467,926	12.4%	478,920	12.6%	348,621	8.2%	203,484	10.7%	285,120	12.4%
Modern retail channels ⁽²⁾	721,700	19.1%	736,089	19.4%	737,459	17.3%	302,371	15.9%	382,249	16.5%
Small business channels ⁽³⁾	149,058	3.9%	255,760	6.7%	430,734	10.1%	192,894	10.1%	305,196	13.3%
Other channels ⁽⁴⁾	20,622	0.5%	32,597	1.0%	43,195	1.1%	14,798	0.8%	33,695	1.5%
Sub-total	1,359,306	35.9%	1,503,366	39.7%	1,560,009	36.7%	713,547	37.5%	1,006,260	43.7%
Distributors										
Nanpu	1,697,077	44.8%	1,261,973	33.3%	1,336,306	31.4%	553,923	29.1%	624,760	27.1%
Third party distributors	729,470	19.3%	1,024,984	27.0%	1,355,766	31.9%	634,684	33.4%	671,699	29.2%
Sub-total	2,426,547	64.1%	2,286,957	60.3%	2,692,072	63.3%	1,188,607	62.5%	1,296,459	56.3%
Total	3,785,853	100.0%	3,790,323	100.0%	4,252,081	100.0%	1,902,154	100.0%	2,302,719	100.0%

Notes:

- (1) Include restaurant chains, hotels and other leisure and entertainment venues where our products are consumed on-premise.
- (2) Include hypermarket chains, supermarket chains and convenience stores.
- (3) Include wholesale centers and different retail stores.
- (4) Include mainly group purchases.

Nanpu was our largest distributor, accounting for 44.8%, 33.3%, 31.4% and 27.1% of our revenue in 2010, 2011 and 2012, and the six months ended June 30, 2013, respectively.

Relationship with Nanpu

Nanpu, a major distributor of our products and a supplier of Third Party Brand Products, is owned by us indirectly as to 51% and by Shanghai Tangjiu as to 49%. Bright Group is the holding company of Shanghai Tangjiu and both Bright Group and Shanghai Tangjiu are our connected persons because Shanghai Tangjiu is a substantial shareholder of Nanpu. Nanpu's distribution channels primarily focus on the eastern and northern regions of China, which are complementary to our own distribution channels.

We sell products to and purchase products from Nanpu. Nanpu is our largest customer. We sell products to Nanpu and repurchase from it some of our Own Brand Products (the "Sales and Repurchase Arrangement"). The total amount of sales to Nanpu (before elimination of the Sales and Repurchase Arrangement) for the years ended December 31, 2010, 2011 and 2012, and the six months ended June 30, 2013 were RMB1,975 million, RMB1,446 million, RMB1,453 million and RMB746 million, respectively. The total amount of sales to Nanpu (after elimination of the Sales and

SUMMARY

Repurchase Arrangement) for the years ended December 31, 2010, 2011 and 2012, and the six months ended June 30, 2013 were RMB1,697 million, RMB1,262 million, RMB1,336 million and RMB625 million, respectively, which accounted for 44.8%, 33.3%, 31.4% and 27.1% of our total sales for the respective periods.

The gross amount of Own Brand Products sold and the amount of Own Brand Products repurchased under the Sale and Repurchase Arrangement for the periods indicated are set out below.

	For the year ended December 31,			For the six months ended June 30,	
	2010	2011	2012	2012	2013
	(in RMB millions)				
The gross amount of Own Brand Products sold from us to Nanpu	867	851	789	341	484
The amount of Own Brand Products repurchased by us from Nanpu	278	185	117	74	121

In our consolidated financial statements, the Sales and Repurchase Arrangement were accounted for in accordance with HKAS 27 “Consolidated and Separate Financial Statements” where the repurchased amounts were eliminated against the gross sales and purchases to reflect the substance of the linked sales and repurchase transactions. In addition, the unrealized profit included in the unsold inventories repurchased at the end of each balance sheet date will also be eliminated through adjusting the cost of sales. The amount of unrealized profit adjusted to the costs of sales for the years ended December 31, 2010, 2011 and 2012, and the six months ended June 30, 2013 were RMB1 million, RMB4 million, RMB2 million and RMB2 million, respectively.

Nanpu is also our largest supplier. The total amount of purchases from Nanpu (before elimination of the Sales and Repurchase Arrangement) for the years ended December 31, 2010, 2011 and 2012, and the six months ended June 30, 2013 were RMB1,783 million, RMB1,315 million, RMB1,156 million and RMB402 million, respectively. The total amount of purchases from Nanpu (after elimination of the Sales and Repurchase Arrangement) for the years ended December 31, 2010, 2011 and 2012, and the six months ended June 30, 2013 were RMB1,505 million, RMB1,130 million, RMB1,039 million and RMB281 million, respectively, which accounted for 44.4%, 32.7%, 23.9% and 13.4% of our total purchases for the respective periods. We purchased Third Party Brand Products from Nanpu and sold some of the same products back to Nanpu when Nanpu had an inventory shortage of such products and it was commercially feasible for us to do so. Please refer to the section “Relationship with Nanpu — Reason for the Sales and Repurchase Agreement” for the commercial reasons for the Sales and Repurchase Arrangement and the Nanpu-Tenwow-Nanpu Transactions.

SUMMARY

The amount of products repurchased by Nanpu from us for the years ended December 31, 2010, 2011 and 2012, and the six months ended June 30, 2013 was RMB689 million, RMB296 million, RMB140 million and RMB18 million, respectively. The amount of Third Party Brand Products purchased from and the amount of Third Party Brand Products resold to Nanpu under the Nanpu-Tenwow-Nanpu Transactions for the periods indicated are set out below.

	For the year ended December 31,			For the six months ended June 30,	
	2010	2011	2012	2012	2013
	(in RMB millions)				
The amount of Third Party Brand Products purchased from Nanpu by us	1,505	1,130	1,039	468	281
The amount of Third Party Brand Products resold by us to Nanpu	689	296	140	72	18

In our consolidated financial statements, the purchase and subsequent sales of Third Party Brand Products under Nanpu-Tenwow-Nanpu Transactions were not eliminated because the purchase and subsequent sales back were independent transactions. This means the respective amounts of sales and cost of sales under the Nanpu-Tenwow-Nanpu Transactions have been reflected in our financial statements. The percentage of our sales to Nanpu decreased over the Track Record Period and the contribution of sales by our next five largest customers increased. While we expect to continue to leverage on Nanpu’s distribution channels, we expect our reliance on Nanpu to continue to decrease going forward as we intend to continue to strengthen our existing distribution network and develop our distribution channels into other geographic markets, such as northeastern and southwestern China, which have high growth potential.

The Stock Exchange has deemed Nanpu a connected person pursuant to Rule 14A.06 of the Listing Rules for the reasons more particularly set out in the section “Relationship with Nanpu”. Mr. Lin is considered to have a material interest in the transactions between the Group and Nanpu under Rule 2.15 of the Listing Rules and, therefore, he and his associates are required to abstain from voting on all resolutions approving transactions or arrangements with Nanpu at the relevant general meetings. Transactions between our Group and Nanpu after December 31, 2013 relating to the sale and purchase of products will be subject to the requirements of Chapter 14A of the Listing Rules. If we cannot meet such requirements after December 31, 2013, we will be required to discontinue our transactions with Nanpu relating to the sale and purchase of products and as a result, our results of operations and financial performance will be adversely affected.

Please refer to the sections “Risk Factors — We rely on Nanpu, our jointly controlled entity, to distribute and supply a significant amount of our products”, “Relationship with Nanpu” and “Connected Transactions — (D) Non-Exempt Continuing Connected Transactions — 5. Sale of goods to Nanpu and 6. Purchase of goods from Nanpu” for further details of our transactions and relationship with Nanpu.

SUMMARY

OUR STRENGTHS AND STRATEGIES

We believe that our competitive strengths include our portfolio of highly recognized brands with leading positions in highly attractive growth markets, our well-established distribution network across China and our integrated business model managing Own Brand Products and Third Party Brand Products. In addition, we believe that having a market oriented research and development and quality control team with strong quality control capabilities, together with our experienced management team with a proven track record of delivering growth, has allowed us to achieve and continue to build on our leading position in the packaged food and beverage industry in China.

We intend to become the top packaged food and beverage producer in China by further strengthening our leading market position in the PRC packaged food and beverage market, further enhancing our research and development capabilities and expanding Own Brand Product portfolio, and further expanding our distribution network. We also plan to optimize our product portfolio and further improve our operating efficiency and pursue appropriate strategic acquisitions and business opportunities, as well as attract and retain quality personnel.

RISK FACTORS

There are certain risks involved in our operations. In particular, we face strong competition between Own Brand Products and Third Party Brand Products, and from both domestic and foreign companies in the food and beverage industry, including Nanpu and our third party distributors, which may affect our market share and results of operation. Our sales are also affected by changes in consumer preferences, perceptions and confidence in our product safety and quality, as well as changes in government policies. Our future success will depend partly on our ability to anticipate or adapt to such changes. We face operational and financial risks related to our future growth and expansion, including difficulties arising from introducing new products, expanding our distribution network and operations into new markets and future acquisitions. The production volume and production costs for Own Brand Products are dependent on our ability to source raw materials at acceptable prices and maintain a stable and sufficient supply of raw materials.

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SUMMARY CONSOLIDATED RESULTS OF OPERATIONS

The table below includes, for the periods indicated, selected financial data derived from our Consolidated Statements of Comprehensive Income and Consolidated Balance Sheet.

	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
	(in RMB thousands)				
Revenue	3,785,853	3,790,323	4,252,081	1,902,154	2,302,719
Cost of sales	(3,439,350)	(3,328,699)	(3,708,888)	(1,693,944)	(1,991,560)
Gross profit	346,503	461,624	543,193	208,210	311,159
Operating profit	193,425	258,350	334,476	108,264	163,425
Finance costs - net	(25,404)	(41,743)	(59,719)	(28,756)	(38,960)
Profit before income tax	183,630	236,526	301,427	87,855	131,899
Income tax expense	(49,564)	(62,610)	(71,082)	(22,066)	(34,599)
Profit for the year/period	134,066	173,916	230,345	65,789	97,300
Other comprehensive income	(4,988)	3,077	(3,112)	(1,415)	(1,816)
Total comprehensive income for the year/period	<u>129,078</u>	<u>176,993</u>	<u>227,233</u>	<u>64,374</u>	<u>95,484</u>

SHAREHOLDERS' INFORMATION

Controlling Shareholders

Immediately following the completion of the Capitalization Issue and the Global Offering (but excluding any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or pursuant to the exercise of the options which were granted under the Pre-IPO Share Option Scheme or may be granted under the Post-IPO Share Option Scheme), Zhi Qun will be entitled to exercise voting rights of approximately 70.27% of the issued share capital of our Company, and Mr. Lin will, through his control of the entire issued share capital of Zhi Qun, control the exercise of the voting rights of the said Shares in our Company.

Pre-IPO Investment

Pursuant to the CICC Share Subscription Agreement among our Company, our Controlling Shareholders and CICC (an independent third party), CICC subscribed for approximately 6.31% of our issued share capital immediately following completion of the pre-IPO investment on May 31, 2012, which represents approximately 4.73% of our enlarged issued share capital upon completion of the Capitalization Issue and the Global Offering (but taking no account of any shares which may be allotted and issued upon the exercise of the Over-allotment Option or pursuant to exercise of options

SUMMARY

which were granted under the Pre-IPO Share Option Scheme or may be granted under the Post-IPO Share Option Scheme). The funds raised were used for the purposes of daily operations of the members of the Group, including but not limited to purchases of raw materials and inventories, settlement of account payables and as general working capital for the business of the Group. Please refer to the section “Our History and Reorganization — The Pre-IPO Investments” for further details.

Pre-IPO Share Option Scheme

We have adopted the Pre-IPO Share Option Scheme, the details of which are set out in the section “Statutory and General Information — D. Other Information — 2. Pre-IPO Share Option Scheme” in Appendix IV. Issuance of Shares pursuant to the exercise of the options granted under the Pre-IPO Share Option Scheme will result in an increase in the number of Shares in issue after the issuance and thereby cause dilution to the percentage ownership of our existing Shareholders and earning per Share, and may cause dilution to the net asset per Share.

NET CURRENT LIABILITIES AND NET CASH OUTFLOW

We had net current liabilities of approximately RMB186.0 million and RMB117.8 million as of December 31, 2010 and 2011, respectively, and net current assets of RMB100.0 million and RMB9.6 million as of December 31, 2012 and June 30, 2013, respectively. During the Track Record Period, the major components of our current liabilities were trade and other payables and bank borrowings. We expect to settle our trade and other payables from our internal financial resources, including cash generated from operations, and as and when they fall due. In addition, we had unutilized banking facilities of approximately RMB382.4 million as of June 30, 2013. Based on our business and financial performance, we are not aware of any circumstances where our ability to obtain external financing going forward may be affected by the recent global financial market volatility and credit tightening, and we expect to renew most of our banking facilities after Listing. Our net current assets fell from RMB100.0 million as of December 31, 2012 to RMB9.6 million as of June 30, 2013 mainly because we declared the Special Distribution of RMB157.0 million to our Controlling Shareholder on May 10, 2013, which has been fully paid and settled using cash from operations. Our net cash generated by operating activities decreased from a net cash inflow of RMB74.8 million in 2011 to a net outflow of RMB158.4 million in 2012, due to increases in our inventories and trade and bill receivables which were primarily due to purchases by existing customers with credit terms increased in 2012, and a portion of our customers with strong payment histories delayed payments prior to the end of 2012 due to their liquidity requirements (which was caused by their own customers who delayed payments as a result of economic conditions in 2012). The majority of these delayed payments was collected by June 30, 2013. Our net cash generated by operating activities increased from RMB48.3 million in the six months ended June 30, 2012 to RMB97.7 million in the six months ended June 30, 2013, due primarily to the increase in our profits before income tax, the decrease in inventories as a result of our increase in sales and decrease in trade and other receivables, which is attributable to the strengthening of our credit control.

SUMMARY

OFFERING STATISTICS⁽¹⁾

Offer size	:	Initially 25% of the enlarged issued share capital of the Company
Offering structure	:	Approximately 10% Hong Kong Public Offering (subject to adjustment) and approximately 90% International Offering (subject to adjustment and the Over-allotment Option)
Over-allotment Option	:	Up to 15% of the number of Offer Shares initially available under the Global Offering
Offer Price per Share	:	HK\$3.00 to HK\$3.15 per Offer Share
Use of Proceeds (assuming an Offer Price of HK\$3.08 per Share, being the mid-point of the indicative Offer Price range)	:	<p>Net proceeds to our Company from the offer of new Shares — HK\$1,434.9 million, after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering:</p> <ul style="list-style-type: none"> • approximately 45% will be used to finance the capital expenditures required in connection with the expansion of production capacity at our existing production facilities and the construction of new production facilities in Chengdu, Sichuan; • approximately 39% will be used to strengthen and expand our existing distribution network and expand into new regions such as northeastern and southwestern China as well as to finance research and development, and marketing and promotion activities in connection with Own Brand Products; • approximately 6% will be used to refinance our existing bank loans; and • the remaining amount of approximately not more than 10% will be used for our working capital and other general corporate purposes.

Please see the section “Future Plans and Use of Proceeds” for details.

	<u>Based on an Offer Price of HK\$3.00 per Share</u>	<u>Based on an Offer Price of HK\$3.15 per Share</u>
Our Company’s market capitalization upon completion of the Global Offering ⁽²⁾	HK\$6,000 million	HK\$6,300 million
Unaudited pro forma adjusted net tangible asset per Share ⁽³⁾	HK\$1.22	HK\$1.25

SUMMARY

Notes :

- (1) All statistics in this table are on the assumption that the Over-allotment Option is not exercised.
- (2) The calculation of market capitalization is based on 2,000,000,000 Shares expected to be issued immediately upon completion of the Global Offering and the Capitalization Issue (but without taking into account the exercise of the Over-allotment Option and the Shares to be issued pursuant to the exercise of the options which were granted under the Pre-IPO Share Option Scheme or which may be granted under the Post-IPO Share Option Scheme) or any shares which be allotted and issued or repurchased by the company pursuant to the Issuing Mandate and Repurchase Mandate.
- (3) The unaudited pro forma adjusted net tangible asset value per Share is calculated after making the adjustments referred to in Appendix II “Unaudited Pro Forma Financial Information” and on the basis of 2,000,000,000 Shares in issue at the respective offer price of HK\$3.00 per Share and HK\$3.15 per Share immediately following completion of the Global Offering and the Capitalization Issue.

DIVIDEND AND DIVIDEND POLICY

The payment and the amount of any future dividends will be at the discretion of our Directors and will depend on factors that our Directors deem relevant. We give no assurance that dividends of any amount will be declared or distributed in any year. During the Track Record Period, we declared dividends of RMB271.2 million, which has been fully paid and settled using cash from operations. We currently intend to pay dividends to our Shareholders of approximately 30% of our profits available for distribution after the Global Offering.

SPECIAL DISTRIBUTION

We declared the Special Distribution on May 10, 2013 to our Controlling Shareholder, Mr. Lin, in an amount of RMB157.0 million, which constitutes approximately 100% of our profit attributable to shareholders for the year ended December 31, 2011. The Special Distribution has been fully paid and settled using cash from operations. After taking into account our current cash balance and our anticipated cash flows from operation activities, our Directors are satisfied that having paid the Special Distribution, we will have sufficient working capital available for our working capital requirements for at least 12 months after the Listing Date. Please refer to the section “Financial Information — Special Distribution” for details.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since June 30, 2013 and up to the date of this prospectus.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below.

“Application Form(s)”	WHITE Application Form(s), YELLOW Application Form(s) and GREEN Application Form(s) or, where the context so requires, any of them
“Articles” or “Articles of Association”	the articles of association of our Company (as amended from time to time), conditionally adopted on August 19, 2013 and will come into effect upon Listing, a summary of which is set out in Appendix III
“Board” or “Board of Directors”	the board of directors of our Company
“Bright Group”	Bright Food (Group) Co., Ltd. (光明食品(集團)有限公司), a company established under the laws of the PRC on May 26, 1995, our joint venture partner in respect of Nanpu, owning 49% interest in Nanpu through Shanghai Tangjiu, and is our connected person
“business day”	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business
“BVI”	the British Virgin Islands
“CAGR”	compound annual growth rate
“Capitalization Issue”	the issuance of Shares to be made upon the capitalization of certain sums standing to the credit of the share premium account of our Company, as further described in the section “Statutory and General Information — Further Information about Our Company and our subsidiaries — Resolutions in writing of all our Shareholders passed on August 19, 2013” in Appendix IV
“Cayman Companies Law” or “Companies Law”	the Companies Law (as revised) of the Cayman Islands as amended, supplemented from time to time
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct participant or a general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant

DEFINITIONS

“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“China” or “the PRC”	the People’s Republic of China excluding, for the purpose of this prospectus, Hong Kong, Macau and Taiwan
“Chuanxiang Food”	Shanghai Chuanxiang Food Factory (上海川湘食品有限公司), a company established on June 10, 1996 under the laws of the PRC and our indirect non-wholly owned subsidiary
“Chuanxiang Flavouring”	Shanghai Chuanxiang Flavouring and Food Co., Ltd. (上海川湘調料食品有限公司), a company established on June 26, 1994 under the laws of the PRC and our indirect non-wholly owned subsidiary
“CICC”	CICC TW Investment Limited, a company incorporated under the laws of the BVI on April 18, 2012 and a Shareholder
“CICC Share Subscription Agreement”	CICC Share Subscription Agreement dated May 8, 2012 entered into among CICC, the Company, Mr. Lin and Zhi Qun, under which CICC agreed to subscribe for 6,312 Shares at a consideration of US\$30,000,000
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended or supplemented from time to time
“Company” or “our Company”	Tenwow International Holdings Limited (天喔國際控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on August 25, 2011
“Controlling Shareholders”	has the meaning ascribed to it in the Listing Rules and unless the context requires otherwise, refers to Zhi Qun and Mr. Lin
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Dalian Friendship Group”	Dalian Friendship (Group) Co., Ltd. (大連友誼(集團)股份有限公司), a company established under the laws of the PRC on July 28, 1992 and our connected person
“Dalian Nanpu”	Dalian Nanpu External Supplies Food Limited (大連南浦外供食品有限公司), a company established under the laws of the PRC on January 20, 2012 and a subsidiary of Nanpu
“Director(s)”	the director(s) of our Company

DEFINITIONS

“EIT”	enterprise income tax
“EIT Law”	the PRC Enterprise Income Tax Law
“EIT Rules”	the Regulation on the Implementation of the EIT Law
“First Food Chain”	Shanghai First Food Chain Development Co., Ltd. (上海第一食品連鎖發展有限公司), a company established under the laws of the PRC on July 22, 2003 and our connected person
“Frost & Sullivan”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., a global market research and consulting company, which is an independent third party
“Fujian Salty and Tasty Snacks”	Tenwow (Fujian) Salty and Tasty Snacks Co., Ltd. (天喔鹽津鋪子(福建)食品有限公司), a company deregistered in accordance with relevant PRC laws and regulations on June 14, 2012
“GDP”	gross domestic product
“GFA”	gross floor area
“Global Offering”	the Hong Kong Public Offering and the International Offering
“Green Application Form(s)”	the application form(s) to be completed by the White Form eIPO Service Provider, Computershare Hong Kong Investor Services Limited, designated by the Company
“Group”, “our Group”, “we”, “our” or “us”	our Company and its subsidiaries ^(Note) or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries (or before such associated companies of our Company), the business operated by such subsidiaries or their predecessors (as the case may be)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC

Note: From our Group’s operational, management and accounting perspectives, Nanpu (which is accounted as our jointly controlled entity) and its subsidiaries are not being considered as subsidiaries of our Company.

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Offer Shares”	the 50,000,000 Shares being initially offered for subscription in the Hong Kong Public Offering, subject to adjustment
“Hong Kong Public Offering”	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong
“Hong Kong Share Registrar”	Computershare Hong Kong Investor Services Limited
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering listed in the section “Underwriting — Hong Kong Underwriters”
“Hong Kong Underwriting Agreement”	the underwriting agreement dated September 4, 2013, relating to the Hong Kong Public Offering and entered into by, among others, the Joint Bookrunners, the Hong Kong Underwriters and our Company
“independent third party”	a person or entity who is not considered a connected person of our Company under the Listing Rules
“International Offer Shares”	the 450,000,000 Shares being initially offered in the International Offering together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option, subject to adjustment
“International Offering”	the offer of the International Offer Shares at the Offer Price outside the United States in offshore transactions in accordance with Regulation S and in the United States to QIBs only in reliance on Rule 144A or any other available exemption from registration under the U.S. Securities Act
“International Underwriting Agreement”	the international underwriting agreement relating to the International Offering, which is expected to be entered into by, among others, the Joint Bookrunners, the International Underwriters and our Company on or about September 11, 2013
“International Underwriters”	the group of underwriters, led by the Joint Bookrunners, that is expected to enter into the International Underwriting Agreement to underwrite the International Offering
“Investors Rights Agreement”	the investors rights agreement dated May 31, 2012 (as supplemented by two supplemental agreements dated September 4, 2012 and June 5, 2013, respectively) entered into among our Company, CICC, Zhi Qun and Mr. Lin, which will be terminated upon Listing

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“Jiangsu Linning Trading”	Jiangsu Province Linning International Company Limited (江蘇省林寧國際貿易有限公司), a company established under the laws of the PRC on October 29, 1999 and our connected person
“Joint Bookrunners”, “Joint Lead Managers” (<i>in alphabetical order</i>)	China International Capital Corporation Hong Kong Securities Limited, Deutsche Bank AG, Hong Kong Branch and The Hongkong and Shanghai Banking Corporation Limited
“Joint Global Coordinators” (<i>in alphabetical order</i>)	Deutsche Bank AG, Hong Kong Branch and The Hongkong and Shanghai Banking Corporation Limited
“Joint Sponsors” (<i>in alphabetical order</i>)	Deutsche Securities Asia Limited and HSBC Corporate Finance (Hong Kong) Limited
“Latest Practicable Date”	Tuesday, August 27, 2013, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained in this prospectus
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Date”	the date, expected to be on or about September 17, 2013, on which the Shares are listed on the Stock Exchange and from which dealings in the Shares are permitted to commence on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
“Memorandum” or “Memorandum of Association”	the memorandum of association of our Company (as amended from time to time), conditionally adopted on August 19, 2013 and will come into effect upon Listing, a summary of which is set out in Appendix III
“MOFCOM”	Ministry of Commerce of the PRC (中華人民共和國商務部) or its predecessor, the Ministry of Foreign Trade and Economic Cooperation of the PRC (中華人民共和國對外經濟貿易合作部)
“Mr. Lin”	Mr. Lin Jianhua (林建華), a Director and one of the Controlling Shareholders
“Ms. Yan”	Ms. Yan Yuzhen (嚴玉珍), the spouse of Mr. Lin

DEFINITIONS

“Nan Pu International”	Nan Pu International Limited (南浦國際有限公司), a company incorporated in Hong Kong on June 16, 1994 and our indirect wholly-owned subsidiary
“Nanpu”	Nanpu Food Co., Ltd. (南浦食品(集團)有限公司), a company established under the laws of the PRC on October 6, 1992 of which we own 51% interest and a jointly controlled entity of our Company
“Nanpu Food Pudong”	Shanghai Nanpu Food Pudong Limited (上海南浦食品公司浦東分公司), a company established under the laws of the PRC on July 6, 1993 and a subsidiary of Nanpu
“Nanpu Group”	Nanpu and its subsidiaries
“Nanpu Wines Shop Trading”	Shanghai Nanpu Wines Shop Trading Limited (上海南浦葡萄酒坊貿易有限公司), a company established under the laws of the PRC on November 10, 2009 and a subsidiary of Nanpu
“Ningbo Contemporary Trading”	Ningbo Contemporary Trading Co., Ltd. (寧波市現代華業商貿有限公司), a company established in the PRC on July 4, 2008 and our indirect wholly-owned subsidiary
“Non-competition Deed”	the deed of non-competition undertakings dated August 31, 2013 entered into by Mr. Lin and Zhi Qun in favor of our Company, as described more particularly in the section “Relationship with our Controlling Shareholders”
“Nonggongshang Supermarket”	Nonggongshang Supermarket (Group) Co. Ltd. (農工商超市(集團)有限公司), a company established under the laws of the PRC on April 7, 1994 and our connected person
“Offer Price”	the final offer price per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%)
“Offer Shares”	the Hong Kong Offer Shares and the International Offer Shares together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option
“Oriental Pioneering Hubei”	Oriental Pioneering Hubei Sugar & Wine Co., Ltd. (東方先導湖北糖酒有限公司), a company established under the laws of the PRC on January 11, 2006 and our connected person
“Oriental Pioneering Shanghai”	Oriental Pioneering (Shanghai) Sugar & Wine Co., Ltd. (東方先導(上海)糖酒有限公司), a company established under the laws of the PRC on October 26, 2004 and our connected person

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“Oriental Pioneering Sichuan”	Oriental Pioneering (Sichuan) Sugar & Wine Co., Ltd. (東方先導(四川)糖酒有限公司), a company established under the laws of the PRC on July 29, 2005 and our connected person
“Oriental Pioneering Zhanjiang”	Oriental Pioneering (Zhanjiang) Sugar & Wine Co., Ltd. (東方先導(湛江)糖酒有限公司), a company established under the laws of the PRC on December 15, 2006 and our connected person
“Outsourced Products”	Own Brand Products that are produced by third party contract manufacturers
“Over-allotment Option”	the option expected to be granted by our Company to the International Underwriters, exercisable by the Joint Bookrunners (on behalf of the International Underwriters), pursuant to which our Company may be required to allot and issue up to an aggregate of 75,000,000 Shares at the Offer Price to, among other things, cover over-allocations in the International Offering, if any
“Own Brand Products”	products that are produced by us and marketed under one of our brands
“PBOC”	People’s Bank of China (中國人民銀行)
“PET”	Polyethylene terephthalate, a raw material used in the bottling process of own brand non-alcoholic beverages
“Post-IPO Share Option Scheme”	the share option scheme we conditionally adopted pursuant to a resolution passed by our Shareholders on August 19, 2013, the principal terms of which are set out in the section “Statutory and General Information — D. Other Information — 1. Post-IPO Share Option Scheme” in Appendix IV
“Praise Sheen”	Praise Sheen Limited (嘉潤有限公司), a company incorporated in the BVI on July 28, 2011 and our direct wholly-owned subsidiary
“PRC Government” or “State”	the central government of the PRC, including all political subdivisions (including provincial, municipal and other regional or local government entities) and its organs or, as the context requires, any of them
“PRC Legal Adviser”	Commerce & Finance Law Offices, the legal advisers to our Company as to the laws of the PRC

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“Pre-IPO Share Option Scheme”	the share option scheme for the grant of options to eligible participants prior to the Global Offering approved and adopted by our Company pursuant to a resolution passed by our Shareholders on August 1, 2013, the principal terms of which are set out in the section “Statutory and General Information — D. Other Information — 2. Pre-IPO Share Option Scheme” in Appendix IV
“Price Determination Date”	the date, expected to be on or about September 11, 2013, on which the Offer Price will be determined and, in any event, not later than September 15, 2013
“Property Valuer”	Savills Valuation and Professional Services Limited, independent property valuer to the Company
“Putian Nanpu”	Putian Nanpu Shiye Company Limited (莆田南浦實業有限公司), a company established under the laws of the PRC on August 16, 1996 and our connected person
“Puxing Trading”	Shanghai Puxing Trading Limited (上海浦星貿易有限公司), a company established under the laws of the PRC on October 29, 1998 and a subsidiary of Nanpu
“Putian Huanan Food”	Putian Huanan Food Co., Ltd. (莆田市華南副食品有限公司), a company established under the laws of the PRC on December 7, 1989 and an associate of Mr. Lin
“Putian Xinghua Food”	Putian Xinghua Food Limited (莆田市興華食品有限公司), a company established under the laws of the PRC on April 6, 1999 and our connected person
“QIB”	a qualified institutional buyer within the meaning of Rule 144A
“Regulation S”	Regulation S under the U.S. Securities Act
“Reorganization”	the reorganization of the Group in preparation of the Listing, details of which are set out in the section “Our History and Reorganization — Reorganization”
“RMB”	Renminbi, the lawful currency of the PRC
“Royal Wines and Spirits”	Shanghai Royal Wines and Spirits Co., Ltd. (上海皇家酒業有限公司), a company established under the laws of the PRC on June 9, 2005 and our indirect non-wholly owned subsidiary
“Rule 144A”	Rule 144A under the U.S. Securities Act

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“SAFE”	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council of the PRC (國務院國有資產監督管理委員會)
“SAT”	State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Shanghai Bread One”	Shanghai Bread One Co., Ltd. (上海天下一品麵包有限公司), a company established under the laws of the PRC on September 17, 2007 and an independent third party
“Shanghai Bright Group Commerce”	Shanghai Bright Group Commerce Company (上海光明商業總公司), a company established under the laws of the PRC on March 23, 1993 and our connected person
“Shanghai Buy Well”	Shanghai Buy Well Company Limited (上海百味林實業有限公司), a company established under the laws of the PRC on November 15, 1999 and our connected person
“Shanghai Guanshengyuan”	Shanghai Guanshengyuan Food Co., Ltd. (上海冠生園食品有限公司), a company established under the laws of the PRC on June 17, 1997 and our connected person
“Shanghai H.D.”	Shanghai H.D. Enterprise Development Co., Ltd. (上海好德企業發展有限公司), a company established under the laws of the PRC on August 5, 1999 and our connected person
“Shanghai H.D. Convenience Store”	Shanghai H.D. Convenience Store Co., Ltd. (上海好德便利有限公司), a company established under the laws of the PRC on February 12, 2001 and our connected person
“Shanghai Huanglongtai”	Shanghai Huanglongtai Tea Company Limited (上海黃隆泰茶業有限公司), a company established under the laws of the PRC on August 23, 2007 and our connected person
“Shanghai Jieqiang Chain”	Shanghai Jieqiang Tobacco Sugar & Wine (Group) Chain Co., Ltd. (上海捷強煙草糖酒(集團)連鎖有限公司), a company established under the laws of the PRC on June 25, 1988 and our connected person

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“Shanghai Jieqiang Distribution”	Shanghai Jieqiang Tobacco Sugar & Wine Group Distribution Center (上海捷強煙草糖酒集團配銷中心), a company established under the laws of the PRC on November 11, 1993 and our connected person
“Shanghai Jieqiang Food”	Shanghai Jieqiang Tobacco Sugar & Wine Group Distribution Center (上海捷強食品銷售有限公司), a company established under the laws of the PRC on June 27, 2007 and our connected person
“Shanghai Jieqiang Group”	Shanghai Jieqiang Tobacco Sugar & Wine (Group) Co., Ltd. (上海捷強煙草糖酒(集團)有限公司), a company established under the laws of the PRC on February 2, 1996 and our connected person
“Shanghai Jieqiang Kunshan Distribution”	Shanghai Jieqiang Tobacco Sugar & Wine (Group) Kunshan Distribution Center (上海捷強煙草糖酒(集團)昆山配銷中心), a company established under the laws of the PRC on January 9, 1996 and our connected person
“Shanghai Juneng”	Shanghai Juneng Food Raw Materials Sales Co., Ltd. (上海聚能食品原料銷售有限公司), a company established under the laws of the PRC on March 12, 2007 and our connected person
“Shanghai Kedi Convenience Store”	Shanghai Kedi Convenience Store Co., Ltd. (上海可的便利店有限公司), a company established under the laws of the PRC on December 21, 1995 and our connected person
“Shanghai Mornflake”	Shanghai Mornflake Food Co., Ltd. (上海早早麥食品有限公司), a company established under the laws of the PRC on October 24, 2001 and our indirect non-wholly owned subsidiary
“Shanghai Newland”	Shanghai Newland Foodstuff Trading Co, Ltd. (上海新境界食品貿易有限公司), a company established under the laws of the PRC on July 28, 2004 and our connected person
“Shanghai Tangjiu”	Shanghai Tangjiu (Group) Co. Ltd. (上海市糖業煙酒(集團)有限公司), a company established under the laws of the PRC on August 14, 1992, a substantial shareholder of Nanpu and our connected person
“Shanghai Urban Life”	Shanghai Urban Life Enterprise Development Co., Ltd. (上海都市生活企業發展有限公司), a company established under the laws of the PRC on January 7, 2005 and our connected person

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“Shanghai Wuyuan”	Shanghai Wuyuan Modern Mart Co., Ltd. (上海伍緣現代雜貨有限公司), a company established under the laws of the PRC on January 9, 2002 and our connected person
“Shaowansheng Commerce”	Shanghai Shaowansheng Commerce & Food Ltd. (上海邵萬生商貿有限公司), a company established under the laws of the PRC on March 23, 1982 and our connected person
“Shaowansheng Food”	Shanghai Shaowansheng Food Company (上海邵萬生食品公司), a company established under the laws of the PRC on March 23, 1982 and our connected person
“Share Option Schemes”	the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme
“Shareholder(s)”	holder(s) of Shares
“Shares”	ordinary shares in the capital of our Company with nominal value of HK\$0.10 each
“Shenyang Buy Well Trading”	Shenyang Buy Well Trading Company Limited (瀋陽百味林商貿有限公司), a company established in the PRC on January 30, 2002 and our connected person
“Shenzhen Jieqiang”	Shenzhen Jieqiang Tobacco Sugar & Wine Co., Ltd (深圳市捷強煙草糖酒有限公司), a company established under the laws of the PRC on August 17, 1999 and our connected person
“Special Distribution”	the special distribution of RMB157.0 million declared on May 10, 2013 to our Controlling Shareholder, Mr. Lin
“Shenzhen Nanpu Industrial”	Shenzhen Nanpu Industrial Co., Ltd. (深圳市南浦實業有限公司), a company established under the laws of the PRC on August 2, 2004 and our indirect wholly-owned subsidiary
“State Council”	the PRC State Council (中華人民共和國國務院)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenwow (Fujian) Food”	Tenwow (Fujian) Food Co., Ltd. (天喔(福建)食品有限公司), a company established under the laws of the PRC on November 2, 2004 and our indirect wholly-owned subsidiary
“Tenwow Group”	Tenwow Foods (Group) Co., Ltd. (天喔食品(集團)有限公司), a company established under the laws of the PRC on December 2, 1999 and our indirect wholly-owned subsidiary

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“Tenwow Ika Supermarket”	Shanghai Tenwow Ika Supermarket Co., Ltd (上海天喔一佳超市有限公司), a company established under the laws of the PRC on April 25, 2006 and disposed of by our Company
“Third Party Brand Products”	products whose distribution right is granted to us and the distribution of which is done entirely or partially through our distribution network
“Tiancheng Enterprise”	Shanghai Tiancheng Enterprise Development Limited (上海天成企業發展有限公司), a company established under the laws of the PRC on February 17, 1996 and a subsidiary of Nanpu
“Tianpu Food”	Shanghai Tianpu Food Company Limited (上海天浦食品有限公司), a company established under the laws of the PRC on October 19, 2007 and our connected person
“Tiansheng Warehouse”	Shanghai Tiansheng Warehouse Co., Ltd. (上海天盛倉儲有限公司), a company established under the laws of the PRC on February 24, 2003 and our connected person
“Tiansheng Wines and Spirits”	Shanghai Tiansheng Wines and Spirits Co., Ltd. (上海天盛酒業有限公司), a company established under the laws of the PRC on April 23, 2005 and our indirect wholly-owned subsidiary
“Track Record Period”	the three financial years of our Company ended December 31, 2012 and the six months ended June 30, 2013
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“U.S.” or “United States”	the United States of America
“U.S. Securities Act”	the United States Securities Act of 1933, as amended from time to time
“White Form eIPO”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website of White Form eIPO www.eipo.com.hk
“White Form eIPO Service Provider”	Computershare Hong Kong Investor Services Limited

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“Wuhan Nanpu”	Wuhan Nanpu Food Co., Ltd. (武漢市南浦食品有限責任公司), a company established under the laws of the PRC on March 14, 2000 and our indirect wholly-owned subsidiary
“Yijia Logistics”	Shanghai Yijia Logistics Limited (上海一佳物流有限公司), a company established under the laws of the PRC on July 13, 2007 and a subsidiary of Nanpu
“Zhi Qun”	Zhi Qun Enterprises Limited (志群企業有限公司), a limited liability company incorporated in the BVI on December 3, 2010 and wholly owned by Mr. Lin and one of our Controlling Shareholders

In this prospectus, the terms “associate”, “connected person”, “connected transaction”, “subsidiary” and “substantial shareholder” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

If there is any inconsistency between the Chinese names of the entities or enterprises established in the PRC mentioned in this prospectus and their English translations, the Chinese names shall prevail. The English translations of the Chinese names of such PRC entities are provided for identification purposes only.

RISK FACTORS

In addition to other information in this prospectus, you should carefully consider the following risk factors before making an investment in the Shares. Our business, financial condition or results of operations could be materially and adversely affected by any of these risks. The trading price of the Shares could decline due to any of these risks and you may lose all or part of your investment. Additional risks and uncertainties not presently known to us or which we currently deem immaterial may arise or become material in the future and may have a material effect on us.

RISKS RELATING TO OUR BUSINESS

We operate in a highly competitive industry, which may affect our market share and results of operation.

We operate in the packaged food and beverage industry in China and generally face strong competition, based upon brand recognition, flavor, quality, price, availability, selection and convenience of the products. Some of our competitors, in particular foreign companies, may have been in business longer than we have and may have substantially greater financial, research and development, distribution and other resources than us. As far as our Directors are aware, Bright Group (our joint venture partner in respect of Nanpu) and its associates are also engaged in the business of production and sales of food products. Therefore, there has been a certain level of direct or indirect competition between Bright Group (together with its associates) and us. For example, as of the Latest Practicable Date, as far as the Directors are aware, certain subsidiaries of Bright Group produce Chinese rice wine under the brands of “石庫門” and “和酒” and this business competes with that of ours as we produce Chinese rice wine as well. As Bright Group is independent from us, it is not within our ability to manage any such competition with Bright Group. We also cannot assure you that our current or potential competitors, including distributors who also distribute third party products (such as Nanpu and some of our third party distributors), will not provide products comparable or superior to those we provide or adapt more quickly to evolving industry trends or changing market requirements. It is also likely that there will be consolidation in the packaged food and beverage industry among our competitors and distributors, or alliances may develop among competitors and distributors and these alliances may rapidly acquire significant market share. All of these events will cause our business and results of operations to be adversely affected.

In addition, as we distribute a broad range of Own Brand Products and Third Party Brand Products, there may be indirect competition between certain products in each of Own Brand Products and Third Party Brand Products or direct competition which may arise due to changes in market trends leading to market cannibalization between Own Brand Products and Third Party Brand Products. If we fail to promptly and actively manage such competition, it may adversely affect the sales of Own Brand Products and Third Party Brand Products and affect our future growth and performance.

Furthermore, competition may lead our competitors to substantially increase their advertising expenditures and promotional activities or to engage in irrational or predatory pricing behavior. Our advertising expenditures and promotional expenses amounted to RMB23.6 million, RMB42.7 million, RMB44.7 million and RMB40.8 million for 2010, 2011 and 2012, and the six months ended June 30, 2013, respectively, which may not be sufficient to compete with our competitors. Additionally,

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competition may result in price reductions, reduced margins and loss of market share, any of which could have an adverse impact on our profit margins and results of operations. We also cannot assure you that third parties will not actively engage in activities, whether legal or illegal, designed to undermine our brands and product quality or to influence consumer confidence in our products.

We may be unable to adequately manage our future growth and expansion.

Our future growth may result from expanding our production capacity, entering into new or different business lines, expanding our distribution network and entering new markets. As of the Latest Practicable Date, we do not have any plans to expand into any other overseas market. However, we intend to expand our existing production capacity and establish new production facilities in Chengdu, Sichuan, using proceeds from the Global Offering to meet the increased demand for our products, as well as expand our distribution network. Our ability to achieve such growth will be subject to a range of operational and financial risks, including risks arising from competing with existing operators in our markets as well as maintaining our high food safety standards and our existing relationships with distributors.

We face increased risks when we develop new markets within China and overseas in the future. We intend to establish new sales offices in China. New markets may have different regulatory requirements, competitive conditions, consumer preferences and discretionary spending patterns from our existing markets. Consumers in the new markets may not be familiar with our brands and products and we may need to build or increase brand awareness in the relevant markets by increasing investments in advertising and promotional activities than we originally planned. We may find it more difficult in new markets to hire, train and retain qualified employees who share our business philosophy and culture. In addition, we may have difficulty in finding reliable suppliers with adequate supplies of ingredients meeting our quality standards or distributors with efficient distribution networks. As a result, any products we introduce in new markets may be more expensive to produce and/or distribute and take longer to reach expected sales and profit levels than in our existing markets, thereby affecting our overall profitability.

Additionally, our expansion plans and business growth could place a strain on our managerial, operational and financial resources. Our ability to manage future growth will depend on our ability to continue to implement and improve operational, financial and management information systems on a timely basis and to expand, train, motivate and manage our workforce. We cannot assure you that our personnel, systems, procedures and controls will be adequate to support our future growth. Failure to effectively manage our expansion may lead to increased costs and reduced profitability and may adversely affect our growth prospects. In addition, as we expand our operations, we may encounter regulatory, personnel and other difficulties that may also increase our costs of operations.

We rely on Nanpu, our jointly controlled entity, to distribute and supply a significant amount of our products.

We distribute a substantial amount of our products through Nanpu and third party distributors. Nanpu accounted for 44.8%, 33.3%, 31.4% and 27.1% of our revenue in 2010, 2011 and 2012, and the six months ended June 30, 2013, respectively, and is the sole nationwide distributor of our “Tenwow Tea” products. We source for a substantial amount of Third Party Brand Products through Nanpu and

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third party suppliers. Nanpu accounted for 53.5%, 40.2%, 31.1% and 15.9% of our total purchases of Third Party Brand Products in 2010, 2011 and 2012, and the six months ended June 30, 2013, respectively. We have also entered into various sales and repurchase arrangements with Nanpu in respect of Own Brand Products and Third Party Brand Products, pursuant to which arrangements we repurchase Own Brand Products we sold to Nanpu for distribution in our distribution channels and Nanpu repurchases Third Party Brand Products it sold to us in situations when its inventory levels are low. Please refer to “Relationship with Nanpu” for further details of our sales and repurchase arrangements with Nanpu.

Although we own 51% of Nanpu, Nanpu operates its business independently and makes its own business decisions. If Nanpu cannot effectively or efficiently operate its distribution network, or fails to effectively market, price and distribute our products, especially our fast growing “Tenwow Tea” product segment, sales of our products and our results of operations will be negatively affected. If any of our distributors (including Nanpu) is not able to effectively and efficiently distribute our products to the points of sale, our brand name, business and results of operations could be adversely affected. Our distributors have the right to determine whether, and to what extent, they distribute our products, our competitors’ products and their own products. They may devote more resources to other products or take other actions detrimental to our brands. For instance, we rely on Nanpu as our sole nationwide distributor of our “Tenwow Tea” products, to market, price and distribute this relatively new product offering, and if Nanpu fails to do so effectively, or choose to devote more resources to other products, this may affect the growth of our “Tenwow Tea” product segment. Deteriorating economic conditions could negatively impact the financial viability of our distributors, which may interrupt their services to us. Further, if Nanpu fails to obtain the distribution rights to Third Party Brand Products it sells to us, or limits our purchases of such Third Party Brand Products, or sells similar products to our competitors, our results of operations and financial performance will be adversely affected.

In addition, if we are unable to obtain required independent shareholders’ approval for our transactions with Nanpu in relation to the sale and purchase of products after December 31, 2013 and have to discontinue our business relationship with Nanpu, our results of operations and financial performance will be adversely affected. Also, any adverse change in our relationship with Bright Group, our joint venture partner in respect of Nanpu, may affect our ability to distribute our products through Nanpu or source for Third Party Brand Products from Nanpu, who is currently our largest distributor and supplier of Third Party Brand Products. Any of these factors could negatively affect our business and financial performance.

We rely on our distributors, over whom we have limited control, to distribute and sell our products.

We sell our products primarily to our distributors (including Nanpu) who will sell our products directly, or through their sub-distributors, to retailers or end consumers. As of December 31, 2010, 2011 and 2012, and June 30, 2013, we had 359, 460, 499 and 657 third party distributors, respectively. For the years ended December 31, 2010, 2011 and 2012, and the six months ended June 30, 2013, sales to our distributors (including Nanpu and third party distributors), in aggregate, accounted for

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approximately 64.1%, 60.3%, 63.3% and 56.3%, of our total sales of products, respectively. We expect to continue to rely on our distributors for our sales. As such, the performance of our distributors and the ability of our distributors to distribute our products, uphold our brand, expand their businesses and sales network are crucial to the future growth of our business.

Due to the large number of our distributors, it is difficult for us to closely monitor all aspects of their practices. We have no ownership or managerial control over any of our third party distributors. We manage our distributors through our sales offices that, among other things, monitor our distributors' compliance with our inventory management and pricing policies and ensure there is no cannibalization between our distributors. We cannot assure you that our distributors will at all times strictly adhere to the terms and conditions under our distribution agreements or that they will not compete with each other for market share in respect of our products. In addition, most of our distributors sell products produced by other manufacturers that may compete directly with our products, which may, in certain circumstances, hinder or impact our distributors' ability or incentive to maximize sales of our products. If any of our distributors fails to distribute our products in a timely manner or in accordance with the terms of our distribution agreements, or at all, or if our distribution agreements are suspended, terminated or otherwise expired without renewal, our business, financial condition and results of operations may be materially adversely affected.

We do not have any contractual arrangements with any sub-distributors or the customers of these sub-distributors, such as retailers, and we rely on our distributors to manage their sales practices. As a result, we have limited control over the ultimate sales by these distributors, sub-distributors or their customers. There may be instances when these distributors, sub-distributors or their customers carry out actions which are not consistent with our business strategy, such as failure to follow our pricing policy and participate in our marketing and promotional activities. These factors may in turn adversely affect our business, financial condition and performance.

In addition, we sometimes extend credit terms of up to 90 days to our third party distributors. Any significant delay in payment or default by our third party distributors could affect our liquidity and cash flow, which may materially adversely affect our financial condition and results of operations.

Changes in consumer preferences, perception and spending patterns could reduce demand for our existing products.

Our business depends substantially on factors such as consumer preferences and tastes, consumer income, consumer perceptions of and confidence in our product safety and quality, consumer awareness of health issues and government policies which affect spending patterns. A decline in the demand of our products could occur as a result of a change in any of the factors above at any time and our future success will depend partly on our ability to anticipate or adapt to such changes and to offer, on a timely basis, new advertising and promotion strategies that can attract consumers into buying our products.

In March 2013, the PRC government imposed restrictions on extravagant consumption by government officials, such as bans on liquors and extravagant banquets. This is likely to have negative impacts on the consumption of premium Chinese white liquor, and to a lesser extent premium

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alcoholic beverages, in the PRC. As sales of alcoholic beverages represented approximately 64%, 59%, 59% and 56% of our revenue for the three years ended December 31, 2012 and the six months ended June 30, 2013, respectively, such restrictions may adversely affect our sales of alcoholic beverages and affect our financial performance.

We cannot assure you that we will be able to adapt our product portfolio to changes in seasons, food and beverage trends and shifts in consumer preferences and tastes and changes in government policies, nor can we assure you that our products will continue to suit the popular tastes and demands of consumers. Additionally, trends and shifts in consumer preferences and tastes and changes in government policies may apply downward pressure on sales and pricing or lead to increased levels of selling and promotional expenses, which would adversely affect our results of operations.

Our efforts to introduce new Own Brand Products or alter our portfolio of Third Party Brand Products may be unsuccessful.

Our future growth depends on our ability to continue to introduce new products and alter the product mix of Own Brand Products and Third Party Brand Products. Developing and introducing new products can be risky and expensive, and we may not be successful. For example, our wines are relatively new lines of business, and we may not have the expertise or sufficient knowledge to make it successful. In addition, we may not be able to introduce new products that are fast-growing or generate higher margins. For example, we cannot predict nor guarantee the success and profitability of new products which we intend to introduce. During the three years ended December 31, 2012 and the six months ended June 30, 2013, our research and development expenditures were RMB6.2 million, RMB7.0 million, RMB6.6 million and RMB2.6 million, respectively. In addition, we may fail to reduce production of Own Brand Products or distribution of Third Party Brand Products that are experiencing declining consumption in a timely and cost-effective manner. To the extent we are unable to execute our strategy of continuously adjusting the product mix of Own Brand Products and Third Party Brand Products and satisfying consumers' changing preferences, our sales volume, revenue and operating income would be negatively affected.

We face risks associated with our joint ventures.

We currently distribute a significant portion of our products through our jointly controlled entity, Nanpu. In addition, during our business expansions, we may form additional joint ventures in the future. Such existing or future joint venture arrangements involve a number of risks, including (i) disputes with joint venture partners in connection with the performance of each party's obligations under the joint venture agreements or the operations of the joint venture, (ii) financial difficulties encountered by a joint venture partner affecting its ability to perform its obligations under the joint venture agreements with us and (iii) conflicts between the policies or objectives adopted by the joint venture partner and those adopted by us.

Any of these risks and other factors may lead to disputes with our joint venture partners and cause disruptions in the operations of the joint ventures and, as a result, our business, financial condition and results of operations may be adversely affected. In particular, any competition, or deterioration of our relationship, with Bright Group or the occurrence of any of the joint venture risks above, would cause our results of operations to be adversely affected.

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Large retailers with significant bargaining power account for a portion of our sales.

We rely on large retailers, such as hypermarket and supermarket chains, to sell a significant portion of our products. Some of these retailers have significant bargaining power with respect to their purchases from us. These retailers may be in a position to resist our price increases and demand lower prices. They also have leverage to require us to provide larger, more tailored promotional and product delivery programs. If we do not successfully provide appropriate marketing, product packaging, pricing and other service to these retailers, our product availability and sales could suffer. Some of these retailers also offer their own private label products that compete with some of our products. The loss of sales of any of our products by a major retailer could have an adverse effect on our business and financial performance.

Our production of Own Brand Products depends on a stable and adequate supply of raw materials, which are subject to price volatility and other risks.

Production volume and production costs for Own Brand Products are dependent on our ability to source raw materials at acceptable prices and maintain a stable and sufficient supply of raw materials, including nuts, fruits, meat, raw seeds, oats, sugar, fruit juice concentrate, tea concentrate, rice, wine essence and water, as well as packaging materials. Raw material costs (including packaging materials and consumables used) constituted 80.3%, 78.9%, 62.4% and 67.9% of cost of sales of Own Brand Products in 2010, 2011 and 2012, and the six months ended June 30, 2013, respectively. Raw materials we use in our production are subject to price volatility caused by external conditions, such as supply and demand dynamics, climate and environmental conditions, commodity price fluctuations, currency fluctuations, inflation, and changes in governmental and agricultural policies. We expect that our raw material prices will continue to fluctuate and be affected by inflation in the future. Price changes to our raw materials may result in unexpected increases in production and packaging costs, and if we are unable to manage these costs or to increase the prices of our products to offset these increased costs, our profitability will decrease.

If all or a significant number of our suppliers for any particular raw material are unable or unwilling to meet our requirements, we could suffer shortages or substantial cost increases. Changing raw material suppliers can require long lead time. The failure of our raw material suppliers to meet our needs could occur for various reasons, including fires, natural disasters, weather, manufacturing problems, disease, crop failure, strikes, transportation interruption, government regulation, political instability and terrorism. A failure of supply could also occur due to suppliers' financial difficulties, including bankruptcy. Continued supply disruptions could exert pressure on our costs and we may not be able to pass along any such increases to our customers or consumers, which could negatively affect our business and financial performance.

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We may be adversely impacted by any negative publicity and media reports on us, on the brands and products we distribute or on the packaged food and beverage industry in China.

Any negative claim against us, even if meritless or unsuccessful, could divert our management's attention and other resources from other business concerns, which may adversely affect our business and operations. From time to time, we, Own Brand Products and Third Party Brand Products have been the subject of news reports and allegations related to the product quality and/or safety. Negative media coverage regarding the safety or quality of, or health issues relating to, Own Brand Products, Third Party Brand Products or other packaged food and beverage brands, and the resulting negative publicity, would damage consumer confidence in Own Brand Products and Third Party Brand Products. In addition, adverse publicity about regulatory or legal action against us could damage our reputation and brand image, undermine our customers' confidence in us and reduce long-term demand for our products, even if the regulatory or legal action is unfounded or not material to our operations.

Additionally, the packaged food and beverage industry in China has in the past experienced problems related to contamination and food safety due to adulterated supplies of raw materials and inadequate enforcement of food safety regulations and inspection procedures. While these events may not have any direct connection to us, they may negatively influence consumer perception and demand for our products, which could adversely affect our results of operations.

We are required to adhere to national environmental, health and safety standards, and in the event that we are unsuccessful at meeting these standards, our business, results of operation and brand image would be negatively affected.

We cannot guarantee that our procedures, safeguards and training will be completely effective in meeting all relevant health and safety requirements and preventing all contaminations. A failure to meet relevant government requirements or any instance of contamination could occur in our operations or those of our distributors or suppliers. This could result in fines, suspension of operations, loss of production permits, and in more extreme cases, criminal proceedings against the company and its management. Moreover, negative publicity could be generated from false, unfounded or nominal liability claims or limited recalls. Any of these failures or occurrences could negatively affect our business and financial performance.

We are subject to the food safety laws and regulations of the PRC. Please refer to the section "Regulatory Overview" for more information concerning the relevant food safety laws and regulations. In light of recent food safety concerns in China, there may be stringent enforcement of food safety rules and regulations and implementation of new food safety rules and regulations. In the event that the government increases the stringency of such laws, our production and distribution costs may increase, and we may be unable to pass these additional costs on to our distributors and retailers.

RISK FACTORS

Our success depends on our ability to protect our intellectual property rights, maintain and enhance our brand image and reputation.

We believe that the success of our business and our competitive position depend on consumer awareness of our brands and our ability to protect our brands. Our ability to implement our business plans successfully also depends in part on our ability to further build brand recognition, using our trademarks, trade secrets and other intellectual property, including our tradenames and logo. We could be adversely affected if we fail to achieve any of these objectives or if the reputation or image of any of our brands is tarnished or receives negative publicity.

In addition, we partly depend on our distributors, including Nanpu, to market our brands and products. These distributors operate their businesses independently from us and make their own business decisions. Therefore, we cannot assure you that these distributors will not engage in marketing campaigns that compete with, or are detrimental to, our brand image and reputation, which would lead to loss of consumer confidence in our brands.

Counterfeiting and imitation of popular branded products occurs from time to time in China. We believe the popularity of our brand names makes them a target of counterfeiting or imitation, with third parties attempting to pass off counterfeit products as our products. We cannot assure you that we will be able to promptly detect the presence of counterfeited products in the market. Additionally, there could be confusion of independent brand names with our brands, for example, the independent “Tenwow Ika Supermarket” brand with our “Tenwow” brand. Any occurrence of counterfeiting, imitation or confusion with our brands could adversely affect our reputation and brand names, which could result in a reduction of our market share, causing a long-term or even permanent decline in our sales and profitability, as well as increasing our administrative costs in respect of detection and prosecution.

In addition, we could be involved in conflicts over intellectual property rights. Litigation could disrupt our business, divert management attention and it could cost a substantial amount to protect our rights or defend ourselves against claims. We cannot be certain that the steps we take to protect our rights will be sufficient or that others will not infringe or misappropriate our rights. If we are unable to protect our intellectual property rights, our brands, products and business could be harmed.

The benefits that we anticipate from future acquisitions may not materialize.

Our ability to continue to grow may depend on strategic acquisitions. We expect to continue to explore strategic opportunities to acquire related businesses, some of which could be material to our expansion. The success of our acquisition strategy will depend on our ability to identify and successfully acquire attractive companies, brands and distribution networks, and, effectively integrating these companies and assets, achieving synergies, cost efficiencies and managing these businesses as part of our Company.

RISK FACTORS

We may not be able to effectively integrate acquired companies and successfully implement appropriate operational, financial and management systems and controls to achieve the benefits expected to result from these acquisitions. Our efforts to integrate these businesses could be affected by a number of factors beyond our control, such as regulatory developments, general economic conditions and increased competition. In addition, the process of integrating these businesses could cause the interruption of, or loss of momentum in, the activities and expansion of our existing business.

Our contract manufacturers' failure to adhere to quality measures and standards would result in loss to us and could adversely affect our reputation and brand.

As part of our strategy to increase capacity in a cost-effective manner and maximize production flexibility, we outsource the production of some of our products to independent third party contract manufacturers. In 2010, 2011 and 2012, and the six months ended June 30, 2013, costs related to our contract manufacturing activities were approximately RMB76.7 million, RMB102.6 million, RMB255.0 million and RMB103.4 million, respectively. Over the same period, approximately 2.4%, 3.8%, 8.7% and 7.0%, respectively, of our total revenue was generated from the Outsourced Products.

We cannot guarantee that our contract manufacturers will consistently manufacture our products in accordance with the quality control measures and standards set forth in our contracts with them. Failures by contract manufacturers to adhere to these quality control measures and standards or consistently produce according to the specifications we set could damage our reputation and brand image and may lead to product liability claims or product recalls.

Similarly, any failure on the part of our contract manufacturers to provide us with the Outsourced Products on a timely basis could adversely affect our sales if we are unable to obtain such products from an alternate source.

We had a net current liabilities position as of December 31, 2010 and 2011 and net operating cash outflow in 2012.

As at December 31, 2010 and 2011, our current liabilities exceeded our current assets by approximately RMB186.0 million and RMB117.8 million, respectively. We may have net current liabilities in the future. Please see more information regarding our net current liabilities in the section "Financial Information". Our net current liabilities expose us to certain liquidity risks and could constrain our operational flexibility as well as adversely affect our ability to expand our business. Our future liquidity, the payment of trade and bills payables, the payment of other payables and accruals, and the repayment of outstanding debt obligations as and when they become due will primarily depend on our ability to maintain adequate cash inflows from operating activities and adequate external financing. If adequate funds are not available, whether on satisfactory terms or at all, we may be forced to delay or abandon our development and expansion plans, and our business, financial condition and results of operations may be adversely affected. In addition, the interest cost of such obligations could undermine our future profitability.

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We had net operating cash outflow of RMB158.4 million in 2012, due to increases in our inventories and trade and bill receivables, which were primarily due to purchases by existing customers with credit terms increased in 2012 and a portion of our customers with strong payment histories delayed payments prior to the end of 2012 due to their liquidity requirements. We cannot assure you that our business activities will generate sufficient cash flows in the future in order to meet ongoing obligations, to service any future debts or to be sufficient for necessary capital expenditures, in which case, we may seek additional financing or consider refinancing some or all of our future debts.

Our results of operations, including our profit margins, may be negatively affected by material changes in the terms and conditions of our borrowings and other costs.

Similar to companies in our industry at our stage of development, our operations have heavily relied on borrowings, in particular, short-term borrowings. As of December 31, 2010, 2011 and 2012, and June 30, 2013, we had total outstanding loans of RMB603.2 million, RMB707.5 million, RMB996.7 million and RMB1,313.6 million, respectively. Therefore, our business and financial condition is susceptible to banking credits available in the market, views and decisions of lenders to extend credits to companies in our industry and our company, requirements to extend credits and changes in interest rates. Our business, results of operations, including without limitation, our profit margins and future expansion plans will be materially and adversely affected if we cannot continue to obtain sufficient credits or at the costs of borrowing we cannot afford.

In addition, our business involves significant costs, including raw material and distribution costs. Competition, unfavorable economic conditions and increase in interest rates will also further erode our profit margins. Our gross profit margin for the years ended December 31, 2010, 2011 and 2012, and the six months ended June 30, 2013 were 9.2%, 12.2%, 12.8% and 13.5%, respectively. Any increase in production costs, distribution costs and cost of borrowing, which we cannot pass on to our customers, would also adversely affect our profitability.

We do not usually enter into long-term arrangements with our suppliers, distributors and customers.

To remain flexible in our operations, we do not usually enter into long-term arrangements with our suppliers, distributors and customers. We usually enter into or extend agreements annually with our suppliers, distributors and customers. They may reduce or cease purchasing products from us or reduce or cease supplying supplies to us at any time in the future, which could adversely affect our business and results of operations. There is no guarantee that our current or future contracts can be negotiated on terms and prices equivalent to or better than current terms and prices. In addition, if we face increased costs from our suppliers, we may not be able to pass on these higher costs along to our distributors and customers.

Our continuous success also depends to a certain extent on our distribution of Third Party Brand Products. Therefore, if any distributor of Third Party Brand Products terminates its distribution agreement with us, it could negatively affect our business and financial performance.

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Sales of some of our products are subject to seasonality.

The sales of some of our products are subject to seasonality. Historically, we have experienced higher retail sales of our food and snacks, gift boxes and wines ahead of the holiday seasons, such as Chinese New Year, as our distributors and customers have placed orders for products with us approximately one month before such holiday seasons. The seasonal nature of some of our products causes specific production lines to operate at levels approaching full capacity during certain times of the year and at far less than full capacity at others, as the production lines for a particular product segment may not be converted into production lines for another product segment. In addition, sales can fluctuate during the course of a financial year for a number of other reasons, including timing of the launch of new products and the timing of advertising and promotional campaigns. As a result of these fluctuations, sales and operating results for any particular period will not necessarily be indicative of our results for the full year or future periods. The seasonal nature of our products also affects the cash flows available to us.

Our performance depends on favorable labor relations with our employees, and any deterioration in labour relations or material increase in the wages of labor may have an adverse effect on our results of operation.

The food and beverage production and distribution business is labor intensive, and our success depends in part on our ability to attract, retain and motivate our employees. Our performance depends on favorable labor relations with our employees, and any deterioration of such labor relations could adversely affect our business. If our operations are disrupted for any period of time as a result of labor disputes, our production volume could be reduced, which could adversely affect our results and hinder our growth.

The Chinese economy has grown significantly over the past 30 years, which has resulted in an increased average cost of labor. The overall economy and the average wage in both coastal and inland regions of China are expected to grow. Any shortages in the availability of labor or any material increases in the cost of labor will have an adverse effect on our business, financial condition and results of operations.

We are dependent upon certain key qualified personnel. We may be unable to retain or secure key qualified personnel, key senior management or other personnel for our operations.

Our future success depends to a significant extent upon our key management personnel, in particular our founder, Mr. Lin, who has approximately 30 years of experience in the industry, as well as other management and sales, research and development and quality control personnel, such as our chief executive officer, Mr. Wang Juewei, who has more than nine years of operational experience in the packaged food and beverage industry. The expertise, industry experience and contributions of our senior management are crucial to our success. In addition, our suppliers, distributors and customers interact with a limited number of our personnel, in particular, our senior management, and the absence of such personnel may cause our relationships with certain suppliers, distributors and customers to

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change. There can be no assurance that such personnel will continue to provide services to us or will honor the agreed upon terms and conditions of their employment contracts. The loss of the services of certain such personnel could have an adverse effect on us, as we may not be able to recruit replacements for the key personnel within a reasonable time frame.

Our facilities and operations may require substantial investment and upgrading.

We have continued to invest and upgrade our production, distribution and other facilities. We expect to incur substantial costs to upgrade various facilities and equipment or restructure our operations, including closing existing facilities or opening new ones. If our investment and upgrading costs are higher than anticipated or our business does not develop as anticipated to appropriately utilize new or upgraded facilities, our costs and financial performance could be negatively affected.

Our operations may be subject to production malfunctions, failures in informational technology system and routine shutdowns for maintenance, as well as to serious injury to workers from the use of production equipment.

Our operations are subject to production difficulties such as capacity constraints, mechanical and systems failures, construction and equipment upgrades and delays in the delivery of machineries, any of which could cause suspension of production and reduced output. Additionally, we increasingly rely on information technology systems to process, transmit and store electronic information. For example, all of our production and distribution facilities and inventory management system, utilize information technology to maximize efficiencies and minimize costs. Furthermore, a significant portion of the communications between our personnel and our suppliers, distributors and customers depends on information technology. Our information technology systems may be vulnerable to interruption due to a variety of events beyond our control, including but not limited to, natural disasters, telecommunications failures, computer viruses, hackers and other security issues, and any such interruption could disrupt our operations and negatively impact our business.

Furthermore, scheduled and unscheduled maintenance programs may also affect our production output. We carry out routine maintenance of our production equipment and we also carry out major maintenance work annually. Any significant manufacturing disruption could adversely affect our production capacity and ability to fulfill sales orders, which could have an adverse effect on our business and financial performance. Additionally, any significant accident or harm to our workers caused by the use of our equipment or machinery could interrupt our operations and result in legal and regulatory liabilities which may also affect our financial position.

Any disruption in the supply of utilities or an outbreak of fire or other calamities, unforeseeable events and natural forces beyond our control at our production facilities would disrupt our business operations.

We depend on a continuous supply of utilities, such as electricity and water, to operate our production facilities. If there are any shortages of power, or in the supply of utilities, the PRC

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authorities may require our production facilities to shut down periodically. Any disruption to the supply of electricity and/or water at our production facilities may disrupt our production, or cause deterioration or loss of our products. This could adversely affect our ability to fulfill our sales orders and consequently may have an adverse effect on our business and results of operations.

In addition, our facilities and operations are subject to operational risks. Fire, earthquakes, natural disasters, pandemic or extreme weather, including droughts, floods, excessive cold or heat, typhoons or other storms, causing power outage, fuel shortage, water shortage, damage to our production and processing facilities or disruption of transportation channels, among other events, could impair or interfere with our operations. Additionally, hardware and software failure, computer viruses, equipment obsolescence, malfunction or failure, labor disputes, industrial accidents and other events beyond our control could impair or interfere with our operations. Any failure to take adequate steps to mitigate the likelihood or potential impact of unforeseeable events, or to effectively respond to such events if they occur, could adversely affect our business, financial condition and results of operations.

The outbreak of any severe contagious diseases in China, if uncontrolled, could adversely affect our business and results of operations.

The outbreak of any severe communicable disease in China could adversely affect the overall business sentiments and environment in China, which in turn may lead to slower overall economic growth in China. Almost all of our sales are derived from China, and any contraction or slow down in the economic growth of China will adversely affect our financial condition, results of operations and future growth.

In addition, if any of our employees is infected or affected by any severe communicable diseases, it could adversely affect or disrupt our production at the relevant production facility and adversely affect our business operations as we may be required to close our production facilities to prevent the spread of the disease. The spread of any severe communicable disease in China may also affect the operations of our suppliers, distributors and customers, causing delivery disruptions, which could in turn adversely affect our operating results.

Our future performance is dependent on the Chinese economy and the Chinese consumer market in particular, and historical results of operation may not be indicative of our future performance.

We mainly derive our revenue from sales of our products in China. The success of our business depends on the condition and growth of the Chinese consumer market, which in turn depends on macro-economic conditions and individual income levels in China. We cannot assure you that projected growth rates of the Chinese economy and the Chinese consumer market will be realized under the current economic situation. Any future slowdowns or declines in the Chinese economy or consumer spending could adversely affect our business, operating results and financial condition. We believe that consumer spending habits could be adversely affected during a period of recession in the economy or that uncertainties regarding future economic prospects could also affect consumer spending habits, any of which may have an adverse effect on certain enterprises operating within the consumer and retail sectors, including us. The consumer and retail market could be affected by the

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changing operating conditions in China. For instance, the reduction in tariffs on foreign products after the liberalization of the Chinese market and further entry of international brands may intensify the competition in the Chinese consumer and retail market. This could have an adverse impact on our business, financial condition and results of operations.

Furthermore, our operating results may fluctuate due to a number of additional factors, many of which are beyond our control. Therefore, our operating results for future periods are difficult to predict, and prior results are not indicative of results to be expected in future periods. We believe that period-to-period comparisons of our results of operations are not indicative of our future performance. As such, there is a risk that we will not be able to achieve or maintain profitability or our historical results.

Our insurance coverage and government compensation may not be sufficient to cover all of our potential losses.

The insurance industry in China is still at an early stage of development. Insurance companies in China offer limited insurance products apart from the mandatory insurance regulated by PRC laws and regulations. We do not carry product liability insurance. The lack of product liability insurance exposes us to risks associated with potential product liability claims which can be significant. Any uninsured occurrences of loss or damage to property, litigation or business disruptions may result in us incurring substantial costs and the diversion of resources, which could have an adverse effect on our operating results and financial condition.

Non-compliance with housing fund contribution regulations in the PRC.

We are required to make housing fund contribution for the benefit of employees of our PRC subsidiaries under PRC laws and regulations. Due to the differences in local regulations, inconsistent implementation of the PRC laws and regulations by local authorities and different levels of acceptance of housing fund systems by employees, some of our PRC subsidiaries had not made housing fund contribution in full for all of their employees as of December 31, 2012. As advised by our PRC Legal Adviser, as at the Latest Practicable Date, our relevant PRC subsidiaries have opened the housing fund accounts and started paying the housing fund contribution for our employees directly or through third parties.

Under the relevant PRC laws and regulations, we may be ordered by the relevant housing fund authority to pay the outstanding housing fund contributions within the prescribed period. If an employee succeeds in a labor dispute against us with respect to any outstanding housing fund contributions, we may be required to make such outstanding contributions to such employee. We estimate such outstanding housing fund contributions to be approximately RMB1 million.

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We have previously entered into certain bill financing transactions and such transactions were not in compliance with PRC laws.

During the Track Record Period, our subsidiaries, Ningbo Contemporary Trading and Wuhan Nanpu entered into certain non-compliant bill financing arrangements with certain PRC commercial banks that involved the issuance of bank bills without underlying transactions. For details, see “Business — Non-compliant Bill Financing”.

We have ceased entering into any further non-compliant bill financing transactions since June 25, 2012 and started to implement measures to strengthen our internal controls since July 1, 2012. We have settled all related bills by December 25, 2012. However, we cannot assure you that the relevant regulatory authorities will not impose penalties and/or fines on Ningbo Contemporary Trading or Wuhan Nanpu retrospectively for the previous non-compliant bill financing transactions. Any such penalties and/or fines could adversely affect our business, financial condition and results of operations.

We have not converted the land use rights of one of the properties we occupy and some of our landlords lack relevant title certificates for properties leased to us.

As of June 30, 2013, we have not converted the land use right of one of our owned properties in Qing Pu District, Shanghai from collective usage to industrial usage. Although the Planning and Land Administration Bureau of Qing Pu District, Shanghai City has granted us permission to continue to use the land and stated that no administrative penalty will be imposed on us, there is no certainty that we will be able to complete the relevant conversion procedure, or that a third party will not bring a claim against us in connection with our use of the property. The failure to convert such land use right may restrict our capacity to transfer, mortgage or otherwise dispose of the property. For details, see “Business — Properties”.

Some of our landlords have not registered our lease agreements with the relevant government authorities or provided us with the relevant land use right certificates, building ownership certificates, real estate certificates or other relevant ownership documentation with respect to some properties leased to us. We may be subject to fines for the failure to register the lease agreements and if our landlords are not the owner or not authorized by the real owner to lease the properties to us, we might need to seek alternative properties and incur additional costs relating to such relocation.

Any dispute or claim in relation to the rights to use or lease our owned properties or the properties occupied by us, including any litigation involving allegations of illegal or unauthorized use of these properties, may require us to relocate our business operations. If any of our leases were terminated as a result of any challenge by third parties or any failure of our landlords to renew the leases or obtain their legal titles or the requisite government approval or consent to lease the relevant properties, we may need to seek alternative premises and incur additional costs for relocation. Based on currently available information, the estimated total costs and expenses for relocating our businesses located on properties with defective titles are not expected to be material. Any such relocation could disrupt our operations and adversely affect our business, financial condition, results of operations and growth prospects.

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We may not be able to renew the leases on our properties.

We depend on land and other facilities for the success of our business and expansion plans. At the end of the lease term and any renewal period for a facility, we may be unable to renew the lease without substantial additional cost, if at all. If we are unable to renew our land and property leases on similar terms, or at all, we may have to close or relocate, which could subject us to construction and other costs and risks, which in turn could have an adverse effect on our business and results of operations. Additionally, the revenue and profit, if any, generated at a new location may not equal the revenue and profit generated at the existing one.

Litigation or legal proceedings could expose us to liability, divert our management's attention and negatively impact our reputation.

We may at times be involved in litigation or legal proceedings during the ordinary course of business operations related to, among other things, product or other types of liability, labor disputes or contract disputes that could have a material and adverse effect on our financial condition. If we become involved in any litigation or other legal proceedings in the future, the outcome of such proceedings could be uncertain and could result in settlements or outcomes which adversely affect our financial condition. In addition, any litigation or legal proceedings could incur substantial legal expenses as well as significant time and attention of our management, diverting their attention from our business and operations.

RISKS RELATING TO CONDUCTING OPERATIONS IN THE PRC

We require various licenses and permits to operate our business, and the failure to renew any or all of these licenses and permits could adversely affect our business.

In accordance with PRC laws and regulations, we are required to maintain various licenses and permits in order to operate our production facilities including, without limitation, food distribution licenses and industrial products production permits. We are required to comply with applicable hygiene and food safety standards in relation to our production processes. Our facilities and transportation vehicles are subject to regular inspections by the regulatory authorities for compliance with the relevant PRC laws and regulations. Failure to pass these inspections, or otherwise renew our licenses and permits, could lead to temporary or permanent suspension of some or all of our production activities which would adversely affect our business and results of operations.

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Political and economic policies of the PRC Government may affect our business and results of operations and may result in our inability to sustain our growth and expansion strategies.

Substantially all of our business assets are located in China, and substantially all of our sales are derived from China. Accordingly, our results of operations and prospects are subject to a significant degree to economic, political and legal developments in China. The Chinese economy differs from the economies of most developed countries in many respects, including its structure, level of government involvement, level of development, level of capital reinvestment, control of capital reinvestment, control of foreign exchange and allocation of resources.

Since 1978, the PRC Government has promulgated various reforms of its economic system and government structure. These reforms have resulted in significant economic growth and social progress for China in the last three decades. Many of the reforms are unprecedented or experimental, and such reforms are expected to be modified from time to time. Although we believe these reforms will have a positive effect on our overall and long-term development, we cannot predict whether changes in China's political, economic and social conditions, laws, regulations and policies will have any adverse effect on our current or future business, results of operations or financial condition.

Our ability to continue to expand our business is dependent on a number of factors, including general economic and capital market conditions in China and credit availability from banks and other lenders in China. The PRC Government has implemented various measures to control the rate for economic growth and tighten its monetary policies, including increasing interest rates on bank loans and deposits and tighten the money supply to control lending growth. Stricter lending policies may, among other things, affect our ability to obtain financing and may in turn adversely affect our growth and profitability over time.

Changes in foreign exchange regulations and fluctuation in the value of the RMB may adversely affect our business and results of operations and our ability to remit dividends.

Substantially all of our revenue and expenses are denominated in RMB, while the net proceeds from the Global Offering and any dividends we pay on our Shares will be in Hong Kong dollars. Fluctuations in the exchange rate may cause us to incur foreign exchange losses and affect the relative value of any dividend issued by our PRC subsidiaries. The value of the RMB against the U.S. dollar and other currencies fluctuates and is affected by, among other things, changes in China's and international political and economic conditions and the PRC Government's fiscal and currency policies. Since 1994, the conversion of RMB into foreign currencies, including Hong Kong and U.S. dollars, has been based on rates set by the PBOC, which are set daily based on the previous day's inter-bank foreign exchange market rates and current exchange rates in the world financial markets.

In addition, conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. The RMB still cannot be freely converted into any other foreign currency. Pursuant to China's current foreign exchange control system, it cannot be guaranteed that under a certain exchange rate, there shall be sufficient foreign exchange to meet the foreign exchange requirement of an enterprise. Under China's current foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance

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approval from the SAFE or its local counterparts, but we are required to present relevant documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have the right to carry out foreign exchange business. Foreign exchange transactions under the capital account, however, must be approved in advance by the SAFE or its local counterparts. Any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders or satisfy any other foreign exchange requirement. If we fail to obtain the approval from the SAFE to convert RMB into any foreign exchange for any of the above purposes, our capital expenditure plans, and even our business result and financial conditions, may be adversely affected.

Dividends payable to us by our PRC subsidiaries and gain on sale of the Shares may be subject to PRC withholding taxes, or we may be subject to PRC taxation on our worldwide income and dividends distributed to our investors may be subject to PRC withholding taxes under the EIT Law.

We are incorporated under the laws of the Cayman Islands. According to the Circular of Ministry of Finance and the State Taxation Administration on Several Preferential Policies Relevant to Enterprise Income Tax, the undistributed profits earned by foreign investment enterprises prior to January 1, 2008 and distributed to foreign investors later shall be exempt from PRC withholding tax, whereas the profits earned and distributed after January 1, 2008 shall be subject to PRC withholding tax pursuant to the Enterprise Tax Law, which is currently set at 10%. A lower withholding tax rate of 5% may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investor.

In addition, under the EIT Law, enterprises organized under the laws of jurisdictions outside China with their “de facto management bodies” located within China may be considered PRC resident enterprises and therefore may be subject to PRC corporate income tax at the rate of 25% on their worldwide income. If we were deemed as a PRC resident enterprise under the EIT Law and receive income other than dividends, our profitability and cash flow would be adversely impacted due to our worldwide income being taxed in China under the EIT Law.

If we were deemed as a PRC resident enterprise, dividends we pay with respect to the Shares, or the gain you may realize from the transfer of the Shares, would be treated as income derived from sources within the PRC and be subject to PRC tax. If we are required under the EIT Law to withhold PRC income tax on dividends payable to our non-PRC investors that are “non-resident enterprises” or individuals, or if you are required to pay PRC income tax on the transfer of the Shares, the value of your investment in the Shares may be adversely affected. Due to the PRC dividend withholding tax, depending on the tax jurisdiction of the receiver, we may incur incremental PRC tax liabilities when PRC profits are distributed to ultimate shareholders.

We are a holding company that heavily relies on dividend payments from our subsidiaries and associated companies for funding.

We are a holding company incorporated in the Cayman Islands and operate our business primarily through our subsidiaries and associated companies in China. Therefore, the availability of funds to us to pay dividends to our shareholders and to service our indebtedness depends upon

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dividends received from these subsidiaries and associated companies. If our subsidiaries and associated companies incur debt or losses, such indebtedness or loss may impair their ability to pay dividends or other distributions to us. As a result, our ability to pay dividends to our shareholders and to service our indebtedness will be restricted. PRC laws require that dividends be paid only out of the net profit calculated according to PRC accounting principles, which differ in many aspects from generally accepted accounting principles in other jurisdictions, including IFRS. PRC laws also require foreign-invested enterprises, such as our subsidiaries in China, to set aside part of their net profit as statutory reserves. These statutory reserves are not available for distribution as cash dividends. In addition, restrictive covenants in bank credit facilities, convertible bonds instrument or other agreements that we or our subsidiaries and associated companies may enter into in the future may also restrict the ability of our subsidiaries and associated companies to make contributions to us and our ability to receive distributions. Therefore, these restrictions on the availability and usage of our major source of funding may impact our ability to pay dividends to our shareholders and to service our indebtedness.

We cannot assure you that the PRC regulatory authorities will not issue new regulations or further interpretations of other current PRC laws and regulations that may require our beneficial owners file and/or amend their registration with the local SAFE branch. A failure of the aforesaid shareholders or beneficial owners of our shares who are domestic residents to comply with these regulations and rules in the future could subject us to fines or legal sanctions, including restrictions on our PRC subsidiaries' ability to pay dividends or make distributions to, or obtain foreign-currency-dominated loans from us, and our ability to increase our investment in China. As a result, our business and results of operations and our ability to distribute profits to you could be adversely affected.

PRC regulation of direct investment and loans by offshore holding companies to PRC entities may delay or limit us from using the net proceeds from the Offering to make additional capital contributions or loans to our major PRC subsidiaries.

Any capital contributions or loans that we, as an offshore entity, make to our PRC subsidiaries, including from the net proceeds from the Global Offering, are subject to PRC regulations. For example, any of our loans to our PRC subsidiaries cannot exceed the difference between the total amount of investment our PRC subsidiaries are approved to make under relevant PRC laws and the registered capital of our major PRC subsidiaries, and such loans must be registered with the local branch of SAFE. In addition, our capital contributions to our major PRC subsidiaries must be approved by MOFCOM or its local counterpart. We cannot assure you that we will be able to obtain these approvals on a timely basis, or at all. If we fail to obtain such approvals, our ability to make equity contributions or provide loans to our PRC subsidiaries or to fund their operations may be negatively affected, which may adversely affect our PRC subsidiaries' liquidity and ability to fund their working capital and expansion projects and meet their obligations and commitments and would have an adverse effect on our business, financial condition and results.

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Interpretation of PRC laws and regulations involves uncertainty that could adversely affect our business and results of operations and the value of our Shares.

Our business and operations in China are governed by the legal system of China. The PRC legal system is based on written status. Prior court decisions may be cited for reference but have limited precedential value. Since the late 1970s, the PRC Government has promulgated laws and regulations dealing with such economic matters as foreign investment, corporate organization and governance, commence, taxation and trade. However, as these laws and regulations are relatively new and continue to evolve, interpretation and enforcement of these laws and regulations involve significant uncertainties and different degrees of inconsistency. Some of the laws and regulations are still at a developing stage and are therefore subject to policy changes. Many laws, regulations, policies and legal requirements have only been recently adopted by PRC central or local government agencies, and their implementation, interpretation and enforcement may involve uncertainty due to the lack of established practice available for reference. We cannot predict the effect of future legal developments in China, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or the preemption of local regulations by national law. As a result, there is substantial uncertainty as to the legal protection available to us and investors in the Shares. Furthermore, due to the limited volume of published cases and the non-binding nature of prior court decisions, the outcome of dispute resolution may not be as consistent or predictable as in other more developed jurisdictions, which may limit the legal protection available to us. In addition, any litigation in China may be protracted and result in substantial costs and the diversion of resources and management attention.

You hold an indirect interest in our operations in China through your ownership of our Shares. Our operations in China are subject to PRC regulations governing PRC companies. These regulations contain provisions that are required to be included in the articles of association of PRC companies and are intended to regulate the internal affairs of these companies. The PRC Company Law and these regulations, including the provisions for the protection of shareholders' rights and access to information, are less developed than those applicable to companies incorporated in Hong Kong, the United States and other developed countries or regions. Therefore, you do not enjoy those shareholder protections that are available in more developed jurisdictions.

It may be difficult to effect service of process upon us or our Directors or officers who live in China or to enforce against them in the PRC judgments obtained from non-PRC courts.

A significant portion of our assets and our subsidiaries are located in China. In addition, most of our Directors and officers reside within China, and the assets of our Directors and officers may also be located within China. As a result, it may not be possible to effect service of process outside China upon most of our Directors and officers, including matters arising under applicable securities laws. Moreover, a judgment of a court of another jurisdiction may be reciprocally recognized or enforced if the jurisdiction has a treaty with China or if judgments of the PRC courts have been recognized before in that jurisdiction, subject to the satisfaction of other requirements. We have been advised by our PRC counsel that China does not have treaties providing for the reciprocal enforcement of judgments of courts with Japan, the United Kingdom, the United States and most other western

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countries. In addition, Hong Kong has no arrangement for the reciprocal enforcement of judgments with the United States. As a result, recognition and enforcement in the PRC or Hong Kong of judgments of a court in these jurisdictions in relation to any matter not subject to a binding arbitration provision is subject to uncertainties.

In addition, although we will be subject to the Listing Rules and the Hong Kong Code on Takeovers and Mergers (the “**Hong Kong Takeover Code**”) upon Listing, the holders of our Shares will not be able to bring actions on the basis of violations of the Listing Rules and must rely on the Stock Exchange to enforce its rules. Furthermore, the Hong Kong Takeover Code does not have the force of law and provides only standards of commercial conduct considered acceptable for takeover and merger transactions and share repurchases in Hong Kong.

RISKS RELATING TO THE GLOBAL OFFERING AND OUR SHARES

There has been no prior public market for our Shares, and an active trading market may not develop.

Before the Global Offering, there was no public market for our Shares. The initial offer price range of our Shares, and the Offer Price, will be the result of negotiations between the Joint Bookrunners (on behalf of the Underwriters) and us. In addition, while we have applied to have our Shares listed on the Stock Exchange, there can be no guarantee that (i) an active trading market for our Shares will develop or, (ii) if it does, that it will be sustained following the completion of the Global Offering, or (iii) the market price of our Shares will not decline below the Offer Price. You may not be able to resell our shares at a price that is attractive to you, or at all.

The price and trading volume of our Shares may be volatile which could result in substantial losses for investors purchasing our Shares in the Global Offering.

The price and trading volume of our Shares may be volatile. The market price of our Shares may fluctuate significantly and rapidly as a result of the following factors, amongst others, some of which are beyond our control:

- variations of our results of operations (including variations arising from foreign exchange rate fluctuations);
- loss of significant customers or material defaults by our customers;
- changes in securities analysts’ estimates of our financial performance;
- announcement by us of significant acquisitions, strategic alliances or joint ventures;
- addition or departure of key personnel;
- fluctuations in stock market price and volume;

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- involvement in litigation; and

- general economic and stock market conditions.

In addition, stock markets and the shares of other companies listed on the Stock Exchange with significant operations and assets in the PRC have experienced increasing price and volume fluctuations in recent years, some of which have been unrelated or disproportionate to the operating performance of such companies. These broad market and industry fluctuations may adversely affect the market price of our Shares.

Future sale or major divestment of Shares by any of our Controlling Shareholders or our financial investors could adversely affect the prevailing market price of our Shares.

The future sale of a significant number of our Shares in the public market after the completion of the Global Offering, or the possibility of such sales, by our Controlling Shareholders or strategic investors could adversely affect the market price of our Shares and could materially impair our future ability to raise capital through offerings of our Shares. Although our Controlling Shareholders and financial investors have agreed to a lock-up on their Shares, any major disposal of our Shares by any of our Controlling Shareholders and financial investors upon expiry of the relevant lock-up periods (or the perception that these disposals may occur) may cause the prevailing market price of our Shares to fall which could negatively impact our ability to raise equity capital in the future.

Our dividend policy in the past and Special Distribution may not be indicative of our dividend policy in the future.

We declared dividends of RMB114.2 million on May 9, 2012, and fully paid and settled these dividends on April 2, 2013 using cash from operations. In addition, we declared the Special Distribution of RMB157.0 million on May 10, 2013 to our Controlling Shareholder, Mr. Lin, and fully paid and settled this dividend on August 29, 2013 using cash from operations. The Special Distribution was not determined in accordance with our dividend policy as described in the section “Financial Information — Dividend Policy”. The Special Distribution is not an indication of our future dividend policy. A declaration of dividends is proposed by our Board and the amount of any dividends depends on various factors, including, without limitation, our results of operations, future prospects and other factors which our Board may determine are important. Accordingly, our historical dividend distributions are not indicative of our future dividend distribution policy and potential investors should be aware that our dividend history should not be used as a reference or basis upon which future dividends are determined.

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Certain statistics contained in this prospectus are derived from a third party report and publicly available official sources.

This prospectus, particularly the section “Industry Overview”, contains information and statistics, including but not limited to information and statistics relating to the PRC and the fast moving consumer goods industry. Such information and statistics have been derived from various official government and other publications and from a third party report commissioned by us. We believe that the sources of such information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. The information has not been independently verified by our Company, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Joint Sponsors, the Underwriters, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering and no representation is given as to its accuracy. We cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy, as the case may be, in other jurisdictions. Therefore, you should not unduly rely upon the industry facts and statistics contained in this prospectus.

Investors should read the entire prospectus carefully and should not consider any particular statements in this prospectus or in published media reports without carefully considering the risks and other information contained in this prospectus.

There has been media coverage regarding the Global Offering and our business. We do not accept any responsibility for the accuracy or the completeness of such media coverage or forward looking statements and make no representation as to the appropriateness, accuracy, completeness or reliability of any information disseminated in the media. We disclaim any information in the media to the extent that such information is inconsistent or conflicts with the information contained in this prospectus. Accordingly, prospective investors should not rely on any of the information in press articles or other media coverage.

Forward-looking statements contained in this prospectus are subject to risks and uncertainties.

This prospectus contains certain statements and information that are forward-looking and uses forward-looking terminology such as “anticipate”, “believe”, “could”, “going forward”, “intend”, “plan”, “project”, “seek”, “expect”, “may”, “ought to”, “should”, “would” or “will” and similar expressions. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations or warranties by us that our plans and objectives will be achieved and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. Subject to the requirements of the Listing Rules, we do not intend

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publicly to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to this cautionary statement.

Purchasers of our Shares in the Global Offering will experience immediate dilution and may experience further dilution if we issue additional Shares in the future.

The Offer Price of our Shares is higher than the net tangible asset value per Share immediately prior to the Global Offering. Therefore, purchasers of our Shares in the Global Offering will experience an immediate dilution in the pro forma net tangible asset value of RMB0.99 (HK\$1.25) per Share based on the maximum Offer Price of HK\$3.15.

In order to expand our business, we may consider offering and issuing additional Shares in the future. Purchasers of our Shares may experience further dilution in the net tangible asset value per Share of their Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per Share.

FORWARD-LOOKING STATEMENTS

This prospectus contains certain forward-looking statements and information relating to our Company and our subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this prospectus, the words “aim”, “anticipate”, “believe”, “could”, “expect”, “going forward”, “intend”, “may”, “ought to”, “plan”, “project”, “seek”, “should”, “will”, “would” and the negative of these words and other similar expressions, as they relate to the Group or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this prospectus. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing our company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business prospects;
- future developments, trends and conditions in the industry and markets in which we operate;
- our business strategies and plans to achieve these strategies;
- general economic, political and business conditions in the markets in which we operate;
- changes to the regulatory environment and general outlook in the industry and markets in which we operate;
- the effects of the global financial markets and economic crisis;
- our ability to reduce costs;
- our dividend policy;
- the amount and nature of, and potential for, future development of our business;
- capital market developments;
- the actions and developments of our competitors; and
- change or volatility in interest rates, foreign exchange rates, equity prices, volumes, operations, margins, risk management and overall market trends.

FORWARD-LOOKING STATEMENTS

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to the cautionary statements in this section.

In this prospectus, statements of or references to our intentions or those of the Directors are made as of the date of this prospectus. Any such information may change in light of future developments.

WAIVER FROM COMPLIANCE WITH THE LISTING RULES

In preparation for the Global Offering, our Company has sought the following waiver from strict compliance with the relevant provisions of the Listing Rules.

CONNECTED TRANSACTIONS

We have entered into certain transactions which will constitute non-exempt continuing connected transactions for our Company under the Listing Rules upon Listing. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, waivers from strict compliance with the requirements under Chapter 14A of the Listing Rules in relation to certain continuing connected transactions. For further details of such continuing connected transactions and the waivers, see the section “Connected Transactions”.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

Name	Address	Nationality
<i>Executive Directors</i>		
LIN Jianhua (林建華)	Unit F, 16/F, Block 5 233 Electric Road North Point Hong Kong	Hong Kong, PRC
WANG Juewei (王珏瑋)	No. 179 Lane 168 Changdong Road Songjiang District Shanghai PRC	PRC
LAM Hang Boris (林鏗)	Flat G, 1/F Block 5 Castello 69 Siu Lek Yuen Road Shatin, New Territories Hong Kong	Hong Kong, PRC
YEUNG Yue Ming (楊瑜銘)	Flat H, 8/F Pak Sing Court (Tower 29) Bedford Garden 161 Tin Hau Temple Road North Point Hong Kong	Hong Kong, PRC
AU Lai Hang (區勵恆)	Flat B, 22/F Park Avenue Tower 6 18 Hoi Ting Road Mongkok, Kowloon Hong Kong	Hong Kong, PRC
<i>Non-Executive Director</i>		
CHEN Shirley Shiyou (陳十游)	Flat B, 25/F, Block 3 Island Place 61 Tanner Road North Point Hong Kong	Hong Kong, PRC

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Name	Address	Nationality
<i>Independent Non-Executive Directors</i>		
LIU Chang-Tzong (劉乾宗)	4/F, No.10 Aly.12, Ln.171 Sec.1, Zhongcheng Rd. Shilin Dist., Taipei City Taiwan (R.O.C)	Taiwan
CHEUNG Yui Kai Warren (張睿佳)	Flat 2001, 20/F, Block 43 Heng Fa Chuen Chai Wan Hong Kong	Hong Kong, PRC
WANG Longgen (王龍根)	Room 1301 No. 7, Lane 228 Guangxi North Road Shanghai PRC	PRC

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Global Coordinators (<i>in alphabetical order</i>)	Deutsche Bank AG, Hong Kong Branch 52/F, International Commerce Centre 1 Austin Road West Kowloon Hong Kong
	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong
Joint Bookrunners, Joint Lead Managers (<i>in alphabetical order</i>)	China International Capital Corporation Hong Kong Securities Limited 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong
	Deutsche Bank AG, Hong Kong Branch 52/F, International Commerce Centre 1 Austin Road West Kowloon Hong Kong
	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong
Joint Sponsors (<i>in alphabetical order</i>)	Deutsche Securities Asia Limited 52/F, International Commerce Centre 1 Austin Road West Kowloon Hong Kong
	HSBC Corporate Finance (Hong Kong) Limited 1 Queen's Road Central Hong Kong
Legal Advisers to our Company	<i>As to Hong Kong and U.S. laws:</i> Paul Hastings 21-22/F, Bank of China Tower 1 Garden Road Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

As to PRC law:

Commerce & Finance Law Offices
6F, NCI Tower
A12, Jianguomenwai Avenue
Chaoyang District
Beijing
China

As to Cayman Islands law:

Appleby
2206-19 Jardine House
1 Connaught Place, Central
Hong Kong

**Legal advisers to the Joint Sponsors
and the Underwriters**

As to Hong Kong and U.S. laws:

Simpson Thacher & Bartlett
ICBC Tower, 35/F
3 Garden Road
Central
Hong Kong

As to PRC law:

Jingtian & Gongcheng
34/F, Tower 3, China Central Place
77 Jianguo Road
Beijing 100025
China

Auditor and Reporting Accountant

PricewaterhouseCoopers
Certified Public Accountants
22/F, Prince Building
Central
Hong Kong

Receiving Banks

The Hongkong and Shanghai Banking Corporation
Limited
Level 30, HSBC Main Building
1 Queen's Road Central
Hong Kong

Bank of Communications Co., Ltd. Hong Kong Branch
20 Pedder Street
Central
Hong Kong

CORPORATE INFORMATION

Principal Place of Business and Head Office in the PRC	No. 165 Jiu Gan Road Song Jiang District Shanghai, China
Registered Office	Clifton House 75 Fort Street PO Box 1350 Grand Cayman KY1-1108 Cayman Islands
Company's Website	<u>ir.tenwow.com.hk</u> <i>(The information on the website does not form part of this prospectus)</i>
Place of business in Hong Kong registered under Part XI of the Companies Ordinance	Room 2001, 20/F, World Trade Centre 280 Gloucester Road, Causeway Bay Hong Kong
Company Secretary	LAM Hang Boris (<i>HKICPA; ACCA</i>)
Authorized Representatives	LAM Hang Boris Flat G, 1/F Block 5 Castello 69 Siu Lek Yuen Road Shatin, New Territories Hong Kong AU Lai Hang Flat B, 22/F Park Avenue Tower 6 18 Hoi Ting Road Mongkok, Kowloon Hong Kong
Audit Committee	CHEUNG Yui Kai Warren (Chairman) WANG Longgen LIU Chang-Tzong
Remuneration Committee	WANG Longgen (Chairman) WANG Juewei LIU Chang-Tzong
Nomination Committee	LIN Jianhua (Chairman) WANG Longgen LIU Chang-Tzong

CORPORATE INFORMATION

Hong Kong Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

**Cayman Islands Principal Share
Registrar and Transfer Office**

Appleby Trust (Cayman) Ltd.
Clifton House
75 Fort Street
PO Box 1350
Grand Cayman
KY1-1108
Cayman Islands

Compliance Adviser

Guotai Junan Capital Limited
28F Low Block,
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

Principal Banks

Bank of Communications Co., Ltd. Hong Kong Branch

The Bank of East Asia, Limited

INDUSTRY OVERVIEW

The information presented in this section is derived from the market research report (the “Frost & Sullivan Report”) prepared by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co. (“Frost & Sullivan”) which was commissioned by us, unless otherwise indicated. Frost & Sullivan is an independent global consulting firm, which was founded in 1961 in New York. It offers industry research and market strategies and provides growth consulting and corporate training. Its industry coverage in China includes automotive and transportation, chemicals, materials and food, commercial aviation, consumer products, energy and power systems, environment and building technologies, healthcare, industrial automation and electronics, industrial and machinery, and technology, media and telecom. We have included certain information from the Frost & Sullivan Report in this prospectus because we believe such information facilitates an understanding of the packaged food and beverage market for prospective investors. The Frost & Sullivan Report was prepared based on detailed primary research involving discussions with leading industry participants and industry expert and secondary research involving the review of company reports, independent research reports and data based on Frost & Sullivan’s own research database. On this basis, our Directors are satisfied that the disclosure of future projections and industry data in this section is not biased or misleading. We believe that the sources of such information are appropriate sources for such information and we have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. The information has not been independently verified by our Company, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Joint Sponsors, the Underwriters, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering and no representation is given as to its accuracy. The information and statistics may not be consistent with other information and statistics compiled within or outside of China. Our Directors confirm that, after taking reasonable care, there is no material adverse change in the market information disclosed in this section since the date of the Frost & Sullivan Report. We have paid Frost & Sullivan fees of RMB2,080,000 for the preparation of the Frost & Sullivan Report.

OVERVIEW OF THE PRC ECONOMY

Strong economic growth

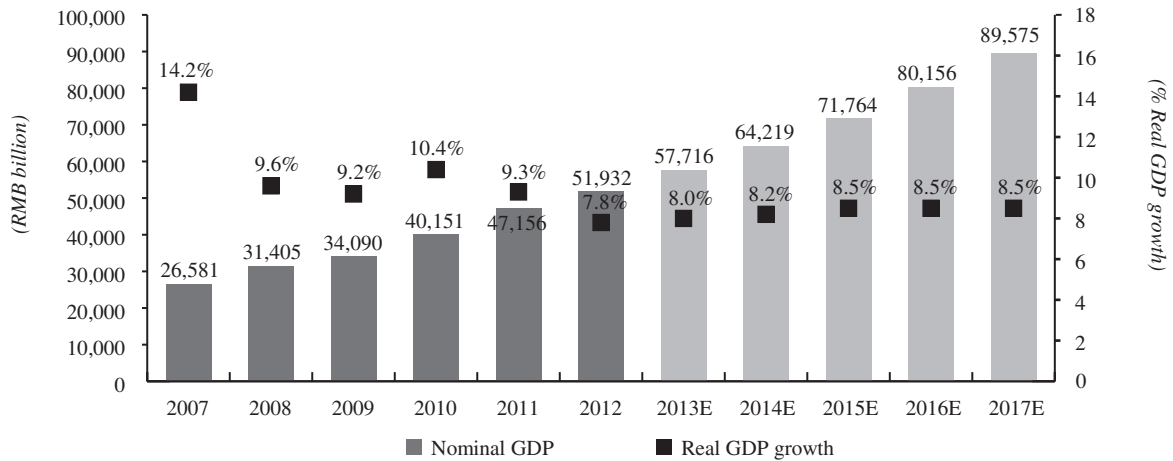
The PRC is the second largest economy in the world and one of the fastest growing in terms of GDP. The economy of the PRC has grown rapidly since economic reforms and opening up policies were introduced in the early 1980s. Over the past thirty years, booming exports, investment and domestic consumption have driven the PRC’s rapid GDP growth, with nominal GDP having grown at a CAGR of 14.3% between 2007 and 2012.

The PRC Government has shown its willingness to support growth in the domestic economy. To mitigate the slowdown of economic growth caused by the financial crisis in 2008, the government released a series of economic stimulus policies, including the Four-Trillion-Yuan Economic Stimulus Package, the Revitalization Plans of Ten Key Industries, as well as the implementation of a loose monetary policy. These incentive policies induced positive effects on the economy in terms of boosting domestic demand and restoring investors’ confidence.

INDUSTRY OVERVIEW

According to the International Monetary Fund, the PRC's nominal GDP is expected to continue its robust growth at a CAGR of 11.5% from 2012 to 2017E. The chart below sets forth the PRC's nominal and real GDP growth from 2007 to 2017E.

PRC Nominal GDP (2007 — 2017E)

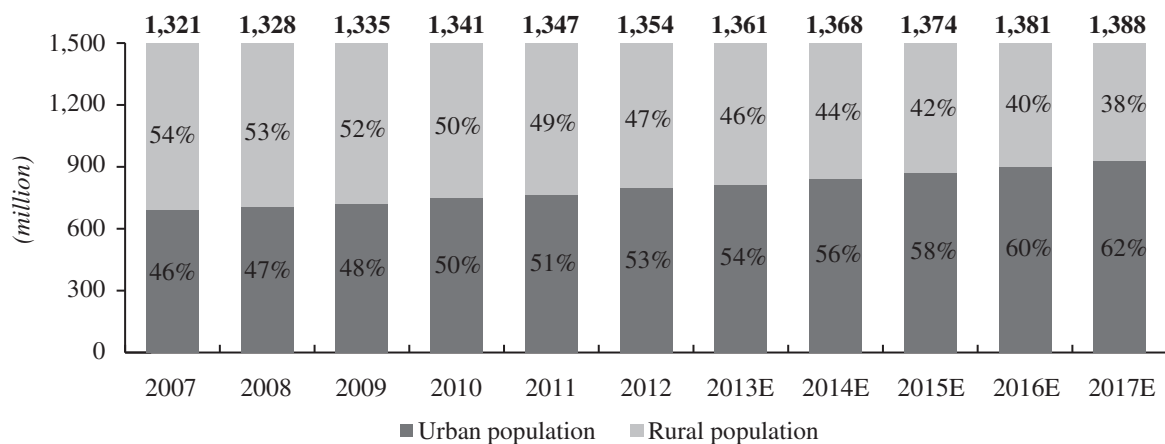


Source: National Bureau of Statistics of China, International Monetary Fund

Increasing urbanisation

Due to the PRC's rapid economic development and the influx of migrants from rural areas to developed areas, the PRC's urban population has been steadily increasing. From 2007 to 2012, the urbanization rate increased from 45.9% to 52.6%. With the continuous development of the PRC's urban facilities, the urbanization rate is expected to reach 61.8% by 2017E. The chart below sets forth the PRC's urban and rural population split and urbanization rate from 2007 to 2017E.

PRC Population and Urbanization (2007 — 2017E)



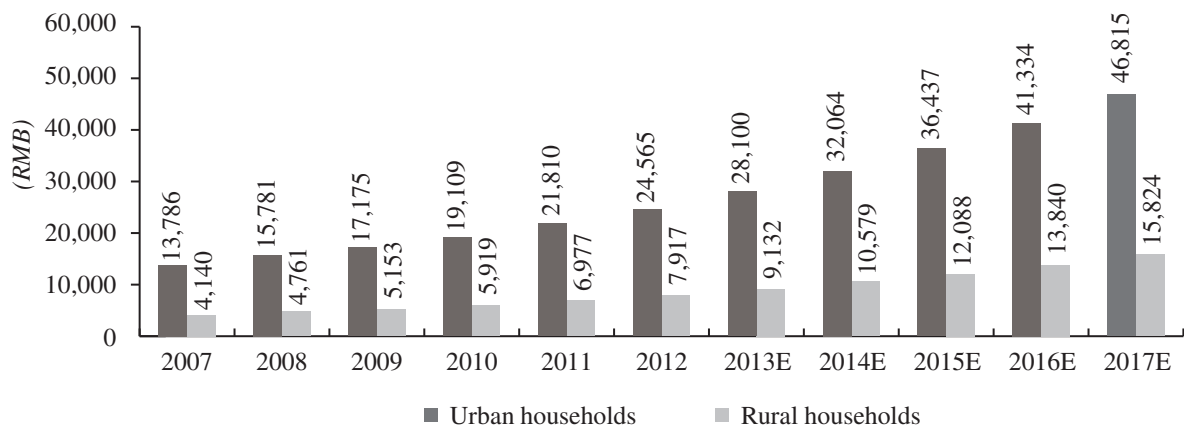
Source: National Bureau of Statistics of China, Frost & Sullivan

INDUSTRY OVERVIEW

Increasing spending power

Together with rapid economic growth and urbanization, the average income of Chinese households has also continuously increased in recent years. From 2007 to 2012, the per capita annual disposable income of urban households has nearly doubled from RMB13,786 to RMB24,565, respectively, representing a CAGR of 12.2%. Similarly, the per capita annual net income of rural households has risen from RMB4,140 in 2007 to RMB7,917 in 2012, at a CAGR of 13.8%. Such increases in per capita disposable income have had a strong positive effect on the population's purchasing power. By 2017E, the per capita annual disposable income of urban households and per capita annual net income of rural households is expected to grow to RMB46,815 and RMB15,824, respectively, representing CAGRs of 13.8% and 14.9% from 2012 to 2017E, respectively. The chart below sets forth the per capita annual disposable income of urban and net income rural households in the PRC from 2007 to 2017E.

**PRC Per capita annual disposable income of urban and net income of rural households
(2007 — 2017E)**



Source: National Bureau of Statistics of China, Frost & Sullivan

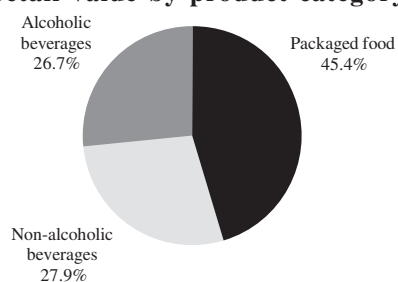
INDUSTRY OVERVIEW

OVERVIEW OF THE PRC PACKAGED FOOD AND BEVERAGE INDUSTRY

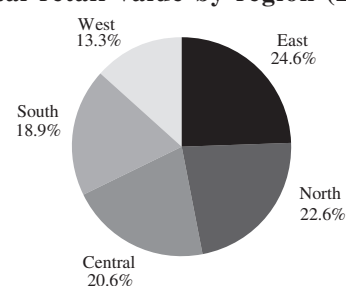
Packaged food generally refers to food products that are pre-packaged before they are sold to consumers. Beverages include both non-alcoholic beverages such as bottled water, fruit juice and ready-to-drink tea, as well as alcoholic beverages such as spirits, wine and beer. Packaged food and beverages represented 54.4% of the overall PRC food and beverage expenditure by retail value in 2012.

In terms of retail value in 2012, packaged food represented the biggest segment in the total packaged food and beverage market, with a 45.4% share, followed by non-alcoholic beverages with a 27.9% share and alcoholic beverages with a 26.7% share. The market share of each segment has been relatively stable from 2010 to 2012. In terms of regional breakdown in 2012, East China, as the most populous as well as the most economically developed region in China, represented the biggest market with a 24.6% share, followed by North China with a 22.6% share and Central China with a 20.6% share. The following chart sets forth the total retail value breakdown by product category and regions of the PRC packaged food and beverage market in 2012.

Total retail value by product category (2012)



Total retail value by region (2012)



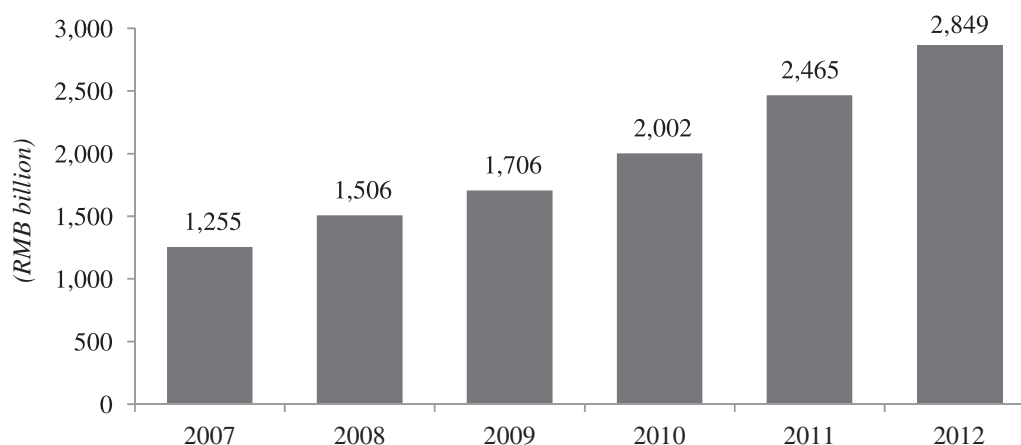
Notes: East: Shanghai, Jiangsu, Zhejiang, Shandong and Anhui
Central: Hubei, Hunan, Henan, Jiangxi, Chongqing and Shaanxi
North: Beijing, Tianjin, Hebei, Shanxi, Inner Mongolia, Liaoning, Jilin and Heilongjiang
West: Sichuan, Guizhou, Yunnan, Tibet, Gansu, Xinjiang, Qinghai and Ningxia
South: Guangdong, Guangxi, Hainan and Fujian

Source: Frost & Sullivan

INDUSTRY OVERVIEW

Total retail value of the PRC packaged food and beverage market has increased rapidly in recent years at a CAGR of 17.8% from 2007 to 2012. The following chart sets forth the total retail value of packaged food and beverage products in the PRC from 2007 to 2012.

Retail value of the PRC packaged food and beverage market (2007 — 2012)



Source: Frost & Sullivan

According to Frost & Sullivan, the PRC packaged food and beverage market is highly fragmented, with most product manufacturers focusing only on a few key products. As a result, the overall market share of the majority of players is generally very low.

Through sales of Own Brand Products, Tenwow had less than 1% market share in the overall PRC packaged food and beverage market in 2012, according to Frost & Sullivan. However, this does not mean that the market was dominated by other market participants. Tenwow has its own niche segments where it holds leading market positions, such as pistachio nuts, almonds, dried pork slices, and fruit-flavored ready-to-drink tea.

According to Frost & Sullivan, the following dynamics have contributed to the rapid development of the PRC packaged food and beverage market:

Increasing urban population and rising purchasing power

With the rapid growth of the PRC's economy, per capita disposable income of the Chinese population has continued to rise and is expected to keep rising going forward, providing consumers greater purchasing power for packaged food and beverage products. Further, busier and better lifestyles as a result of urbanization encourage consumers to seek more convenient and diversified forms of packaged food and beverage consumption.

INDUSTRY OVERVIEW

Increasing health and food safety awareness

With increasing consumer sophistication, health consciousness and food safety awareness, demand for branded packaged food and beverage products with strict quality control and high quality standards has experienced strong growth. Demand for packaged food and beverage products with healthy concepts and nutritional value is also expected to increase.

Consumption upgrade

With rising standards of living, Chinese consumers have been gradually switching to lifestyle-enhancing packaged food and beverage products with higher quality and more benefits. Their purchase decisions have become increasingly driven less by price, and more by brand awareness, product quality and even packaging design and style.

Changing consumer tastes and demands

Consumer tastes are also becoming more diverse and differentiated. This trend creates opportunities for market players with broad product portfolios to meet the needs and preferences of different customer groups. Changing consumer demands are a key driver of packaged food and beverages manufacturers' product innovation, which further drives market growth.

Development of distribution channels

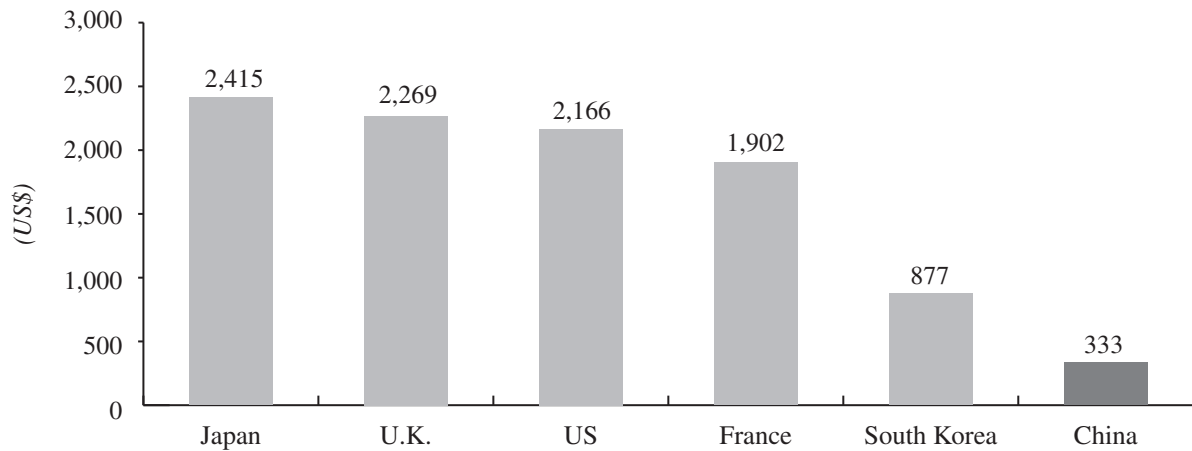
The development and expansion of distribution channels have made a greater range of packaged food and beverage products accessible to consumers across the country, especially in lower tier cities and rural areas. The ability to access an extensive nationwide distribution channel has been critical for manufacturers' success in reaching consumers.

Room for further expansion in the PRC's F&B industry

Despite the rapid development in recent years, the PRC packaged food and beverage industry is still extremely underpenetrated compared to more developed markets. The following chart sets forth the per capita expenditure on packaged food and beverage products in Japan, United Kingdom, U.S., France, South Korea and China per annum, demonstrating the significant upside potential in the PRC packaged food and beverage market.

INDUSTRY OVERVIEW

Per capita expenditure on packaged food and beverage by region (2012)

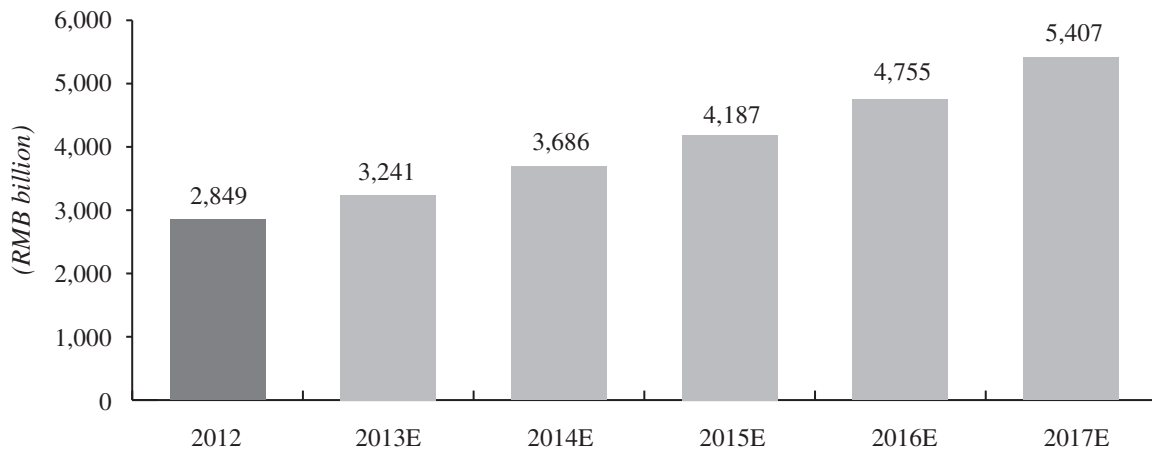


Source: Frost & Sullivan

KEY SUCCESS FACTORS IN THE PRC PACKAGED FOOD AND BEVERAGE INDUSTRY

Driven by increased penetration, robust growth in the PRC packaged food and beverage industry is expected to continue, with total retail value of packaged food and beverage products in the PRC expected to grow at a CAGR of 13.7% from 2012 to 2017E.

Retail value of the PRC packaged food and beverage market (2012 — 2017E)



Source: Frost & Sullivan

According to Frost & Sullivan, key factors for market participants to capture future growth opportunities in the PRC packaged food and beverage industry include the following. Please refer to the section “Business — Our Competitive Strengths” for further details of our strengths in these key factors.

INDUSTRY OVERVIEW

Market leadership and brand image

Packaged food and beverage products from a reputable brand are more easily recognised and are preferred by consumers. A well-known brand is usually perceived as having reliable and high quality products. Accordingly, an increasing number of companies are likely to make greater efforts to build their brand image to attain greater market share, including marketing campaigns such as celebrity endorsement, TV advertising, online marketing and print advertising.

Healthy concepts and quality control assurance

Chinese consumers are becoming increasingly concerned about healthy lifestyles. In addition, several food safety scandals in recent years have alerted consumers to the importance of food quality. As such, consumers are more likely to choose healthy products with nutritional concepts from reputable brands with high quality control processes.

Product innovation and new product development

Given the product homogeneity of the packaged food and beverage market in China, more companies are expected to strengthen their R&D capability to enhance product innovation, update their existing portfolio and develop new product lines. Manufacturers who are able to launch new and differentiated products to suit varied and diversified consumer requirements will be best positioned to capture new growth opportunities.

Penetration of lower tier cities and rural areas

With purchasing power in lower tier cities and rural areas increasing rapidly, demand within these regions is expected to move from basic needs to lifestyle-enhancing products. With many of these markets still currently underpenetrated and with comparatively less competition, they are expected to be key future growth markets for quality packaged food and beverage products.

Access to modern retail distribution channels

Along with changing lifestyles, consumers are more likely to purchase packaged food and beverage products in modern retail channels, such as convenience stores, in addition to traditional channels such as supermarkets. Accordingly, the ability to access a strong distribution network with a broad range of convenient end-sales points will allow manufacturers to reach a wider range of customers and better address new consumer preferences.

Vertical integration

Vertical integration of the manufacturing and distribution businesses among packaged food and beverage players is likely to grant significant competitive advantages. Through vertical integration, a company may be able to capture additional revenue and cost synergies along the value chain, gain access to self-controlled sales channels and employ more effective marketing activities. In addition, vertical integration allows manufacturers to have direct communication with retailers, which results in a better understanding of the market.

INDUSTRY OVERVIEW

DISTRIBUTION IN THE PRC PACKAGED FOOD AND BEVERAGE INDUSTRY

Among the various sales models in the PRC packaged food and beverage market, manufacturers typically sell their products through distributors. According to Frost & Sullivan, over 80% of packaged food and beverage products are sold through distributors to the market.

Given the scale of the PRC market, both domestic and overseas manufacturers rely heavily on distributors to cover as many customers as possible, and it would be nearly impossible to reach customers in remote areas without distributors. Large scale distributors generally have a strong nationwide sales network and have strong relationships with big retailers, and access to these distribution channels allows manufacturers to save on sales and marketing expenses. According to Frost & Sullivan, distributors with scale and leading market positions are expected to maintain their important role in the PRC packaged food and beverage market and continue to enjoy strong growth going forward, including through business cooperation opportunities with well-known international brands.

According to Frost & Sullivan, Nanpu and Tenwow were the largest and fifth largest packaged food and beverage distributors in the PRC by sales in 2012, respectively. The following table sets forth the top 5 packaged food and beverage distributors in the PRC by sales in 2012.

Top 5 packaged food and beverage distributors in the PRC by sales (2012)

Rank	Company name	(RMB bn)
1	Nanpu	5.18
2	Guangzhou Huaxin	4.00
3	Beijing Sugar Tobacco & Wine	3.86
4	Beijing CP Commercial & Trading	3.30
5	Tenwow	2.99

Source: Frost & Sullivan

INDUSTRY OVERVIEW

THE PRC PACKAGED FOOD SEGMENT

Packaged foods comprise of a large number of product categories, including preserved fruits, roasted seeds and nuts, meat snacks, oat cereal and other products, which Chinese consumers eat on a regular basis, particular around festive seasons such as the Spring Festival, when many also purchase gift boxes of these products as gifts for friends and relatives. With the rising demand for quality branded products, more consumers are willing to pay a premium for packaged food from well-known manufacturers with a strong quality assurance and food safety track record. The following table sets forth the market size and growth rates for the PRC preserved fruits, roasted seeds and nuts, meat snacks and oat cereal markets.

	Market size by retail value			CAGR	
	2007	2012	2017E	2007-2012	2012-2017E
	(in RMB billion)				
Packaged food	570.3	1,293.1	2,496.6	17.8%	14.1%
Preserved fruit	4.8	10.1	20.2	16.0%	14.9%
Roasted seeds and nuts	12.1	20.7	34.0	11.4%	10.4%
<i>Pistachio nuts</i>	1.0	1.9	3.3	15.0%	11.0%
<i>Almonds</i>	0.5	0.9	1.6	12.1%	11.1%
Meat snacks	4.7	8.9	15.7	13.9%	11.9%
<i>Dried pork slice</i>	0.7	1.4	2.4	14.3%	11.6%
Oat Cereal	1.4	3.5	8.5	21.3%	19.2%
<i>Oak flake</i>	0.5	1.3	3.1	23.8%	18.8%

Source: Frost & Sullivan

Pistachio nuts and almonds are popular types of roasted nuts and are generally considered by Chinese consumers to be relatively high-end nuts with high nutritional value. Similarly, meat snacks, including dried pork slices, are also popular snacks in China and have enjoyed strong growth in recent years.

INDUSTRY OVERVIEW

According to Frost & Sullivan, Tenwow was the largest manufacturer of pistachio nuts and almonds and the third largest manufacturer of dried pork slices in the PRC by retail value in 2012. The following table sets forth the competitive landscape for the PRC pistachio nuts, almonds and dried pork slices markets.

Rank	Pistachio nuts		Almonds		Dried pork slice	
	Company name	Market share (by retail value) 2012	Company name	Market share (by retail value) 2012	Company name	Market share (by retail value) 2012
	1	Tenwow	10.1%	Tenwow	12.4%	Shuangyu
2	Nanxing	3.6%	Hengkang	6.3%	Sanyang	7.6%
3	Orchard Farmer	2.7%	Orchard Farmer	4.6%	Tenwow	3.4%
4	Yaoshengji	2.5%	Yaoshengji	3.7%	Huangshengji	3.3%
5	Aming	2.3%	Aming	3.6%	Chushi	3.2%

Source: Frost & Sullivan

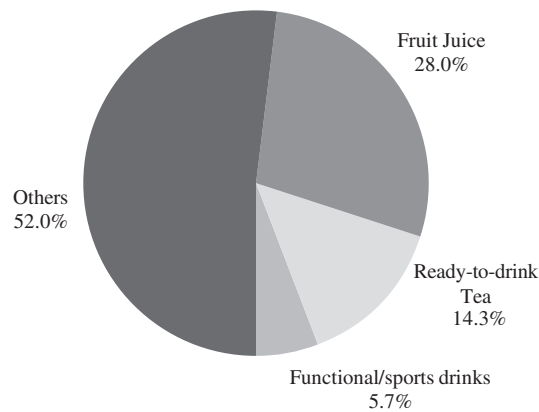
THE PRC NON-CARBONATED NON-ALCOHOLIC BEVERAGES SEGMENT

Non-carbonated non-alcoholic beverages include fruit and vegetable juice, ready-to-drink tea, functional and sports drinks, bottled water, solid drinks, flavored milk and vegetable protein beverages and others. Generally speaking, non-carbonated non-alcoholic beverages are regarded as healthier compared with carbonated beverages. With rising awareness of health and wellness, non-carbonated beverages are becoming more popular among consumers. From 2007 to 2012, the PRC non-carbonated non-alcoholic beverages market grew at a CAGR of 19.8% to RMB635.3 billion in 2012, and is expected to continue to grow at a CAGR of 15.3% from 2012 to 2017E.

INDUSTRY OVERVIEW

Ready-to-drink tea, fruit juice and functional/sports drinks are the three key categories within the total non-carbonated non-alcoholic beverages market, representing 14.3%, 28.0% and 5.7% of total retail value in 2012, respectively. The following chart sets forth the retail value breakdown by product category of the PRC non-carbonated non-alcoholic beverages market in 2012.

Total retail value by product category (2012)



Source: Frost & Sullivan

The PRC Ready-to-Drink Tea Market

Ready-to-drink tea is a relatively new beverage category and has gained wide acceptance among Chinese consumers since its launch in the China market due to its convenience of consumption, varied flavors and nutritional value. Main products in this category include black tea, green tea, scented tea, oolong tea and herbal tea.

INDUSTRY OVERVIEW

Fruit flavored ready-to-drink tea is a type of ready-to-drink tea made from tea extracts, fruit juice concentrates and other additives. This relatively new type of ready-to-drink tea is perceived as a healthy and natural drink. The unique taste of fruit flavored ready-to-drink tea, a mix of tea and fruit juice flavors, is quite popular among younger Chinese consumers. Since the product's emergence around 10 years ago, the market has grown rapidly as more manufacturers launched fruit flavored ready-to-drink tea products to satisfy increasing consumer demand. The following table sets forth the market size and growth rates for the PRC non-carbonated non-alcoholic beverages, ready-to-drink tea and fruit flavored ready-to-drink tea markets.

	Market size by retail value			CAGR	
	2007	2012	2017E	2007-2012	2012-2017E
	(in RMB billion)				
Non-carbonated non-alcoholic beverages	257.0	635.3	1,295.3	19.8%	15.3%
Ready-to-drink tea . . .	36.4	90.9	201.0	20.1%	17.2%
<i>Fruit flavored ready-to-drink tea</i>	<i>0.7</i>	<i>3.0</i>	<i>7.2</i>	<i>32.9%</i>	<i>19.7%</i>

Source: Frost & Sullivan

According to Frost & Sullivan, Tenwow was the third largest manufacturer of fruit flavored ready-to-drink tea in the PRC by retail value in 2012, with the fastest growth rate among leading players. The following table sets forth the competitive landscape for the relatively concentrated PRC fruit flavored ready-to-drink tea market.

Fruit flavored ready-to-drink tea			
Rank	Company name	Market share (by retail value) 2012	CAGR 2010-2012
1	Wahaha	55.6%	21.8%
2	Dali Group	13.4%	20.4%
3	Tenwow	12.8%	93.1%
4	Kirin	11.5%	37.6%
5	Enesis Group	1.9%	N/A

Source: Frost & Sullivan

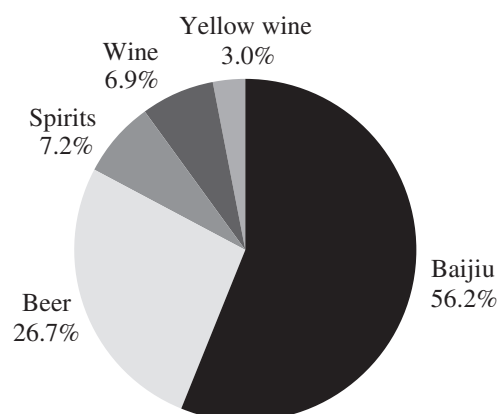
INDUSTRY OVERVIEW

THE PRC ALCOHOLIC BEVERAGES SEGMENT

With the development of the macro economy in the PRC, the market for alcoholic beverages has increased significantly in recent years, driven both by volume from increasing social activities, as well as from average selling price due to strong product demand. In March 2013, the PRC government imposed restrictions on extravagant consumption by governmental officials, which is likely to have negative impacts on the consumption of premium Chinese white liquor (or “baijiu”). From 2007 to 2012, the PRC alcoholic beverages market grew at a CAGR of 18.5% to RMB759.7 billion in 2012 and is expected to continue to grow at a CAGR of 12.1% from 2012 to 2017E.

Baijiu, beer, wine, spirits and yellow wine are the major product categories in the PRC alcoholic beverages segment. The following chart sets forth the retail value breakdown by product category of the PRC alcoholic beverages segment in 2012.

Total retail value by product category (2012)



Source: Frost & Sullivan

The following table sets forth the market size and growth rates for the PRC alcoholic beverages market as a whole and spirits, wine, yellow wine and beer markets.

	Market size by retail value			CAGR	
	2007	2012	2017E	2007-2012	2012-2017E
	(in RMB billion)				
Alcoholic beverages	325.4	759.7	1,346.3	18.5%	12.1%
Spirits	28.6	54.7	106.5	13.8%	14.3%
Wine	20.0	52.3	91.4	21.2%	11.8%
Yellow wine	11.9	22.7	41.0	13.8%	12.6%
Beer	153.9	203.2	273.2	5.7%	6.1%

Source: Frost & Sullivan

INDUSTRY OVERVIEW

The PRC Spirits Market

With the influx of western culture, spirits are becoming more popular among Chinese consumers. Currently, there are no domestic spirits manufacturers of scale in the PRC, which means nearly all spirits, including brandy, whiskey, vodka, gin, rum and related products, are imported from overseas and sold to the market via distributors.

Leading spirits distributors in the PRC generally dominate regional markets such as East China, South China and North China, given that international manufacturers generally prefer to use only a few primary distributors for ease of management in any particular region. This dynamic grant large scale distributors advantages negotiating with manufacturers and in dealing with retail channels.

According to Frost & Sullivan, Nanpu and Tenwow were the largest and second largest spirits distributors in the PRC in 2012, respectively. The following table sets forth the top five spirits distributors in the PRC by sales in 2012.

Top 5 spirits distributors in the PRC by sales (2012)

Rank	Company name	(RMB bn)
1	Nanpu	2.29
2	Tenwow	1.54
3	Xiamen Wang Zi Zhou	1.50
4	Shenzhen Qiaodong	1.44
5	Shanghai Deqiang	0.90

Source: Frost & Sullivan

The PRC Wine Market

Wine consumption in the PRC has grown rapidly in recent years due to many factors including:

- rising consumer purchasing power and pursuit of higher living standards;
- emergence of the young generation and influx of western culture;
- marketing and brand building efforts of wine manufacturers and distributors; and
- rising health awareness, with wine generally considered a healthier option compared to baijiu or beer.

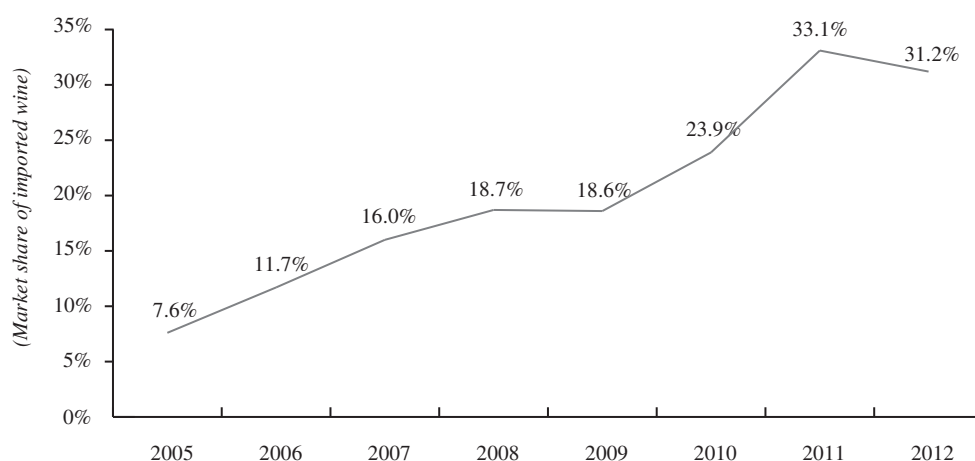
From 2007 to 2012, the PRC wine market grew at a CAGR of 21.2% to RMB52.3 billion in 2012 and is expected to continue to grow at a CAGR of 11.8% from 2012 to 2017E.

INDUSTRY OVERVIEW

With Chinese consumers' pursuit of higher living standards, demand for imported wine in the PRC has increased significantly, as it is considered to be more authentic and of higher quality than domestically produced products. Marketing efforts of brand owners as well as wine distributors have also promoted the brand awareness and image of imported wine. In addition, the reduction of import tariffs and the appreciation of the Chinese RMB have also had positive impacts on the demand for imported wine by reducing effective costs. Share of imported wine in the PRC's total wine market by retail revenue grew from 7.6% in 2005 to 33.1% in 2011. However, it decreased slightly to 31.2% in 2012 due principally to the reduction of wine production in Europe as a result of bad weather and sluggish economy.

The following chart sets forth the development of share of imported wine in the PRC's total wine market by retail value from 2005 to 2012.

Imported wine share in total wine market by retail value in the PRC (2005 — 2012)



Source: Frost & Sullivan

RAW MATERIALS

Most raw materials for PRC food and beverage manufacturers are agricultural products such as seeds, nuts, fresh fruit, tea and livestock animals as well as commodities such as sugar and PET. According to Frost & Sullivan, given the abundance of agricultural products suppliers in the domestic market, raw materials for food and beverage manufacturers are generally available. Further, the Chinese government pays great attention to the improvement of agricultural technology to increase the quantity as well as the quality of agricultural products.

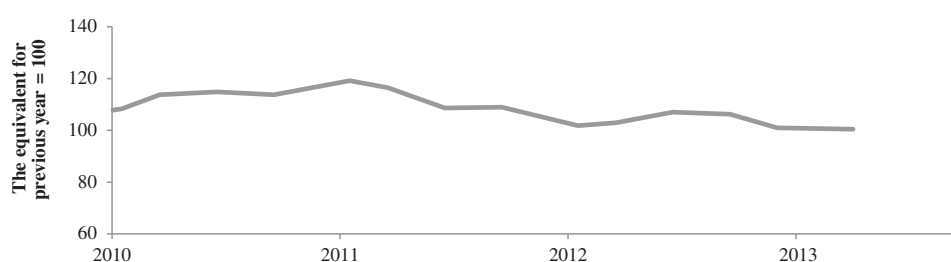
According to the Frost & Sullivan, raw material costs for food and beverage manufacturers in general have been on a declining trend, which has resulted in better profitability for many industry players.

INDUSTRY OVERVIEW

Farm crops

According to the National Bureau of Statistics of China, the price of farm crops in the PRC has remained relatively stable and has been on a declining trend since early 2011. The producers' price index (which reflects fluctuations in the price at which producers directly sell their products) for farm crops as at December 31, 2010, 2011 and 2012 and March 31, 2013 was 119.2, 101.9, 103.7 and 102.2, respectively. The chart below sets forth the PRC producers' price index for farm crops for the three years ended December 31, 2010, 2011 and 2012, and the three months ended March 31, 2013.

PRC Producers' price index for farm crops

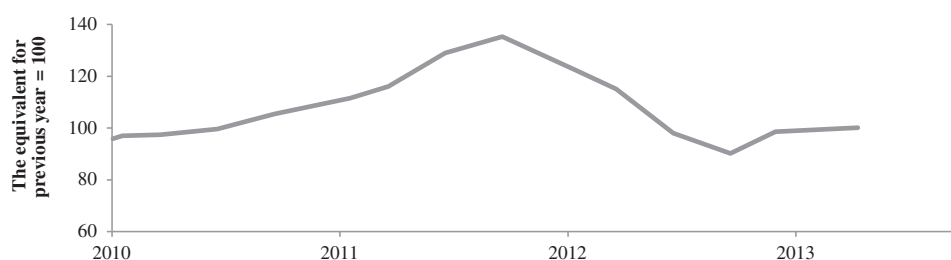


Source: National Bureau of Statistics of China

Livestock products

According to the National Bureau of Statistics of China the producers' price index for livestock products as at December 31, 2010, 2011 and 2012, and March 31, 2013 was 111.6, 121.9, 96.3 and 101.5, respectively. The chart below sets forth the PRC producers' price index for livestock products for the three years ended December 31, 2010, 2011 and 2012, and the three months ended March 31, 2013.

PRC Producers' price index for livestock products



Source: National Bureau of Statistics of China

INDUSTRY OVERVIEW

Sugar

According to the Zhengzhou Commodity Exchange, the wholesale price of sugar in China reached a peak of approximately RMB7,900 per metric ton in August 2011 and has since been on a declining trend, dropping to approximately RMB5,300 per metric ton by May 2013 before stabilizing. The chart below sets forth the development of the PRC wholesale sugar settlement price since 2010.

PRC wholesale sugar settlement price

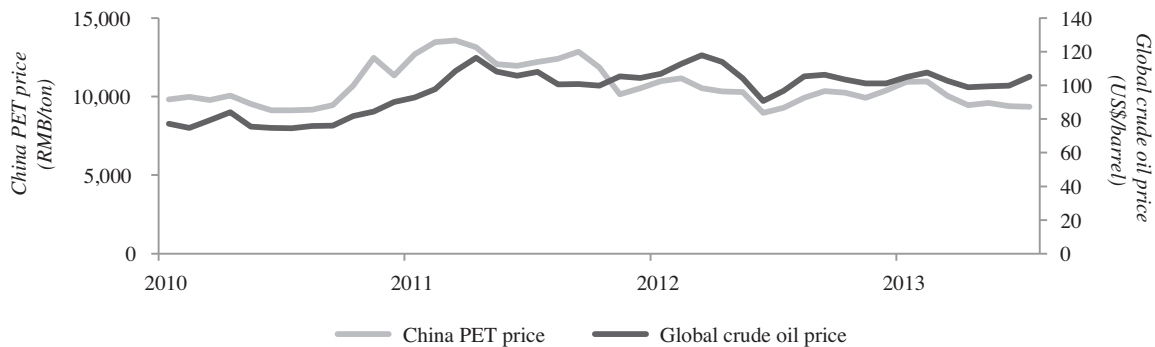


Source: CEIC, Zhengzhou Commodity Exchange

PET

PET is a type of plastic material and commonly used as packaging materials in the food and beverage industry. As PET is a downstream by-product of crude oil, PET prices are relatively correlated with crude oil prices. Since peaking in early 2011, PET price has moderated and remained relatively stable over the past several years. The chart below sets forth the China PET and global crude oil price indexes since 2010.

Monthly average price of China PET and Global crude oil



Source: International Monetary Fund, Frost & Sullivan

REGULATORY OVERVIEW

INDUSTRY LAWS AND REGULATIONS

1. Food Safety Law of the PRC (中華人民共和國食品安全法) and Regulations for the Implementation of the Food Safety Law of the PRC (中華人民共和國食品安全法實施條例)

According to the Food Safety Law of the PRC (中華人民共和國食品安全法) (the “**Food Safety Law**”) promulgated on 28 February 2009 and effective on 1 June 2009 and the Regulations for the Implementation of the Food Safety Law of the PRC (中華人民共和國食品安全法實施條例) (the “**Implementing Rules on the Food Safety Law**”) promulgated and implemented on 20 July 2009, food products include finished products edible or drinkable by human beings, raw materials used in the production of finished food products and substances which have been traditionally used both as food and medicinal materials, excluding substances used for therapeutic purposes. Such food products include health (functional) food, pediatric food products and processed food. To engage in food production, food circulation and catering services, the food production license, food circulation license, and catering service license shall be obtained in accordance with the law. Food producers who have obtained food production license do not need to obtain food circulation license for selling the food produced by them at their production place; the catering service providers who have obtained the catering service license do not need to obtain the food production or circulation license for selling the food produced by them at their catering service place.

Food producers and traders shall establish and implement a personnel health management system. The personnel suffering from dysentery, typhoid, viral hepatitis type A, viral hepatitis type E or any other infectious disease of the digestive tract or suffering from active tuberculosis, purulent or seeping skin disease or any other disease that affects the food safety shall not engage in work that involves contact with ready-to-eat food. Food producers and traders shall have physical check-ups each year and shall obtain healthy certificates prior to working.

According to Food Safety Law as well as Implementing Rules on the Food Safety Law, Food producers purchasing food raw materials, food additives and food-related products shall check the licenses and food eligibility certification documents of the suppliers. The food raw materials whose eligibility certification documents are unavailable shall be checked in accordance with the food safety standards; no food raw materials, food additives or food-related products inconsistent with the food safety standards may be procured or used. Food production enterprises shall establish a procurement check record system of food raw materials, food additives and food-related products, and truthfully record the names, specifications, quantities, names and contact information of suppliers, dates of purchase, etc. of food raw materials, food additives and food-related products. The procurement check records of food raw materials, food additives and food-related products shall be true, and shall be kept for at least two years. Food production enterprises shall establish a food ex-factory check record system, to check the inspection certificates and the safety conditions of ex-factory food and truthfully record the names, specifications, quantities, dates of production, lot numbers of production, numbers of inspection certificates, names and contact methods of purchasers, dates of sales, etc. of food. The food ex-factory check records shall be true, and shall be kept for at least two years. Still under Food Safety Law as well as Implementing Rules on the Food Safety Law, food production and trading enterprises may either carry out inspection on the food produced by themselves or entrust the inspection to a food inspection institution complying with the provisions of the Food Safety Law.

REGULATORY OVERVIEW

Also under Food Safety Law as well as Implementing Rules on the Food Safety Law, the packages of pre-packed food shall bear labels. The labels shall state the following matters, such as name, specifications, net content and date of production; list of ingredients or components; producer's name, address and contact methods; shelf life; product standard code; storage conditions; the general name of the food additives used in the national standards; category number of food production license; and other items that must be indicated according to laws, regulations or food safety standards. The labels of the staple and supplementary food exclusively for infants shall also indicate the principal ingredients and their contents.

Also under Food Safety Law as well as Implementing Rules on the Food Safety Law, the state will establish a food recall system. Where a food producer finds that the food produced by it does not comply with the food safety standards, it shall immediately stop the production, recall the food on the market for sale, notify the relevant producers and traders, as well as consumers, and record the recall and notification. Where a food trader finds that the food traded by it does not comply with the food safety standards, it shall immediately stop the trading, notify the relevant producers and traders, as well as consumers, record the cessation of trading and the notification. Where the food producers consider that the food should be recalled, the food shall be recalled immediately. The food producers shall take such measures as remedy, destruction and harmless treatment for the recalled food, and report the recalling and treatment of the recalled food to the quality supervision department at or above the county level. Where the food producers or traders fail to recall or stop trading of the food and thus fail to comply with the food safety standards in accordance with the provisions of this Article, the quality supervision, administration for industry and commerce, food and drug supervision and administration departments at and above the county level shall order them to recall or stop trading.

For breach of the Food Safety Law, relevant authorities could confiscate any illegal gains and food products, issue warnings and impose rectification orders and monetary penalties ranging from two times to ten times of the value of the illegal products. Cancellation of the food safety certificate and criminal liability may also be imposed.

2. Standardisation Law of PRC (中華人民共和國標準化法) and Regulations for The Implementation of The Standardisation Law of the People's Republic of China (中華人民共和國標準化法實施條例) (“**Standardisation Law and Regulations**”)

The Standardisation Law of PRC (中華人民共和國標準化法), which came into effect on 1 April 1989, has formed the legal framework for the development of standard directives and their applications by all industries and sectors nationwide. The tasks of standardisation work include the formulation of standards, the implementation of the standards and the supervision over the implementation of the standards.

National standards and trade standards are classified into compulsory standards and voluntary standards. Those standards created for safeguarding human health and ensuring the safety of the person and of property as well as those standards for compulsory execution as prescribed by the laws and administrative rules and regulations shall be compulsory standards, while the others shall be voluntary standards.

REGULATORY OVERVIEW

The following standards are in the compulsory category:

1. standards for pharmaceuticals, food hygiene and veterinary medicine;
2. safety and hygiene standards for products and the production, storage and transportation and utilisation of products; standards for the safety of labour and hygiene standards and safety standards for transportation;
3. quality, safety and sanitation standards for project construction and other standards for project construction that must be controlled by the State;
4. standards for the discharge of pollutants and standards for environmental quality;
5. important technical terms, symbols, codes and drafting methods in common use;
6. standards on universal methods of experimentation and examination;
7. standards for conversion and coordination; and
8. quality standards for important products which need to be controlled by the State.

The food hygiene standard is a compulsory standard. Enterprises engaging in the businesses of the production and sale of raw pork must comply with the relevant standards. In addition, standards with “/T” stand for voluntary.

Enterprises producing, selling or importing products which do not conform with the compulsory standard may be ordered to stop operations. The authorities of the Industry and Commerce Administration may also confiscate non-standardised products and illegal gains derived thereunder. Criminal liabilities may also be imposed for serious breach of the Standardisation Law and Regulations. Standard certificates obtained by enterprises which are in breach of the Standardisation Law and Regulations may be revoked.

3. Standards for Drinking Water Quality (GB5749-2006) (生活飲用水衛生標準)

The Standards for Drinking Water Quality (GB5749-2006) (生活飲用水衛生標準) provide the water quality hygiene requirements for drinking water quality, the water quality of the source of water for drinking water, the hygiene requirements of central water supply, the hygiene requirements of secondary water supply, the hygiene requirements of drinking water safety products, water quality monitoring and the methods on quality test of water. The Standards are appropriate to various central drinking water supply including urban and rural and the Standards also apply to non-central drinking water supply.

If the Company’s products relate to drinking water, the rules of these Standards will apply.

REGULATORY OVERVIEW

Licensing System for Food Production

4. Regulation of the PRC on the Administration of Production License for Industrial Products (中華人民共和國工業產品生產許可證的管理條例), Measures for the Implementation of the Regulation of the PRC on the Administration of Production License for Industrial Products (中華人民共和國工業產品生產許可證的管理條例實施辦法) and Measures for the Administration of Food Production Licensing (食品生產許可管理辦法)

Pursuant to the Regulation of the PRC on the Administration of Production License for Industrial Products (中華人民共和國工業產品生產許可證的管理條例) (the “**Production License Regulations**”), which was promulgated by the State Council and came into effect on September 1, 2005, and the Measures for the Implementation of the Regulation of the PRC on the Administration of Production License for Industrial Products (中華人民共和國工業產品生產許可證的管理條例實施辦法), which were promulgated by the General Administration of Quality Supervision, Inspection and Quarantine and came into effect on November 1, 2005 and amended on April 21, 2010, the General Administration of Quality Supervision, Inspection and Quarantine is responsible for the centralized administration of production license for industrial products, whereas the competent authorities of the county level or above for industrial production license are responsible for the administration of production licence for industrial products within their own jurisdictions and the imposition of penalties on acts that violate the production license pursuant to the relevant requirements.

According to the Measures for the Administration of Food Production Licensing (食品生產許可管理辦法), which was promulgated on April 7, 2010, and with effect from June 1, 2010, the validity term for a food production license is three years. If the enterprise that has the food production license needs to continue the production upon expiry of the validity term, it shall file an application for replacement of the license with the original licensing authority within six months prior to the expiry of the validity term of the food production license. If the replacement is approved, the number of the food production license shall remain unchanged. Where no application is filed for replacement of license upon expiry of the validity term, it shall be deemed that the enterprise has no license. Where the enterprise intends to continue the production of food, it shall file a new application for re-issuance of the license and a new number of the license, the validity term of which shall be calculated from the date of permission.

PRODUCT QUALITY AND CONSUMER PROTECTION

5. Civil Laws of the PRC (中華人民共和國民法通則) and Product Quality Law of the PRC (中華人民共和國產品質量法)

Manufacturers and vendors of defective products in the PRC may incur liability for loss and injury caused by such products. Under the General Principles of the Civil Laws of the PRC (中華人民共和國民法通則), which became effective on 1 January 1987, manufacturer or retailer of a defective product which causes property damage or physical injury to any person could be subject to civil liability for such damage or injury.

REGULATORY OVERVIEW

Pursuant to the Product Quality Law of the PRC (中華人民共和國產品質量法) which was promulgated on February 22, 1993 and amended on July 8, 2000, it is prohibited to produce or sell products that do not meet the standards or requirement for safeguarding human health and ensuring human and property safety.

Products shall be free from unreasonable dangers threatening human and property safety. For products which, if improperly used, may cause damage to the products per se or may endanger human or property safety, the products or their packaging shall be marked with warning marks or warning statements in Chinese. Producers are liable for the quality of the products they produce. Where a defective product causes physical injury to a person or damage to property, the aggrieved party may claim compensation against the producer or the seller of such product. When bodily injury is caused by a defective product, the tort-feasor is required to compensate for medical expenses, nursing fees and other economic losses of the aggrieved party such as any decreased earnings due to loss of ability to work. Where the aggrieved party becomes disabled, the tort-feasor is required to also pay such fees as the expenses for self-help devices, the subsistence allowance, damages for the disabled, and necessary living expenses of the person(s) the aggrieved party supports. Where such defect causes death of the aggrieved party, the tort-feasor is required to also pay the funeral expenses, the death damages and necessary living expenses of the person(s) supported by the aggrieved party before his death. Where the defective product causes damage to the property of the aggrieved party, the tort-feasor is required to restore the damaged property to its original state, or compensate for the depreciated value of the property. Where anyone produces or sell products that do not comply with the relevant national or trade standards safeguarding the health or safety of the person and property, the related authority will order it to suspend the production or sale, confiscate the products produced or for sale, and impose a fine higher than the value of the products and less than three times of the value of the products. Where illegal earnings are found, the earnings will be confiscated concurrently. Where the case is serious, the business license will be revoked. Where the activities constitute a crime, the offender will be prosecuted.

6. Consumer Protection Law of the PRC (中華人民共和國消費者權益保護法)

The principal legal provisions for the protection of consumer interests are set out in the Consumer Protection Law of the PRC (中華人民共和國消費者權益保護法) (the “**Consumer Protection Law**”), which was promulgated on October 31, 1993 and with effect from January 1, 1994. According to the Consumer Protection Law, the rights and interests of the consumers who buy or use commodities for the purposes of daily consumption or those who receive services are protected and all manufacturers and distributors involved must ensure that the products and services will not cause damage to persons and properties. Violations of the Consumer Protection Law may result in the imposition of fines. In addition, the operator will be ordered to suspend operations and its business license will be revoked. Criminal liability may be incurred in serious cases.

REGULATORY OVERVIEW

INTELLECTUAL PROPERTY LAW

7. PRC Trademark Law (中華人民共和國商標法)

The PRC Trademark Law (中華人民共和國商標法) which was promulgated on August 23, 1982, amended on February 22, 1993 and on October 27, 2001 and with effect from December 1, 2001, seeks to improve the administration of trademarks, protect the right to exclusive use of trademarks and encourage producers and operators to guarantee the quality of their goods and services and maintain the reputation of their trademarks, so as to protect the interests of consumers and of producers and operators.

Under this law, any of the following acts shall be an infringement upon the right to exclusive use of a registered trademark:

1. using a trademark which is identical with or similar to the registered trademark on the same kind of commodities or similar commodities without a licence from the registrant of that trademark;
2. selling the commodities that infringe upon the right to exclusive use of a registered trademark;
3. forging, manufacturing without authorisation the marks of a registered trademark of others, or selling the marks of a registered trademark forged or manufactured without authorisation;
4. changing a registered trademark and putting the commodities with the changed trademark into the market without the consent of the registrant of that trademark; and
5. causing other damage to the right to exclusive use of a registered trademark of others. In the event of any abovementioned acts which infringe upon the right to the exclusive use of a registered trademark, the infringer would be imposed a fine, ordered to stop the infringement acts immediately, and give the infringed party compensation.

8. PRC Patent Law (中華人民共和國專利法)

According to the PRC Patent Law (中華人民共和國專利法) last amended on December 27, 2008, patent is divided into three categories: invention patent, utility patent and design patent. Invention patent is intended to protect new technology or measures for a product, method or its improvement. Utility patent is intended to protect new technology or measures to improve the utility of a product shape, structure or its combination. Design patent is intended to protect new designs by combination of product shape, graphic or color with aesthetic and industrial application value.

The patent system in China uses the “first to file” principle, which means when more than one person files a patent application for the same invention, the patent will be granted to the person who files the application first. In addition, China requires absolute novelty for the sake of an invention to be patentable. Therefore, in general, a patent will be denied if it is publicly known in or outside of China.

REGULATORY OVERVIEW

Although patent rights are national rights, the Patent Cooperation Treaty (“PCT”) to which China is a signatory, allows applicants in one country to seek patent protection for an invention that may simultaneously exist in a number of other member countries by filing a single international patent application. The fact that a patent application is pending is no guarantee that a patent will be granted, and even if granted, the scope of a patent may not be as broad as the subject of the initial application.

9. Administration of Internet Domain Names of China (中國互聯網絡域名管理辦法)

Pursuant to the Measures for the Administration of Internet Domain Names of China (中國互聯網絡域名管理辦法), which was promulgated on 5 November 2004 and effective from December 20, 2004, “domain name” shall refer to the character mark of hierarchical structure, which identifies and locates a computer on the Internet and corresponds to the Internet protocol (IP) address of that computer. And the principle of “first come, first serve” is followed for the domain name registration service. After completing the domain name registration, the applicant becomes the holder of the domain name registered by him/it. Furthermore, the holder shall pay operation fees for registered domain names on schedule. If the domain name holder fails to pay the corresponding fees as required, the original domain name registrar shall write it off and notify the holder of the domain name in written form.

PRODUCTION SAFETY

10. Production Safety Law of the PRC (中華人民共和國安全生產法)

Pursuant to the Production Safety Law of the PRC (中華人民共和國安全生產法), which was promulgated on June 29, 2002 and with effect from November 1, 2002, special equipment that concerns the safety of life or is rather dangerous, the containers of hazardous substances, or transportation tools that any production and business operation entity uses must, according to the relevant provisions of the state, be manufactured by specialized production entities, and may only be put into use after it has passed the detections and tests of those detecting and testing institutions that have been equipped with the professional qualifications for which a certificate for safe use or a mark of safety has been obtained. In addition, the production, business operation, transportation, storage, and use of any dangerous substances or the disposal of or abandonment of dangerous substances shall be subject to the examination and approval as well as the supervision and administration of the relevant administrative departments according to the provisions of the relevant laws and regulations, national standards, or industrial standards.

11. Regulations on Safety Supervision of Special Equipment (特種設備安全監察條例)

Pursuant to the Regulations on Safety Supervision of Special Equipment (特種設備安全監察條例), promulgated on March 11, 2003 and with effect from June 1, 2003 (amended on January 14, 2009 and with effect from May 1, 2009), “special equipment” used in the regulations refers to boilers, pressure vessels (including gas cylinders, same below), pressure pipelines, elevators, lifting appliances, passenger ropeways, and large amusement devices, which relate to safety of human lives or having high risks. As required by the Regulations, prior to the putting-into-service of any special equipment or within 30 days after such putting-into-service, units using special equipment shall register with competent departments for safety supervision and administration of special equipment.

REGULATORY OVERVIEW

The registration mark shall be placed or attached to a prominent position of the special equipment. Furthermore, operators and the relevant managerial staff of boilers, pressure vessels, elevators, lifting appliances, passenger ropeways and large amusement devices (referred to as the “operators of special equipment”) shall not engage in corresponding operation or management until they have passed the examination organized by the departments for safety supervision and administration of special equipment as required by the State and acquired certificates for operators of special equipment with a nationally unified formula.

THE REGULATIONS ON THE FOREIGN EXCHANGE CONTROL AND DIVIDEND DISTRIBUTION IN CHINA

12. Regulations of the People’s Republic of China on the Management of Foreign Exchange (中華人民共和國外匯管理條例)

In order to strengthen the management of foreign exchange, maintain the balance of international payments and promote the healthy development of the national economy, Chinese government still exercises control on foreign exchange. Regulations of the People’s Republic of China on the Management of Foreign Exchange (中華人民共和國外匯管理條例) is one of the main regulations for foreign exchange control in China.

Pursuant to the Regulations of the People’s Republic of China on the Management of Foreign Exchange, foreign exchange activities are divided into two categories, which are “Current accounts” and “Capital accounts”. “Current accounts” refers to items of transactions taking place frequently in international payments. They include trade incomes and expenditures, incomes from and expenditures on labour services, and unitary transfers; “Capital accounts” refers to the increase and decrease of the assets and liabilities arising from the inflow and outflow of capital in international payments. They include direct investment, various loans and securities investment.

Articles 12 to 15 under Chapter 2 regulate the foreign exchange on current account. The Article 12 states that “Foreign exchange on the current account shall have real and legal transaction basis. The Bank for sale and purchase of foreign exchange shall execute duly examinations of the authenticity of the documents, and check the consistency between the documents and the foreign exchanges. In addition, SAFE has the power to supervise and examine the aforesaid matter.”

13. Explanations to Regulations on Forex Sale, Purchase And Payment (關於結匯、售匯及付匯管理規定中有關問題的解釋和說明)

In accordance with Explanations to Regulations on Forex Sale, Purchase And Payment (關於結匯、售匯及付匯管理規定中有關問題的解釋和說明) issued by SAFE on 4 July 1996, the remittance of profits from foreign-invested enterprises belongs to “Current Accounts”. The procedure of remittance of profits of foreign-invested enterprises include:

- (a) to obtain Tax Certificate, which is to certify that the enterprise has satisfied relevant tax rules before remittance of the profits abroad from National Taxation Bureau and Local Taxation Bureau;

REGULATORY OVERVIEW

(b) to proceed with Designated Foreign Exchange Banks.

14. Circular on Issues Concerning Outward Remittance of Profit, Stock Dividends And Stock Bonuses Processed by Designated Foreign Exchange Banks (國家外匯管理局關於外匯指定銀行辦理利潤、股息、紅利匯出有關問題的通知)

In accordance with Circular on Issues Concerning Outward Remittance of Profit, Stock Dividends And Stock Bonuses Processed by Designated Foreign Exchange Banks (國家外匯管理局關於外匯指定銀行辦理利潤、股息、紅利匯出有關問題的通知) issued by SAFE on 22 September 1998, and was further amended on 21 September 1999, in order to remit profits abroad, enterprises shall provide the following documents to the designated foreign banks:

- (1) Tax certificate for tax paid proof;
- (2) Audit report of annual profits, dividends and distributions issued by accounting firm;
- (3) Resolution made by the board for the distribution of profits and dividends;
- (4) Foreign exchange certificate;
- (5) Capital verification report issued by accounting firm;
- (6) Other documents required by SAFE.

However, where foreign exchange activities are deemed as activities on capital account, it has to be registered with SAFE, and be approved by SAFE and relevant government authorities according to the businesses of the applying enterprises.

In respect of the violation of relevant foreign exchange control regulations, the relevant assets can be ordered to be transferred back into the state and a usual penalty of 30% of the amount in question can be imposed. In case of a serious breach, criminal liability may also be imposed on the responsible person.

15. Arrangement between the Mainland of the PRC and Hong Kong SAR for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (內地和香港特別行政區關於對所得稅避免雙重徵稅和防止偷漏稅的安排)

The PRC and the government of Hong Kong SAR signed Arrangement between the Mainland of the PRC and Hong Kong SAR for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (內地和香港特別行政區關於對所得稅避免雙重徵稅和防止偷漏稅的安排) on August 21, 2006 (the “**Arrangement**”). According to the Arrangement, the withholding tax rate 5% applies to dividends paid by a PRC company to a Hong Kong resident, provided that such Hong Kong resident directly holds at least 25% of the equity interests of the PRC company. The 10% withholding tax rate applies to dividends paid by a PRC company to a Hong Kong resident if such Hong Kong resident holds less than 25% of the equity interests of the PRC company.

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16. Circular of the SAT on Relevant Issues relating to the Implementation of Dividend Clauses in Tax Treaty Agreements (國家稅務總局關於執行稅收協定股息條款有關問題的通知)

Pursuant to the Circular of the SAT on Relevant Issues relating to the Implementation of Dividend Clauses in Tax Treaty Agreements (國家稅務總局關於執行稅收協定股息條款有關問題的通知), which was promulgated and with effect from February 2, 2009, all of the following requirements should be satisfied where a fiscal resident of the other party to the tax agreement needs to be entitled to such tax agreement treatment as being taxed at a tax rate specified in the tax agreement for the dividends paid to it by a Chinese resident company: a) such a fiscal resident who obtains dividends should be a company as provided in the tax agreement; b) owner's equity interests and voting shares of the Chinese resident company directly owned by such a fiscal resident reaches a specified percentage; and c) the equity interests of the Chinese resident company directly owned by such a fiscal resident, at any time during the twelve months prior to the obtainment of the dividends, reach a percentage specified in the tax agreement.

17. Circular on Printing and Issuing the Administrative Measures (Trial) for Enjoying Treatment Under Taxation Treaties by Non-resident Individuals and Enterprises (關於印發《非居民享受稅收協定待遇管理辦法(試行)的通知》)

According to the Circular on Printing and Issuing the Administrative Measures (Trial) for Enjoying Treatment Under Taxation Treaties by Non-resident Individuals and Enterprises (關於印發《非居民享受稅收協定待遇管理辦法(試行)的通知》) (the “**Administrative Measures**”) which came into force on October 1, 2009, where a non-resident enterprise (as defined under the PRC tax laws) that receives dividends from a PRC resident enterprise wishes to enjoy the favorable tax benefits under the tax arrangements, it shall submit an application for approval to the competent tax authority. Without being approved, the non-resident enterprise may not enjoy the favorable tax treatments provided in the tax treaties.

ENVIRONMENTAL PROTECTION LAWS

18. Environmental Protection Law of the PRC (中華人民共和國環境保護法)

The Environmental Protection Law of the PRC (中華人民共和國環境保護法) (“**Environmental Protection Law**”), which was promulgated by the Standing Committee of the National People's Congress and came into effect on December 26, 1989, set forth the legal framework for environmental protection in China. The Ministry of Environmental Protection is primarily responsible for overall supervision and administration of nationwide environmental protection, while local environmental protection authorities at the county level or above are responsible for environmental protection within their respective jurisdictions.

According to the Environmental Protection Law, any enterprise involved in a construction project that may generate pollution must prepare, for prior approval by relevant environmental protection authorities, an environmental impact report assessing the pollution and other environmental impact of the construction project and setting forth prevention and treatment measures. Environmental protection facilities must be simultaneously designed, built and put into operation with the main project. Construction projects are not permitted to be put into use until the facilities have passed

REGULATORY OVERVIEW

acceptance inspections by the environmental protection authorities. Environmental protection facilities may not be dismantled or idled without authorization. Where it is necessary to dismantle or idle such installations, prior approval must be obtained from the local environmental protection authorities.

Enterprises engaged in operations that impact environmental conditions are required to adopt certain measures and systems in their operations to effectively prevent and control environmental pollution caused by waste gas, water and solids as well as noise. Enterprises that discharge contaminants must report to and register with the Ministry of Environmental Protection or their local counterparts. Enterprises discharging contaminants must pay discharge fees in accordance with the applicable regulations.

A person or an enterprise failing to comply with the Environmental Protection Law may be subject to various penalties imposed by environmental protection authorities, depending on the individual circumstances of each case and the extent of contamination. Such penalties may include warnings, fines, imposition of deadlines for remedying the contamination, orders to suspend production or use, orders to re-install contamination prevention and treatment facilities that have been removed without permission or left unused, or orders to close down enterprises. The persons or enterprises responsible for the violation may be required to compensate any parties affected by the contamination and in case of serious violations may also be subject to criminal liabilities.

19. Law of the PRC on the Prevention and Control of Air Pollution (中華人民共和國大氣污染防治法), Law of the PRC on the Prevention and Control of Water Pollution (中華人民共和國水污染防治法), Law of the PRC on the Prevention and Control of Environmental Pollution by Noise (中華人民共和國環境噪音污染防治法) and Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Wastes (中華人民共和國固體廢物污染環境防治法)

The Law of the PRC on the Prevention and Control of Air Pollution (中華人民共和國大氣污染防治法) promulgated on September 5, 1987 and revised on April 29, 2000, and with effect from September 1, 2000, the Law of the PRC on the Prevention and Control of Water Pollution (中華人民共和國水污染防治法) promulgated on May 11, 1984 and amended on May 15, 1996 and February 28, 2008 and with effect from June 1, 2008, the Law of the PRC on the Prevention and Control of Environmental Pollution by Noise (中華人民共和國環境噪音污染防治法) promulgated on October 29, 1996 and the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Wastes (中華人民共和國固體廢物污染環境防治法) promulgated on October 30, 1995 set out, respectively, the regulations governing the prevention and control of air, water, noise and solid waste pollution in order to protect and improve the environment, safeguard public health and promote economic and social development. In particular, these laws stipulate concrete requirements for prevention and control of air, water, noise and solid waste pollution for a variety of activities, including residential, production and operation activities.

REGULATORY OVERVIEW

Enterprises failing to comply with the provisions of the laws on the prevention and control of air, water, noise or solid waste pollution may be subject to warnings, fines, suspension of operations and closure of business, as determined by the relevant environmental protection authorities. Enterprises that cause air, water, noise or solid waste pollution are obligated to eliminate the pollution and are required to compensate the parties directly affected by the pollution for their losses. Criminal liabilities may also be imposed for serious violations.

FOREIGN INVESTMENT POLICIES

20. Guidance Catalogue of Industries for Foreign Investment (外商投資產業指導目錄(2011年修訂))

Investment in the PRC conducted by foreign investors and foreign-owned enterprises shall comply with the Guidance Catalogue of Industries for Foreign Investment (外商投資產業指導目錄(2011年修訂)) (the “**Catalogue**”), which was amended and promulgated by the MOFCOM and the National Development and Reform Commission on December 24, 2011. The Catalogue, as amended, became effective on January 30, 2012 and contains specific provisions guiding market access of foreign capital, stipulating in detail the areas of entry pertaining to the categories of encouraged foreign invested industries, restricted foreign invested industries and prohibited foreign invested industries. Any industry not listed in the Catalogue is a permitted industry.

Under the Catalogue, the business activities that we engage in are classified as “permitted” and “encouraged” foreign invested industries.

21. Measures for The Administration On Foreign Investment In Commercial Field (外商投資商業領域管理辦法)

Measures for The Administration On Foreign Investment In Commercial Field (外商投資商業領域管理辦法), which were promulgated on April 16, 2004 and with effect from June 1, 2004, foreign-funded commercial enterprises refer to enterprises with foreign investment engaged in commission agency, wholesale, retail or franchising. All foreign-invested commercial enterprises must meet the following conditions: (A) the minimum registered capital must accord with the relevant provisions as stated in the Company Law; (B) the relevant provisions as to the registered capital and total investment of the Foreign-invested Enterprises must be complied with; (C) the period of operation of a foreign-invested commercial enterprise must not exceed 30 years in general, and the term of operation of a foreign-invested commercial enterprise established in the middle and western areas must not exceed 40 years in general.

OUR HISTORY AND REORGANIZATION

HISTORY AND DEVELOPMENT

Our Group

The history of our Group begins with Tenwow Group, which is now one of our major subsidiaries and acts as the intermediate holding company of all of our PRC operating subsidiaries and also Nanpu (which is accounted for as a jointly controlled entity and not a subsidiary of our Group).

Our Key Business Milestones and Awards

The following is a summary of our Group's key business development milestones:

Year	Event
1994	<ul style="list-style-type: none">• Nan Pu International was incorporated in Hong Kong
1999	<ul style="list-style-type: none">• Tenwow Group was established and commenced manufacturing and sale of various fast moving consumer goods
2000	<ul style="list-style-type: none">• Established Wuhan Nanpu, which engages in the sale of various packaged foods and provides a sales supporting network in the local area
2001	<ul style="list-style-type: none">• Established Shanghai Mornflake, which engages in the manufacturing of various oat based food products
2002	<ul style="list-style-type: none">• Established Tenwow (Inner Mongolia) Food Co., Ltd., which engages in the manufacturing of various melon seeds food products and roasted seeds and nuts food products and to serve as a self-owned manufacturing base• Obtained Quality Management System Certificate and obtained HACCP Certificate
2003	<ul style="list-style-type: none">• Acquired 51% equity interest in Shanghai Royal Winery Co., Ltd, which engages in the brewing of various Chinese rice wines
2004	<ul style="list-style-type: none">• Established Tenwow (Fujian) Food, which engages in the manufacturing of preserved fruits and to serve as a self-owned manufacturing base for preserved fruits as well as an industrial park• Established Shenzhen Nanpu Industrial, which engages in the sale of various packaged foods and provides a sales supporting network in the area
2005	<ul style="list-style-type: none">• Established Tiansheng Wines and Spirits, and Royal Wines and Spirits, which engage in the sale of various wines and liquor and are responsible for the various sales channels and provides a sales supporting network in the Eastern China area
2006	<ul style="list-style-type: none">• Acquired 75% equity interest in Chuanxiang Flavouring, which engages in manufacturing of seasoning food products
2007	<ul style="list-style-type: none">• Established Shanghai Tenwow Food Production Co., Ltd., which engages in food processing• Established Fujian Tenwow Drinks Co., Ltd., which engages in manufacturing and sale of various beverages and to serve as a self-owned manufacturing base for beverage products

OUR HISTORY AND REORGANIZATION

Year	Event
2008	<ul style="list-style-type: none"> Established Ningbo Contemporary Trading, which engages in the sale of various food, beverage, wine products and provides a sales support network in the Zhejiang Ningbo area
2009	<ul style="list-style-type: none"> Established Shanghai Tenwow Drinks, which engages in the sale of various beverages and to serve as a self-owned manufacturing base in the Shanghai area Established Tenwow (Wuhan) Food Co., Ltd., which engages in the manufacturing of various preserved fruits and roasted seeds and nuts food items
2010	<ul style="list-style-type: none"> Established Wuhan Tenwow Drinks Co., Ltd., which engages in the manufacturing and sale of various beverage products and to serve as a self-owned manufacturing base in the Central China area

The following is a summary of our Group's key business awards:

Year	Award
2003	<ul style="list-style-type: none"> Tenwow Trademark was recognized as “Famous Shanghai Brand” (上海市著名商標) by the Shanghai Administration for Industry and Commerce
2006	<ul style="list-style-type: none"> Tenwow Trademark was recognized as a “Famous Shanghai Brand” by the Shanghai Administration for Industry and Commerce for the second time Tenwow Group was named as one of the “Top 100 Food Companies in Shanghai” by the Shanghai Food Association and the Shanghai Business Information Center with authorised statistics from the Shanghai Municipal Statistics Bureau
2007	<ul style="list-style-type: none"> Tenwow Roasted Nuts and Seeds was recognized as a “Shanghai Famous Brand” (上海市名牌產品) by the Shanghai Famous Brand Recommendation Commission Gu He wine was recognized as a “Shanghai Famous Brand” by the Shanghai Famous Brand Recommendation Commission
2009	<ul style="list-style-type: none"> Tenwow Trademark was recognized as a “Famous Chinese Brand” by the Trademark Office of China State Administration of Industry and Commerce Tenwow Trademark was recognized as a “Famous Shanghai Brand” by the Shanghai Administration for Industry and Commerce for the third time Tenwow Group was awarded the “Best Selling Gold Products (for leisure fish items, tea and beverages, preservatives)” by the Shanghai Chambers of Commerce, Shanghai Chain Store and Franchise Association and Shanghai Business Information Centre 早早麥 trademark was recognized as “Famous Shanghai Brand” by the Shanghai Administration for Industry and Commerce
2010	<ul style="list-style-type: none"> Tenwow Brand was recognized as “Shanghai Famous Brand” by the Shanghai Famous Brand Recommendation Commission Gu He trademark was recognized as “Famous Shanghai Brand” by the Shanghai Administration for Industry and Commerce Gu He wine was recognized as a “Shanghai Famous Brand” by the Shanghai Famous Brand Recommendation Commission for the second time

OUR HISTORY AND REORGANIZATION

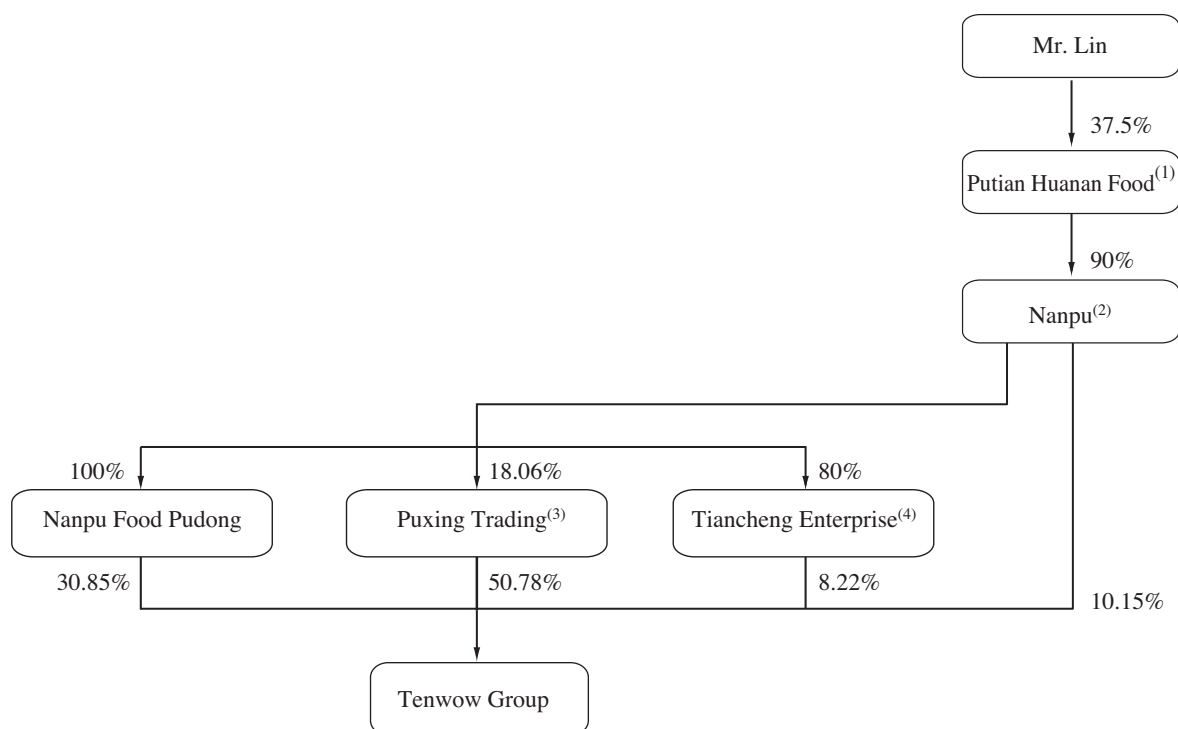
Year	Award
2011	<ul style="list-style-type: none"> Tenwow Group was named as one of the “Top 33 Companies in Shanghai Food Industry” by the Shanghai Society of Food Science Chuan Xiang trademark was recognized as a “China Time-Honored Brand” by the MOFCOM
2012	<ul style="list-style-type: none"> Tenwow Trademark was recognized as a “Famous Shanghai Brand” by the Shanghai Administration for Industry and Commerce for the fourth time 早早麥 trademark was recognized as “Famous Shanghai Brand” by the Shanghai Administration for Industry and Commerce for the second time

Establishment of Tenwow Group

On December 2, 1999, Tenwow Group was established in the PRC as a limited liability company. At the time of its establishment, Tenwow Group was owned by Nanpu, Nanpu Food Pudong, Puxing Trading and Tiancheng Enterprise (all of which were ultimately controlled by Mr. Lin at that time) as to 10.15%, 30.85%, 50.78% and 8.22%, respectively.

As shown in the organization chart below, since Nanpu held interests in Nanpu Food Pudong, Puxing Trading and Tiancheng Enterprise as to 100%, 18.06% and 80%, respectively, Nanpu effectively owned a 56.75% interest in Tenwow Group (through itself directly as to 10.15% and indirectly through Nanpu Food Pudong, Puxing Trading and Tiancheng Enterprise as to 30.85%, 9.17% and 6.58%, respectively) at that time.

The shareholding structure of Tenwow Group upon its establishment was as follows:



OUR HISTORY AND REORGANIZATION

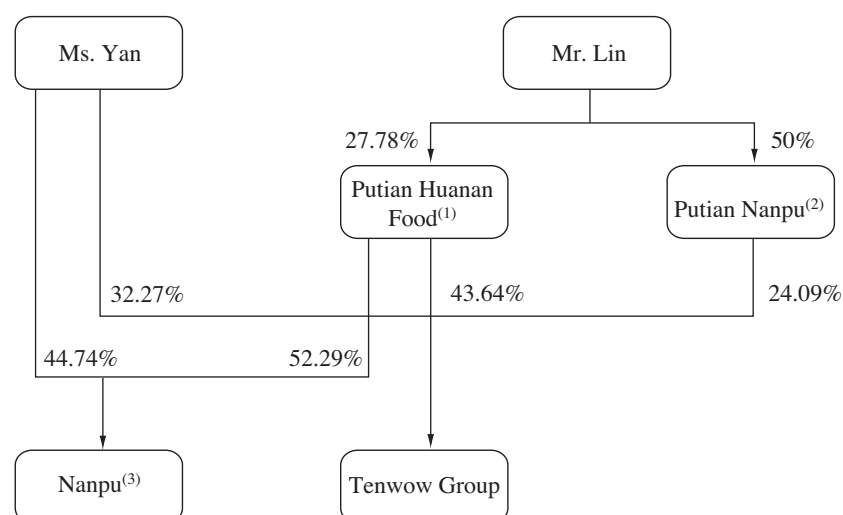
Notes:

- (1) The remaining interests were held by Lin Quanqin (林全欽) (a brother of Mr. Lin), Lin Jianhong (林建洪) (a brother of Mr. Lin), Lin Jianming (林建明) (a brother of Mr. Lin), Lin Jintong (林金通) (an independent third party) and Lin Jinming (林金明) (an independent third party), as to 22.5%, 19.62%, 19.62%, 0.38% and 0.38%, respectively.
- (2) The remaining interests were held by Shanghai Huangpu Food Co. (上海市黃浦糧油食品公司), which is an independent third party and a state-owned enterprise.
- (3) The remaining interests were held by Putian Nanpu (which was owned as to 50% by Mr. Lin) as to 69.44% and Shanghai Baxian (Group) Ningdong Farm (上海八仙(集團)寧東菜場) and Shanghai Risheng Shiye Co., Ltd. (上海日生實業有限公司), both of which are independent third parties, as to 6.94% and 5.56%, respectively.
- (4) The remaining interests were held by Shanghai Nanhong Food Co., Ltd. (上海市南洪食品有限公司), which was controlled by Mr. Lin's associates.

Restructuring Involving the Disposal of the Interests Held by Nanpu

On July 16, 2002, Tenwow Group completed its restructuring, involving all founding shareholders (Nanpu, Nanpu Food Pudong, Puxing Trading and Tiancheng Enterprise) disposing of all their interests in Tenwow Group. As a result, Tenwow Group instead became owned by Putian Nanpu, Putian Huanan Food (both of which were ultimately controlled by Mr. Lin (and his associates) at that time) and Ms. Yan as to 24.09%, 43.64% and 32.27%, respectively. Nanpu no longer holds any interests in Tenwow Group.

As a result of such restructuring, the shareholding structure in relation to Nanpu and Tenwow Group was as follows:



Notes:

- (1) The remaining interests were held by Lin Quanqin (林全欽), Lin Jianming (林建明) and Lin Jianhong (林建洪), who are all brothers of Mr. Lin, as to 25.73%, 25.39% and 21.1%, respectively.
- (2) The remaining interests were held by Lin Quanqin (林全欽) (Mr. Lin's brother), Zhou Yulan (周玉蘭) (Mr. Lin's sister-in-law) and Lin Bishuang (林碧雙) (Mr. Lin's niece) as to 30%, 10% and 10%, respectively.

OUR HISTORY AND REORGANIZATION

- (3) The remaining interests were held by Shanghai Wanqiang Trading Co. Ltd. (上海萬強貿易有限公司) (an independent third party and a state-owned enterprise) as to 2.97%.

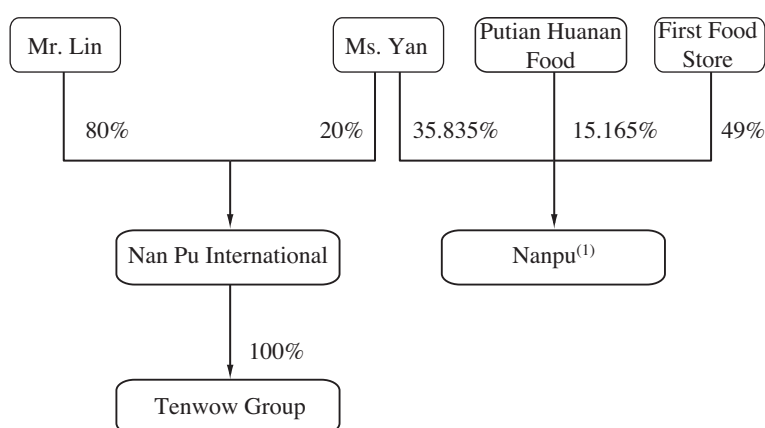
Restructuring Involving the Investment by Nan Pu International

On September 30, 2004, Tenwow Group was further restructured, involving the investment in Tenwow Group by Nan Pu International (which was owned by Mr. Lin as to 80% and Ms. Yan as to 20% at the relevant time). As a result, Tenwow Group became owned by Putian Huanan Food, Ms. Yan and Nan Pu International as to 42.73%, 32.27% and 25%, respectively. Since Nan Pu International became a shareholder, Tenwow Group turned into a sino-foreign joint venture.

From June 29, 2006 to July 31, 2006, Nan Pu International and Ms. Yan injected additional capital into Tenwow Group, increasing the registered capital of Tenwow Group from HK\$56,603,700 to HK\$84,905,700. As a result of such capital injection, the shareholdings in Tenwow Group held by Putian Huanan Food were diluted and Tenwow Group became owned by Putian Huanan Food, Ms. Yan and Nan Pu International as to 28.49%, 43.73% and 27.78%, respectively.

On November 1, 2007, as part of the group restructuring, Putian Huanan Food and Ms. Yan transferred their entire equity interests in Tenwow Group to Nan Pu International for a consideration of HK\$24,186,800 and HK\$37,134,000, respectively. As a result of such transfers, Tenwow Group became a wholly-owned subsidiary of Nan Pu International and was converted from a sino-foreign joint venture to a wholly foreign owned enterprise.

As a result of such restructuring, the shareholding structure in relation to Tenwow Group was as follows:



Note:

⁽¹⁾ Please refer to the section “Relationship with Nanpu” for further details relating to the historical corporate change of Nanpu.

OUR HISTORY AND REORGANIZATION

THE REORGANIZATION

As part of our restructuring in contemplation of the Listing, we have implemented the Reorganization. Following completion of the Reorganization, our Company became the holding company of all our subsidiaries. The Reorganization included the principal corporate restructuring steps as set forth below.

The Offshore Reorganization

Incorporation of our Company and our offshore subsidiary

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on August 25, 2011 to act as the ultimate holding company of our Group. The initial authorised share capital of the Company was HK\$380,000 divided into 3,800,000 shares of HK\$0.10 each. On the same day, one subscriber Share was issued and allotted to Reid Services Limited and such subscriber Share was transferred to Zhi Qun, a company incorporated in the BVI and wholly-owned by Mr. Lin.

Praise Sheen was incorporated in the BVI on July 28, 2011 with limited liability. It has an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each. On August 25, 2011, Praise Sheen allotted one subscriber share to our Company, pursuant to which Praise Sheen became a wholly-owned subsidiary of our Company.

Transfer of Nan Pu International to Praise Sheen

On May 24, 2012, Mr. Lin transferred 68,000,000 shares of HK\$1.00 each in Nan Pu International, being its entire issued share capital, to Praise Sheen for a consideration of HK\$253,356,127 (which was the net asset value of Nan Pu International as of December 31, 2011). The consideration was satisfied by the allotment and issue of 99 ordinary shares of US\$1.00 each in Praise Sheen to our Company at the direction of Mr. Lin. Following completion of such transfer, Nan Pu International became a wholly-owned subsidiary of Praise Sheen and an indirect wholly-owned subsidiary of our Company.

The Onshore Reorganization

Disposal of Tenwow IKa Supermarket

Tenwow IKa Supermarket was established in the PRC on April 25, 2006 and was owned by Tenwow Group as to 71% and Shanghai Mornflake, a non-wholly owned subsidiary of Tenwow Group, as to 29%. Tenwow IKa Supermarket was primarily engaged in the operations of wholesale and retail, food and grocery items. Tenwow IKa Supermarket generated a revenue of RMB114.4 million and a loss after tax of RMB0.9 million in 2010.

In preparation for the Listing, our Company considered various ways to streamline the core business of our Group (being the production and sale of food and beverages and distribution of Third-Party Brand Products) when formulating the Reorganization plan. After considering various factors, including operating costs, as part of the Reorganization, our Company decided to dispose of Tenwow IKa Supermarket.

OUR HISTORY AND REORGANIZATION

Our Group disposed of our entire equity interests in Tenwow Ika Supermarket on July 25, 2011, whereby each of Tenwow Group and Shanghai Mornflake entered into a share transfer agreement with Shanghai Bread One pursuant to which Tenwow Group and Shanghai Mornflake transferred their respective 71% and 29% equity interests in Tenwow Ika Supermarket to Shanghai Bread One, an independent third party, for a consideration of RMB7,100,000 and RMB2,900,000, respectively.

The consideration for these transactions were determined after arm's length commercial negotiations and our PRC Legal Adviser has confirmed that the transactions and the consideration payable in relation to the transactions do not contravene the relevant PRC laws and regulations. Upon the completion of such transfers, our Group ceased to have any interest in Tenwow Ika Supermarket.

We transferred to Tenwow Ika Supermarket the “Tenwow Ika” and “天喔一佳” trademarks (the “**Ika Trademarks**”). In order to protect our interest and that Tenwow Ika Supermarket will not do anything which is detrimental to our brand image and reputation, Tenwow Group entered into an agreement with Tenwow Ika Supermarket on December 19, 2012, pursuant to which Tenwow Group agreed to transfer to Tenwow Ika Supermarket the Ika Trademarks and Tenwow Ika Supermarket agreed that it will (i) maintain the goodwill and value of the Ika Trademarks and protect them against infringement; (ii) avoid negative impact on the goodwill and value of the Ika Trademarks; (iii) not to take any actions which may be detrimental to the legal use of the “Tenwow” trademark by Tenwow Group; and (iv) use the Ika Trademarks with due care to avoid third parties being confused the Ika Trademarks with our Tenwow trademarks.

Acquisition of the minority interests in our subsidiaries

To further consolidate our interests in certain subsidiaries, we acquired the minority interests of the following subsidiaries:

- (i) **Royal Wines and Spirits:** On November 24, 2011, Tenwow Group acquired 3% of the equity interests in Royal Wines and Spirits from each of Mr. Shi Yahua, Mr. Yan Minshen (Mr. Lin's nephew), Mr. Wei Jieming and Ms. Xu Jianmin (all of whom were the then management of Royal Wines and Spirits) for a consideration of RMB300,000. In addition to the 88% equity interest in Royal Wines and Spirits already owned by Tenwow Group at that time, upon completion of these acquisitions, Royal Wines and Spirits became a wholly-owned subsidiary of Tenwow Group and an indirect wholly-owned subsidiary of our Company.
- (ii) **Wuhan Nanpu:** On May 28, 2012, Tenwow Group acquired 20% of the equity interest in Wuhan Nanpu from Mr. Zhou Yanwen (the then management of Wuhan Nanpu and Mr. Lin's nephew) for a consideration of RMB11,600,000. In addition to the 80% equity interest in Wuhan Nanpu already owned by Tenwow Group at that time, upon completion of this acquisition, Wuhan Nanpu became a wholly-owned subsidiary of Tenwow Group and an indirect wholly-owned subsidiary of our Company.
- (iii) **Ningbo Contemporary Trading:** On June 4, 2012, Tiansheng Wines and Spirits, an indirect wholly-owned subsidiary of Tenwow Group, acquired 26% and 23% of the equity interest in Ningbo Contemporary Trading from Mr. Wang Yuanzhang and Mr. Zhu Jingbo

OUR HISTORY AND REORGANIZATION

(the then management of Ningbo Contemporary Trading), respectively, for an aggregate consideration of RMB12,621,600. In addition to the 51% equity interest in Ningbo Contemporary Trading already owned by Tiansheng Wines and Spirits at that time, upon completion of these acquisitions, Ningbo Contemporary Trading became a wholly-owned subsidiary of Tiansheng Wines and Spirits and an indirect wholly-owned subsidiary of our Company.

The consideration for each of these acquisitions was equivalent to the initial capital contributions made by each of the relevant minority shareholders and was determined after arm's length commercial negotiations and our PRC Legal Adviser has confirmed that the transactions and the consideration payable in relation to these transactions do not contravene the relevant PRC laws and regulations.

Deregistration of Fujian Salty and Tasty Snacks

Fujian Salty and Tasty Snacks was a joint venture established in the PRC on August 3, 2007 and was owned by Hangzhou Foods Co., Ltd (杭州沈華食品有限公司) (“**Hangzhou Foods**”), an independent third party, as to 49% and Tenwow (Fujian) Food, a wholly-owned subsidiary of Tenwow Group, as to 51%. Hangzhou Foods used to be a manufacturer that we commissioned for the production of preserved fruits products prior to us establishing a presence in the Fujian area. For the purpose of expanding our Group into the Fujian area, we agreed with Hangzhou Foods to establish a joint venture for a period of five years, through which we could gain the relevant experience of plain preserved fruits production in the Fujian area from Hangzhou Foods. Prior to the Reorganization, Fujian Salty and Tasty Snacks was engaged in food production. Upon the expiration of the five year joint venture period, on February 28, 2012, the shareholders of Fujian Salty and Tasty Snacks resolved to deregister it.

The assets of Fujian Salty and Tasty Snacks were distributed to its shareholders according to their shareholding, with RMB1,530,000 and RMB1,470,000 distributed to Tenwow (Fujian) Food and Hangzhou Foods, respectively.

Our PRC Legal Adviser has confirmed that Fujian Salty and Tasty Snacks was legally and officially deregistered with the competent industry and commerce administration authority on June 14, 2012 in accordance with relevant PRC laws and regulations, and no outstanding obligation of the joint venture was imposed on our Group.

Disposal of Tiansheng Warehouse

Tiansheng Warehouse was established in the PRC on February 24, 2003 and was owned by Tenwow Group as to 16.67% and Nan Pu International as to 83.33% at that time. Tiansheng Warehouse was primarily engaged in the warehousing, storage and logistics distribution services.

In preparation for the Listing, our Company considered various ways to streamline the core business of our Group. Our Company decided to dispose of Tiansheng Warehouse as its main business of warehousing, storage and logistics distribution services is not part of our core business focus, being manufacturing and distributing packaged food and beverage products.

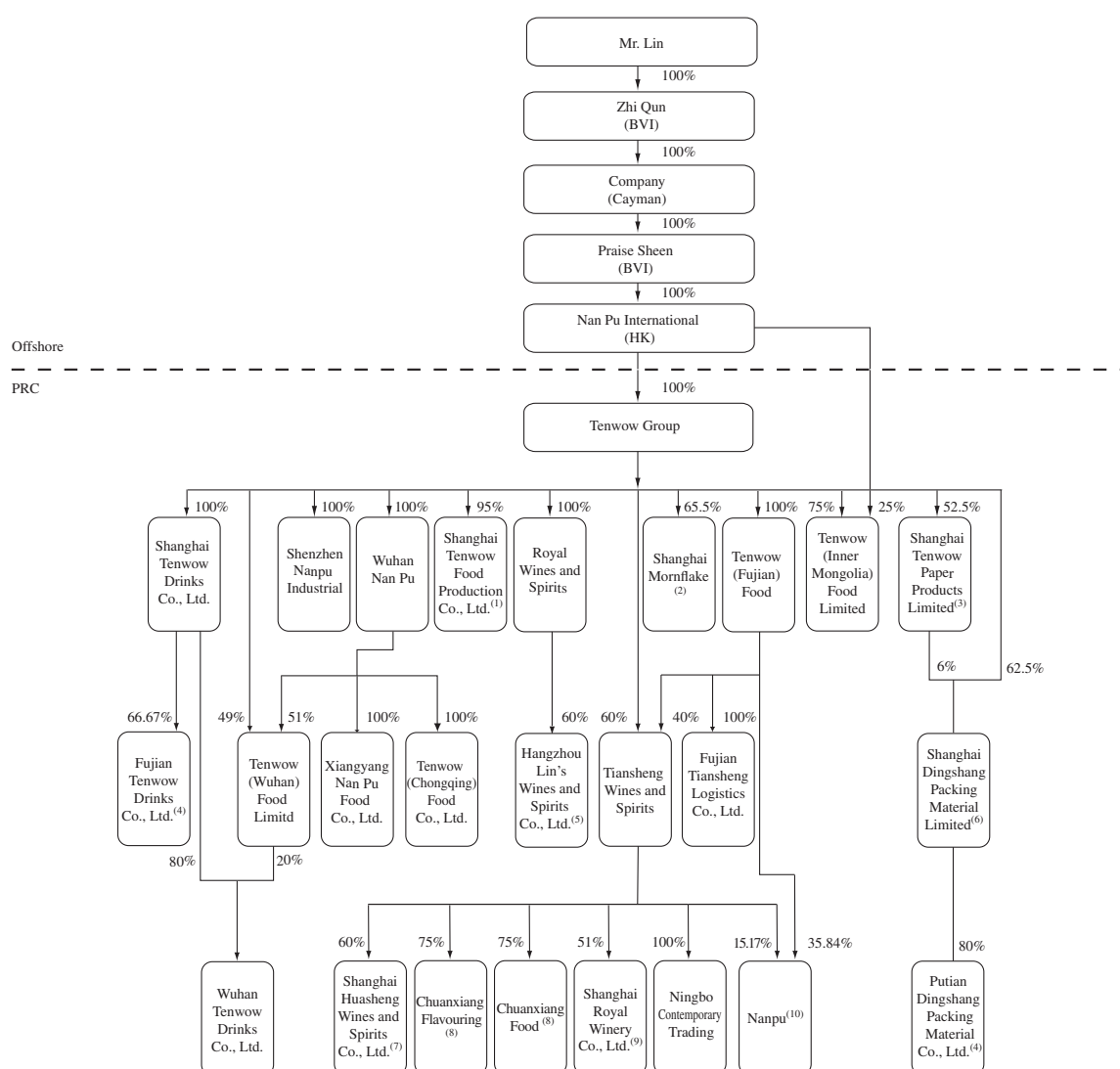
OUR HISTORY AND REORGANIZATION

Our Group disposed of our entire equity interests in Tiansheng Warehouse on August 3, 2010, whereby the then sole shareholder of Tiansheng Warehouse, namely Nan Pu International, entered into a share transfer agreement with Nan Pu (Hong Kong) Investments Limited pursuant to which Nan Pu International transferred its 100% equity interests in Tiansheng Warehouse to Nan Pu (Hong Kong) Investments Limited for a consideration of approximately RMB99.58 million.

The consideration for the above transaction was determined after arm's length commercial negotiations and our PRC legal advisor has confirmed that the transaction and the consideration payable thereunder do not contravene the relevant PRC laws and regulations. Upon the completion of such transfer, our Group ceased to have any interest in Tiansheng Warehouse.

Corporate structure immediately after the Reorganization

The following chart sets out our corporate structure immediately after the Reorganization:



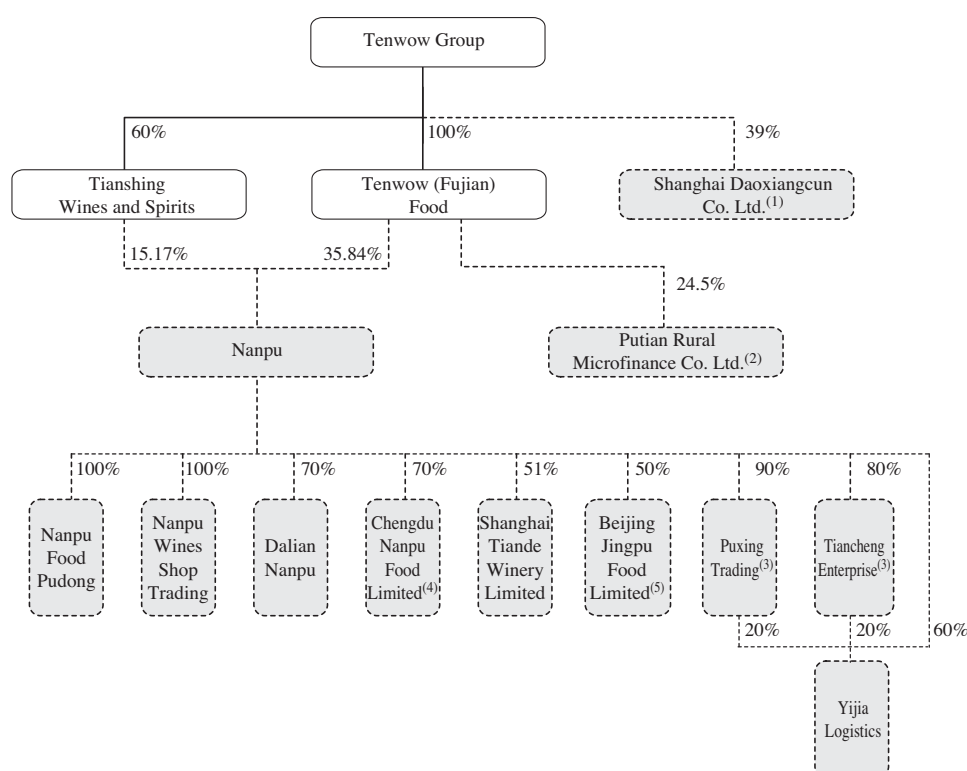
Notes:

(1) The remaining equity interest is owned by Ms. Yan.

OUR HISTORY AND REORGANIZATION

- (2) Other than 1% equity interest owned by Mr. Wang Juewei, a Director and 4% equity interest owned by Mr. Chen Lei, a senior management of the Company, the remaining equity interest in this company is owned by individuals who are independent third parties.
- (3) The remaining equity interest is owned by individuals who are independent third parties.
- (4) The remaining equity interest is owned by Tenwow (Fujian) Food.
- (5) The remaining equity interest is owned by Lin Jianrong.
- (6) Other than 3.5% equity interest owned by Mr. Wang Juewei, a Director, and Mr. Chen Lei, a senior management of the Company, the remaining equity interest in this company is owned by individuals who are independent third parties.
- (7) The remaining equity interest is owned by Royal Wines and Spirits.
- (8) The remaining equity interest is owned by Shanghai Shaowanshang Commerce Cooperation Company.
- (9) The remaining equity interest is owned by Tang Peiyun and Wang Tongfu as to 26% and 23%, respectively.
- (10) The remaining equity interest is owned by Shanghai Tangjiu. From our Group's operation, management and accounting perspectives, Nanpu (which is accounted as our jointly controlled entity) and its subsidiaries are not being considered as subsidiaries of our Company. Please refer to the below chart for further details concerning the subsidiaries of Nanpu.

Save as disclosed above, the Company is also interested in the following companies shown shaded which are not accounted for as the Company's subsidiaries:



Notes:

- (1) Tenwow Group also owns 上海稻香村食品有限公司 (Shanghai Daoxiangcun Co. Ltd.) as to 39% which is not accounted for as a subsidiary of the Company. This company carries on a business of food production and sales of the "Daoxiangcun"

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brand and the remaining equity interest is owned by 上海市泰康食品有限公司 (Shanghai Taikang Food Co. Ltd.), an independent third party, as to 40% and Tianpu Food, an associate of Mr. Lin, as to 21%. The “Daoxiangcun” brand focus on liver products and is a widely-recognized brand within the PRC. Tenwow Group’s investment in this company helps the Group to grow market share in the business of production and sales of meat products.

- (2) Tenwow (Fujian) Food also owns 莆田市城廂區天盛小額貸款有限公司 (Putian Rural Microfinance Co., Ltd.) as to 24.5% which is not accounted for as a subsidiary of the Group. This company carries on a business of finance and the remaining equity interest is owned by Putian Nanpu (as to 10%), Putian Xinghua Food (as to 10%), Putian Huanan Food (as to 9%), 林碧鳳 (Lin Bifeng) (as to 6.5%), 林碧燕 (Lin Biyan) (as to 10%), 林宗森 (Lin Zongsen) (as to 10%), 林世連 (Lin Shilian) (as to 10%), 許建華 (Xu Jianhua) (as to 10%). Other than Putian Nanpu, Putian Xinghua Food, Putian Huanan Food and Lin Bifeng who are associates of Mr. Lin, the other shareholders of this company are all independent third parties. *Tenwow (Fujian) Food invested in this company in response to the Fujian government’s initiative for local enterprises to establish small-sized finance businesses to facilitate availability of more capital flow.*
- (3) The remaining equity interest is owned by Tenwow (Fujian) Food.
- (4) The remaining equity interest is owned by Tenwow Group.
- (5) This company does not constitute a subsidiary of Nanpu.

THE PRE-IPO INVESTMENTS

Share subscription by CICC

On May 8, 2012, our Company entered into the CICC Share Subscription Agreement with CICC which is an independent third party, Mr. Lin and Zhi Qun, pursuant to which our Company agreed to allot and issue to CICC, and CICC agreed to subscribe at a total consideration of US\$30,000,000 for an aggregate of 6,312 Shares, representing approximately 6.31% of the issued share capital of our Company immediately following completion of that investment, and approximately 4.73% of the enlarged issued share capital of our Company upon completion of the Capitalization Issue and the Global Offering (without taking into account any shares which may be allotted and issued upon the exercise of the Over-allotment Option or pursuant to exercise of options which were granted under the Pre-IPO Share Option Scheme or may be granted under the Post-IPO Share Option Scheme). CICC agreed that its Shares are subject to a lock-up undertaking for a period of six months upon Listing.

The subscription price and the percentage of Shares allotted and issued to CICC were determined on an arm’s length basis as a result of negotiation among the parties. Based on the above, the average investment cost associated with the Shares allotted and issued to CICC pursuant to the CICC Share Subscription Agreement and to be allotted and issued to CICC pursuant to the Capitalization Issue was approximately US\$0.32 per Share (representing approximately HK\$2.46 per Share). If the Offer Price is HK\$3.08 per Share, being the mid-point of the Offer Price range, then the investment cost per Share for CICC would represent a discount of approximately 20.1% to the Offer Price.

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Completion of the pre-IPO investment took place on May 31, 2012. The use of proceeds was for daily operations of the members of the Group, including but not limited to purchases of raw materials and inventories, settlement of account payables and as general working capital for the business of the Group.

Upon completion of the pre-IPO investment, Zhi Qun's equity interest in our Company's issued share capital was reduced to 93.69% and CICC became a Shareholder as to 6.31%.

Special Rights of CICC and Zhi Qun

In conjunction with the CICC Share Subscription Agreement, our Company, CICC, Mr. Lin and Zhi Qun entered into the Investors Rights Agreement, pursuant to which CICC was granted a number of rights in relation to our Company, including right of first refusal, right of co-sale, pre-emptive rights, appointment of director, quorum requirements at Shareholders' meetings, profit guarantee, information rights, exit rights and post IPO lock-up. The Investors Rights Agreement will be terminated and therefore all such rights shall cease to exist upon Listing. Below is a summary of some of the rights granted to CICC under the Investors Rights Agreement:

- | | |
|-------------------------|--|
| Right of First Refusal: | Mr. Lin or Zhi Qun shall not transfer their Shares to any person unless they first offer to the other Shareholders the right to purchase such Shares. |
| Right of Co-Sale: | If CICC does not exercise its right of first refusal as mentioned above, it shall have the right to participate in the sale of Shares to that transferee upon substantially the same terms and conditions as offered by Mr. Lin or Zhi Qun, in proportion to the total number of Shares held by CICC. |
| Pre-emptive rights: | <p>The Company shall not issue any Shares or other equity securities to any person (the "Proposed Recipient") unless: (i) the Company has offered each Shareholder (including Zhi Qun and CICC) the right to purchase such Shareholder's pro rata share of such issuance on the same terms as offered to the Proposed Recipient; and (ii) the Proposed Recipient has executed a deed of adherence, whereby it agrees to be bound by the relevant provisions of the Investors Rights Agreement.</p> <p>The foregoing restrictions shall not apply to any issuance of: (i) Shares in a Qualified IPO (as defined below); (ii) Shares under the CICC Share Subscription Agreement; (iii) securities issued or allotted by a capitalization issue pro rata to Zhi Qun and CICC; and (iv) Shares or other equity securities in connection with a share split, scrip dividend or other similar event in which all Shareholders are entitled to participate on a pro-rata basis.</p> |

OUR HISTORY AND REORGANIZATION

“**Qualified IPO**” means an initial public offering (“**IPO**”) sponsored by a reputable investment bank(s) (such as the Joint Global Coordinators) acceptable to CICC involving a listing of Shares on an internationally recognized securities exchange acceptable to CICC (such as the Stock Exchange) (the “**Qualified Exchange**”), where the pre-offering market capitalization (calculated as the total number of Shares outstanding immediately prior to the Global Offering multiplied by the final price per share in the IPO) is at least equivalent to RMB3 billion based on the offering price finally agreed and determined between the Company and the underwriter(s) in connection with the event and upon which the Shares then held by CICC and its permitted transferees shall be fully and freely tradable (where to the extent permissible under any applicable law and subject to any post IPO lock-up period of up to six months as may be required by the sponsor(s)/ underwriters or under any applicable law or a longer lock up period as required by the Qualified Exchange (provided that in no event such period shall exceed 12 months after the completion of the IPO)).

The parties to the Investors Rights Agreement have agreed that the Global Offering is a Qualified IPO.

Appointment of Director:

CICC has the right, but not the obligation, to nominate a person as a Director and as a member of the audit committee and the remuneration committee of the Board (if any) (the “**Investor Director**”), and Mr. Lin and Zhi Qun cannot remove such person without CICC’s prior written consent. Upon Listing, the Investor Director will be subject to the re-appointment and retirement requirements under the Articles.

CHEN Shirley Shiyou was nominated by CICC and was appointed as a Director on May 30, 2012. She is and will continue to be a Director upon Listing. For further information regarding CHEN Shirley Shiyou, please refer to the section “Directors and Senior Management”.

Information Rights:

The Company is required to provide to CICC periodic financial information and reasonable details of any IPO. CICC also has the right to reasonably request for information about the operations, business affairs and financial condition of the Group. Further, CICC has the right to, in relation to any member of the Group and at its own expense, inspect any accounts and discuss business offers with the respective management, auditors and legal adviser.

OUR HISTORY AND REORGANIZATION

Quorum Requirements of Shareholders' Meetings:

Quorum at any Shareholders' meeting can only be constituted with CICC's presence.

Exit Rights:

If the Group does not achieve a Qualified IPO within four years from the date that shares are issued to CICC pursuant to the CICC Share Subscription Agreement, CICC shall have the right to require: (a) Mr. Lin and Zhi Qun to assist CICC in identifying any third-party to purchase CICC's Shares; or (b) Mr. Lin and Zhi Qun to jointly and severally purchase CICC's Shares at a price each Share equal to the aggregate amount of the subscription price per Share and a premium of an internal rate of return of 12% per annum in respect of the Subscription price per Share from May 31, 2012 up to and including the date of payment of the price for such purchase of the CICC's Shares.

Post-IPO Lock-Up:

Mr. Lin and Zhi Qun have agreed to CICC to not dispose of more than 20% of the Shares held by Zhi Qun in the secondary market upon completion of the Qualified IPO, until the earlier of: (a) the two year anniversary of the completion of the Qualified IPO; or (b) CICC having sold more than 80% of the total number of Shares held by it as at the date of the Investors Rights Agreement, namely 6,312 Shares.

Net Profit After Tax Guarantee:

Mr. Lin and Zhi Qun jointly and severally guarantee to CICC that the 2012 NPAT shall be at least RMB239 million (calculated based on the Group's past financial records and the projected growth for the year ending December 31, 2012). If the actual 2012 NPAT is not more than 95% of RMB239 million, Mr. Lin and Zhi Qun shall jointly and severally compensate CICC in cash within 14 business days of the issue of the Company's audited consolidated financial statements for the year ending December 31, 2012 (the "**2012 Accounts**"). The compensation is not fixed or linked to the Offer Price, market price or market capitalization of the Shares.

The compensation amount shall be determined in accordance with the following formula:

$$\begin{aligned} \text{Compensation amount} &= \text{US\$30,000,000} - (\text{number of Shares held by CICC} \times \text{Adjusted Per Share Subscription Price}) \\ \text{Adjusted Per Share Subscription Price} &= \frac{\text{Per Share Subscription Price}}{\text{Per Share Subscription Price}} \times (\text{actual 2012 NPAT} / \text{RMB239 million}) \end{aligned}$$

OUR HISTORY AND REORGANIZATION

“**Per Share Subscription Price**” means the subscription price per share subscribed by CICC in the amount derived by dividing US\$30,000,000 by 6,321 (being the number of shares subscribed by CICC), subject to adjustment from time to time for any stock dividend, share split, combination of shares, reorganization, reclassification, recapitalization or similar event.

“**2012 NPAT**” means in relation to the financial year ending 31 December 2012, the audited consolidated net profit after tax (but excluding (a) exceptional and extraordinary items (for the avoidance of doubt, exceptional and extraordinary items shall include but not limited to any one-off incomes, expenses and charges, such as (i) all fees and expenses incurred by Group and paid to the professional parties regardless of whether any or all of such fees and expenses are to be expensed off or capitalized for the Qualified IPO, (ii) all proceeds to the Group derived from the Qualified IPO and (iii) any one-off incomes, expenses or charges or losses resulting from the restructuring of the Group’s business in the preparation of the Qualified IPO) and (b) prior year adjustments) of the Company as determined by reference to the 2012 Accounts.

The 2012 NPAT (after adjustment of exceptional and extraordinary items in the amount of RMB4.5 million) was RMB234.9 million. Although the 2012 NPAT was approximately 1.6% less than the 2012 NPAT guarantee, it is within the 5% buffer as provided under the Investors Rights Agreement and therefore Mr. Lin and Zhi Qun do not need to compensate CICC.

Termination of special rights upon Listing

The Investors Rights Agreement and all the special rights given to CICC under it will terminate upon the earlier of (a) the Listing; (b) termination by operations of law; or (c) termination by mutual agreement of all the parties to the Investors Rights Agreement from time to time.

Lock-up undertaking given by CICC

To facilitate the Global Offering, CICC, our Company, the Joint Bookrunners and the Hong Kong Underwriters entered into a deed of lock-up undertaking dated September 2, 2013 (the “**CICC Deed of Lock-up Undertaking**”). Pursuant to the CICC Deed of Lock-up Undertaking, CICC has undertaken to each of our Company, the Joint Bookrunners and the Hong Kong Underwriters that, at any time after the date of the CICC Deed of Lock-up Undertaking up to and including the date falling six months after the Listing Date, it will not, and will procure that its affiliates or companies

OUR HISTORY AND REORGANIZATION

controlled by it or any nominee or trustee holding in trust for it will not, without the prior written consent of our Company and the Joint Bookrunners (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (a) offer, accept subscription for, sell, pledge, mortgage, charge, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, make any share sale, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any of the share capital of the Company or any securities of the Company or any interest therein (including, but not limited to, any securities which are convertible into or exercisable or exchangeable for or that represent the right to receive any such share capital or securities or interest therein) (the “**Company Securities**”); or
- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Company Securities or any interest therein; or
- (c) enter into any transaction with the same economic effect as any transaction described in paragraphs (a) or (b) above; or
- (d) agree or contract to, or publicly announce any intention to enter into, any transaction described in paragraphs (a), (b) or (c) above,

whether any of the foregoing transactions described in paragraphs (a), (b) or (c) above is to be settled by delivery of share capital or such other securities, in cash or otherwise, or offer to or agree to do any of the foregoing or announce any intention to do so.

INFORMATION REGARDING CICC

CICC is a company incorporated under the laws of BVI and wholly-owned by CICC Growth Capital Fund I, L.P. The general partner of CICC Growth Capital Fund I, L.P. is CICC Growth Capital Fund GP, L.P., and the general partner of CICC Growth Capital Fund GP, L.P. is CICC Growth Capital Fund GP, Ltd., which is indirectly wholly owned by China International Capital Corporation Limited. As CICC is not a connected person of the Company under the Listing Rules, the Shares held by CICC will be counted towards the public float after the Listing. CICC and its ultimate beneficial shareholders are independent third parties.

OUR HISTORY AND REORGANIZATION

PRC REGULATORY REQUIREMENTS

Our PRC Legal Adviser has confirmed that all relevant approvals and permits in relation to the share transfers and increases in registered capital and deregistration in respect of the PRC companies in our Group as described above had been obtained and the procedures involved had been carried out in accordance with PRC laws and regulations.

According to the “Provisions on the Takeover of Domestic Enterprises by Foreign Investors” (關於外國投資者併購境內企業的規定) jointly issued by the MOFCOM, the SASAC, the SAT, the CSRC, State Administration for Industry and Commerce (國家工商行政管理總局) and the SAFE on August 8, 2006, effective as of September 8, 2006 and amended on June 22, 2009, where a domestic natural person intends to take over his/her related domestic company in the name of an offshore company which he/she lawfully established or controls, the takeover shall be subject to the examination and approval of the MOFCOM; and where a domestic natural person holds an equity interest in a domestic company through an offshore special purpose company, any transaction involving the overseas listing of that special purpose company shall be subject to approval by the CSRC.

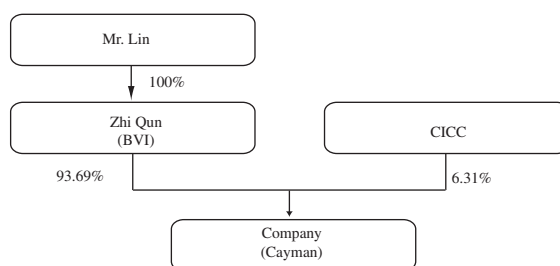
Pursuant to the “Regulations on the Merger with and Acquisition of Domestic Enterprises by Foreign Investors” (effective as of September 8, 2006 (《關於外國投資者併購境內企業之規定》)), “merger with and acquisition of a domestic enterprise” means: (a) the acquisition by a foreign investor of the equity interest of a shareholder in a PRC domestic non-foreign invested enterprise (“Domestic Enterprise”) or subscription by such foreign investor for a capital increase of a Domestic Enterprise, with such Domestic Enterprise converted to and incorporated as a foreign-invested enterprise; or (b) negotiated acquisition and operation by a foreign investor of the assets of a Domestic Enterprise through a foreign-invested enterprise incorporated by such foreign investor, or, negotiated acquisition by a foreign investor of the assets of a Domestic Enterprise which are invested to incorporate a foreign-invested enterprise to be charged with the operation thereof. The foreign-invested enterprise entity involved in the PRC domestic restructurings in connection with the proposed Listing and Global Offering is Tenwow Group, which became a foreign-invested enterprise as of September 20, 2004, that is, prior to the effectiveness of the Regulations on the Merger with and Acquisition of Domestic Enterprises by Foreign Investors. Moreover, Mr. Lin cancelled his residential registration (戶口) in the PRC as of October 21, 2004 and obtained his Hong Kong Identity Card and his Hong Kong Special Administrative Region Passport as of November 1, 2004. Therefore, our PRC Legal Adviser is of the view that Mr. Lin is not a PRC domestic natural person. Therefore, as advised by our PRC Legal Adviser, it is not necessary for us to obtain approval from the CSRC and the MOFCOM for the Listing and trading of our Shares on the Stock Exchange.

OUR HISTORY AND REORGANIZATION

As further advised by our PRC Legal Adviser, the relevant requirements under the Notice on Issues Relating to Foreign Exchange Control on Fund Raising by Domestic Residents through Offshore Special Purpose Vehicles and Round-trip Investment (Circular 75) (《關於境內居民通過特殊目的公司融資及返程投資外匯管理有關問題的通知》(滙發[2005]75號)), promulgated by the SAFE, do not apply to Mr. Lin (being the ultimate beneficiary of our Company) as Mr. Lin had obtained his Hong Kong Identity Card and his Hong Kong Special Administration Region Passport before the Circular came into effect, his oversea investment, reorganization and acquisition against the domestic enterprises do not constitute the oversea financing through domestic equities which is regulated by Circular 75. Thus Mr. Lin is not required to file with the local foreign exchange authority foreign exchange registration relating to fund raising by domestic residents through offshore special purpose vehicles and round-trip investment.

Shareholding structure immediately prior to the completion of the Global Offering

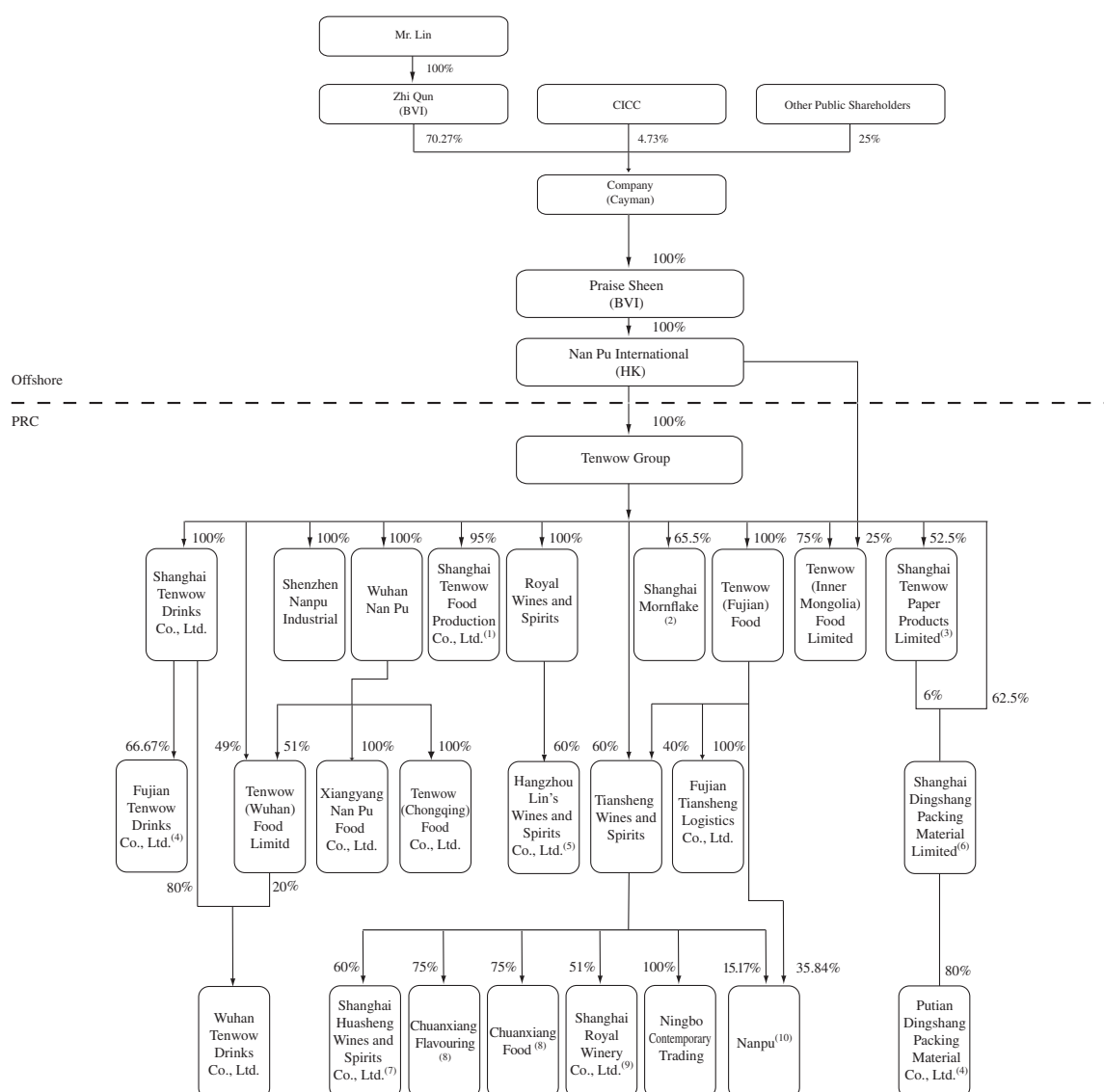
The following chart sets out the shareholding structure of our Company immediately prior to the completion of the Global Offering:



OUR HISTORY AND REORGANIZATION

Shareholding structure immediately after the completion of the Global Offering

The following chart sets out the shareholding structure of our Group immediately after the Capitalization Issue and the completion of the Global Offering, assuming the Over-allotment Option is not exercised and there is no exercise of any options which were granted under the Pre-IPO Share Option Scheme or may be granted under the Post-IPO Share Option Scheme:



Notes:

- (1) The remaining equity interest is owned by Ms. Yan.
- (2) Other than 1% equity interest owned by Mr. Wang Juewei, a Director and 4% equity interest owned by Mr. Chen Lei, a senior management of the Company, the remaining equity interest in this company is owned by individuals who are independent third parties.

OUR HISTORY AND REORGANIZATION

- (3) The remaining equity interest is owned by individuals who are independent third parties.
- (4) The remaining equity interest is owned by Tenwow (Fujian) Food.
- (5) The remaining equity interest is owned by Lin Jianrong.
- (6) Other than 3.5% equity interest owned by Mr. Wang Juewei, a Director, and Mr. Chen Lei, a senior management of the Company, the remaining equity interest in this company is owned by individuals who are independent third parties.
- (7) The remaining equity interest is owned by Royal Wines and Spirits.
- (8) The remaining equity interest is owned by Shanghai Shaowanshang Commerce Cooperation Company.
- (9) The remaining equity interest is owned by Tang Peiyun and Wang Tongfu as to 26% and 23%, respectively.
- (10) The remaining equity interest is owned by Shanghai Tangjiu. From our Group's operation, management and accounting perspectives, Nanpu (which is accounted as our jointly controlled entity) and its subsidiaries are not being considered as subsidiaries of our Company. Please refer to the chart on page 97 for further details concerning the subsidiaries of Nanpu.

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OUR COMPANY

We are a leading packaged food and beverage producer and one of the largest distributors of packaged food and beverages in China, according to Frost & Sullivan. We operate a unique business model of producing and distributing a comprehensive range of products through a well-established distribution network across China. We produce and distribute high-quality Own Brand Products as well as distribute well-known Third Party Brand Products which are generally complementary in nature and span a broad range of consumer markets as well as command leading market positions in many of their respective product segments. In 2012, we were the largest producer of pistachios and almonds in China in terms of retail value, and we were among the top three producers of dried pork slices and fruit flavored ready-to-drink tea in China in terms of retail value, according to Frost & Sullivan. Our unique business model of producing and distributing Own Brand Products and distributing complementary Third Party Brand Products increases our operating efficiency and provides us greater bargaining power with, and influence over, distributors and retailers who purchase both Own Brand Products and Third Party Brand Products. We also believe that the competitive advantages of our distribution network and our unique business model help us broaden Own Brand Products' target markets.

We have adopted core brand values of “High-Quality” and “Well-Recognized Products” for Own Brand Products. We have a broad portfolio of product brands that enjoy high levels of consumer awareness, preference and loyalty, such as our flagship “Tenwow” (“天喔”) brand which includes our range of snacks and non-alcoholic beverages, our “Tenwow Tea” (“天喔茶庄”) and under it, our range of “Hey What Are You Drinking” (“健康美麗喝啥啲”) fruit flavored ready-to-drink teas. Our “Tenwow” brand has been named a “Shanghai Famous Brand” (“上海市著名商標”) since 2003 by the Shanghai Administration for Industry and Commerce and a “Famous Chinese Brand” (“中國馳名商標”) since 2009 by the Trademark Office of the State Administration for Industry and Commerce. Our brands include names such as the “Chuan Xiang” (“川湘”) brand for Chinese seasoning, which has been named a “China Time Honored Brand” (“中華老字號”) since 1993 by the MOFCOM and the “Morning Smile” (“早早麥”) brand for healthy breakfast oatmeal products, which has been named a “Shanghai Famous Brand” since 2009 by the Shanghai Administration for Industry and Commerce. In addition, Third Party Brand Products we distribute consist of many well-known international brands, such as Nestlé, Hennessy and Martell, with whom we have worked with for many years.

The product offerings of Own Brand Products and Third Party Brand Products are generally complementary in nature and offer consumers a wide spectrum of product coverage, ranging from alcoholic beverages, food and snacks and non-alcoholic beverages to other fast moving consumer goods. Our broad range of products satisfies the needs of different consumer demographics for a variety of packaged food and beverage consumption occasions throughout the day and we believe this enhances sales and the profitability of our operations.

We have an extensive, nationwide sales and distribution network in China consisting of distribution channels operated by us, Nanpu (our jointly controlled entity in which we have a 51% equity interest) and third party distributors, consisting of more than 1,000 distributors (including more than 400 distributors under Nanpu's distribution network) as of June 30, 2013. We believe we are able to leverage the strength of our extensive distribution channels to efficiently deliver Own Brand

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Products and Third Party Brand Products to retailers across China in a cost-competitive and timely manner. As of June 30, 2013, we had access to 43 sales offices and 12 principal distribution centers and warehouse facilities (this includes Nanpu's network), covering over 120,000 sales points in 30 provinces, municipalities and autonomous regions. Our sales points cover a comprehensive range of retail formats, such as hypermarkets, supermarket chains, convenience stores, hotels, restaurant chains, bars, karaokes, wholesale centres, different retail stores and group purchases. We believe that our extensive network provides a strong platform for growth and also serves as a responsive channel that provides feedback on the latest market dynamics to our management for efficient adjustments of our product development and marketing efforts.

Our strong and dedicated research and development and quality control team allows us to maintain stringent quality control processes and procedures. We have also invited to join certain food safety organisations that set industry standards for food safety in China, such as The Preserved Food Committee of China Association of Bakery and Confectionary Industry (中國焙烤食品糖製品工業協會). Our research and development efforts have allowed us to develop and introduce new Own Brand Products as well as further improve our existing Own Brand Products, to cater to changing consumer preferences. We also believe that with the strength of our distribution network, we are well-positioned to efficiently research and evaluate the market potential of international and domestic food and beverage brands and products. This capability potentially allows us to establish relationships with new third party brands and forms a strong foundation for us to actively adjust our product portfolio and enhance our business model.

We have a strong track record of consistent growth and profitability, with net profit increasing from approximately RMB134.1 million for the year ended December 31, 2010 to approximately RMB230.3 million for the year ended December 31, 2012, representing a CAGR of 31.0% in that period. This was due to the growth in sales of Own Brand Products, which achieved a CAGR of 18.2% during the same period, and the success of our strategy of focusing on higher margin Third Party Brand Products.

OUR COMPETITIVE STRENGTHS

We believe that the following competitive strengths have allowed us to achieve and continue to build on our leading position in the packaged food and beverage industry in China:

Highly recognized brands with leading positions in highly attractive growth markets

Our core brand values of “High-Quality” and “Well-Recognized Products” are consistent with our business philosophy of providing high-quality snacks and beverages that satisfy the needs of different consumer demographics for different consumption occasions throughout the day. We believe our core brand values, from our efforts at building our brands and delivering high-quality products, are recognized by consumers. This is reflected by our sales and the demand for our products, especially during festive seasons.

We have a broad portfolio of consumer brands that are recognized for their high quality standards, and enjoy high levels of consumer awareness, preference and loyalty, such as our flagship “Tenwow” brand, which includes our range of snacks, as well as its associated brands, such as our

BUSINESS

“Tenwow Tea” under which we have our fast growing “Hey What Are You Drinking” (“健康美麗喝啥啲”) fruit flavored ready-to-drink teas. Revenue of our “Hey What Are You Drinking” range of fruit flavored ready-to-drink teas grew by 273.0% from 2010 to 2012. Our “Tenwow” brand has been named a “Shanghai Famous Brand” (“上海市著名商標”) since 2003 by the Shanghai Administration for Industry and Commerce (上海市工商行政管理局) and a “Famous Chinese Brand” (“中國馳名商標”) since 2009 by the Trademark Office of the State Administration for Industry and Commerce. Our “Tenwow” brand was ranked first in China in terms of overall brand awareness in the preserved fruit market and second in the dried pork slice and pistachio markets, according to a survey conducted by Frost & Sullivan in 2012. Additionally, our range of sauces and flavorings sold under our “Chuan Xiang” (“川湘”) brand, has been named a “China Time Honored Brand” (“中華老字號”) since 1993, and in particular, our chili oil has gained wide recognition and acceptance in high-end restaurants. Our “Morning Smile” (“早早麥”) brand, which has been named a “Shanghai Famous Brand” (“上海市著名商標”) since 2009 by the Shanghai Administration for Industry and Commerce, is associated with a healthy lifestyle that consumers desire.

Our product portfolio consists of some of the fastest growing packaged food and beverage products in the Chinese market in recent years, including fruit flavored ready-to-drink tea, which is expected to grow at a CAGR of 19.7% from 2012 to 2017, according to Frost & Sullivan. These markets have benefited from attractive industry dynamics, including increased demand for higher-end products by Chinese consumers and rising awareness of a healthy lifestyle. We also command leading market positions in many of our product segments. For example, in 2012, we were the largest producer of pistachios and almonds in China in terms of retail value, and we were among the top three producers of dried pork slices and fruit flavored ready-to-drink tea in terms of retail value, according to Frost & Sullivan. We believe our established brand names and presence throughout China provide us with a solid platform to introduce new products and new brands and to further increase our market share in our existing product segments.

Our differentiated branding strategy, along with the strength of our distribution network, allows us to effectively market our products across a broad range of consumer groups and product segments. For example, we target our flagship “Tenwow” brand of snacks, such as pistachios and almonds, at the general public and our “Golden” (“金系列”) range of teas at high-end consumers, while our “Hey What Are You Drinking” (“健康美麗喝啥啲”) range of fruit flavored ready-to-drink teas are targeted at younger consumers. Our “Gu He” (“谷和”), “嘉誠庄園” and other brands of alcoholic beverages are targeted at the restaurant segment. Our wine series, including “約翰馬仕” and “凌致”, are aimed at the high growth catering and self-consumption markets in China. We employ a multi-faceted and tailored marketing strategy that includes the use of different media platforms and celebrity spokespersons to target different consumer demographics.

Well-established distribution network across the PRC

We have an extensive, nationwide sales and distribution network consisting of distribution channels operated by us, Nanpu and third party distributors. In 2012, we were the fifth largest packaged food and beverage distributor in China, while Nanpu was the largest, in terms of sales, according to Frost & Sullivan. As of June 30, 2013, we had access to 43 sales offices and 12 principal distribution centers and warehouse facilities, covering over 120,000 sales points in 30 provinces, municipalities and autonomous regions in China. Our sales points cover a comprehensive range of

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formats, such as hypermarkets, supermarket chains, convenience stores, hotels, restaurant chains, bars, karaokes, wholesale centres, different retail stores and group purchases. Our extensive sales and distribution network provides us with timely market information about trends in the consumer market and consumer demand for Own Brand Products. Our sales and distribution network also helps us identify and add new products to our portfolio of Third Party Brand Products by collecting information on changing market preferences for products that we do not produce. In addition, we intend to establish sales offices in regions where we do not have a significant distribution presence to observe the market conditions and sales potential in such regions, and if we determine such regions to be potential markets for the sales of our products, we will expand our business in these regions. We currently intend to establish approximately 30 new sales offices over the next two years in various cities throughout China. We intend to finance the costs of establishing new sales offices with cash generated from operating activities. Such plans are still in the preliminary stage and actual implementation will depend on prevailing market conditions and demand, and we may not establish some, or any, of these planned new sales offices. We are able to leverage the strategic location and strength of the distribution channels of our distributors to provide efficient logistics for Own Brand Products and Third Party Brand Products to retailers across China.

The Nanpu distribution network has been in operation since 1992 and is currently focused on the eastern and northern regions of China, which complements our own distribution channels. We not only leverage on the strength of Nanpu's distribution channels in their respective geographical regions, but also focus on expanding our distribution channels to regions and markets with high growth potential, such as the northeastern and southwestern regions of China.

Integrated business model managing Own Brand Products and Third Party Brand Products

Our unique business model of producing and distributing Own Brand Products and distributing Third Party Brand Products, which are generally complementary in nature, provides us with synergies and gives us greater bargaining power with, and influence over, distributors and retailers who purchase both Own Brand Products and Third Party Brand Products. In addition, our business model allows us to obtain prime shelf position with our retailers as we are able to supply them with a comprehensive range of products. This integrated business model also allows us to enjoy economies of scale in logistics and warehousing, thereby lowering our costs and enabling us to react faster to customers' orders.

The product offerings of Own Brand Products and Third Party Brand Products cover a wide spectrum of product segments, which allows us to satisfy the needs of different consumer demographics for a variety of packaged food and beverage consumption occasions throughout the day. In addition, our gift boxes, which normally contain our Own Brand Products such as roasted seeds and nuts and meat snacks, are popular during the holiday seasons in China. By packaging certain Third Party Brand Products, such as Nestlé products, together with Own Brand Products in one gift box, we leverage on the increasing demand for our gift box products to further grow the market for Third Party Brand Products.

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Market oriented research and development and quality control team with strong quality control capabilities

As of June 30, 2013, we had a dedicated research and development team of approximately 36 professionals. In addition to their primary research and development function, our research and development team also supports our production and safety processes and ensure that all Own Brand Products meet our quality and safety standards. The current range of Own Brand Products reflects many years of research and development to continuously improve the quality of our products to meet the preferences of end consumers, and we believe we are among the industry leaders in food safety and production. We also believe we are among the market leaders in China in researching and evaluating the market potential of international and domestic brands for our portfolio of Third Party Brand Products.

Our strong internal research and development efforts are augmented by our collaborations with external academic and research institutions to jointly develop new products. Our dedicated research and development team and strong time-to-market ability allow us to develop and introduce new, and improve existing, Own Brand Products, as well as to include additional well-known brands in our portfolio of Third Party Brand Products to cater to changing consumer preferences. We are able to introduce new Own Brand Products to the market within an average of two months, which demonstrates our ability to efficiently introduce new products to capture market share. This is critical to our success as we are able to realize and maximize profits from newly identified high-growth product markets, and we believe this differentiate us from our competitors. During the Track Record Period, we introduced more than 26 new own brand beverage products and we currently have four new own brand beverage products in the pipeline, which we plan to launch in 2013 to target the rapidly expanding ready-to-drink beverage segment.

We believe we are also able to increase our sales and sustain our profitability due to our ability to consistently deliver high quality products. We place utmost emphasis on product quality and safety through stringent quality control processes and procedures to ensure consumer confidence and maintain brand image. We have been invited to join, and participate in, certain food safety organizations that set industry standards for food safety in China, such as The Preserved Food Committee of China Association of Bakery and Confectionary Industry (中國焙烤食品糖製品工業協會).

Experienced management team with a proven track record of delivering growth

The key members of our senior management team have extensive experience in the packaged food and beverage industry, and have been with our Group and/or our jointly controlled entities for an average of approximately seven years. Mr. Lin, our Chairman and founder, has approximately 30 years of experience in the industry. Mr. Lin has also been the president of Nanpu since its inception in 1992 and has overseen the establishment of its distribution channels, the growth of its relationships with many leading international and domestic consumer brands and the development of its strong working relationships with its distributors and retailers. For example, Mr. Lin has established a long and close relationship with Nestlé since 1983, and was presented with a certificate of “Loyal Distribution Partnership Award” from Nestlé. Our chief executive officer, Mr. Wang Juewei, has more than 9 years of operational experience in the packaged food and beverage industry.

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Our management team includes different specialised teams and each has expertise in areas from research and development, manufacturing, managing multiple brands and product categories and distribution. In addition, our management team has extensive experience in dealing with international brands, and some of them have worked in management positions at international packaged food and beverage companies, such as Nestlé (China) Ltd., A.S. Watson Group and Maxxium Shanghai Limited. Our management team also has diverse skills that support our operating strategies, including driving organic growth through targeted and efficient marketing, improving the productivity of our operations and aligning manufacturing and distribution interests.

We have a track record of successfully growing our Group through strategic acquisitions, and integrating acquired brands into our brand portfolio and distribution network, as exemplified by our successful acquisition of a 51% interest in Shanghai Royal Wines and Spirits Co., Ltd. (上海皇家釀酒有限公司) in 2003 and our acquisition of a 75% interest in Chuanxiang Flavoring in 2006.

OUR STRATEGIES

We intend to become the top packaged food and beverage producer and distributor in China by implementing the following strategies:

Further strengthen our leading market position in the PRC packaged food and beverage market

We aim to capture a greater share of the packaged food and beverage market in China, thereby strengthening our leading positions in our core markets within the packaged food and beverage market. Accordingly, we will continue to improve our existing products, introduce new products and adjust our product portfolio according to market trends. We also plan to increase our production capacity as we expand our product portfolio to meet market demand.

We believe successful branding is also essential to our success and that our flagship “Tenwow” brand has gained wide recognition and penetration in China in recent years as a result of our successful marketing and promotional activities. As of June 30, 2013, we had close to 1,000 sales and marketing personnel, who collaborate with our distributors to market and promote our products in different regions and provide other sales support. We aim to further increase our marketing effectiveness by continuing to implement our multi-faceted marketing strategy, involving traditional advertising channels such as print and television media and in store promotional campaigns, as well as internet advertising and event and celebrity sponsorships to reach different demographics.

To further strengthen our market position, we will continue to invest in our flagship “Tenwow” brand and its associated brands to drive profit and sales growth. For example, we believe that there is significant growth potential in the ready-to-drink tea market in China, and we intend to continue to develop our “Tenwow Tea” brand and products, especially our range of fruit flavored ready-to-drink teas, by introducing a wider range of flavors and increasing production capacity to meet market trends and demands. In addition, we plan to continue to explore opportunities to engage high profile celebrities to endorse our brands and products. For example, we have engaged celebrities such as

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Jacky Cheung (張學友), Wen Zhang (文章) and Fan Bing Bing (范冰冰) as our spokespersons. We intend to leverage our brand recognition and extensive distribution network to promote our products to Chinese consumers in markets where we believe our products have not fully penetrated and have strong growth potential on a region-by-region, and city-by-city basis.

Further enhance our research and development capabilities and expand Own Brand Product portfolio

We have a strong track record of introducing new Own Brand Products and we believe we are well positioned, through our strong product development capabilities and an extensive distribution network, to generate long-term, sustainable growth in the sales of Own Brand Products. We plan to further invest in and strengthen our market-oriented product development activities, focused on extensive market research, to accommodate changing consumer tastes and preferences. In this regard, we intend to use a portion of our proceeds from the Global Offering for research and development. We also plan to continue to utilize our extensive consumer feedback channels to introduce attractive new products to the market in a timely manner.

We believe that there is significant growth potential for Own Brand Products that can be captured through our product research and development and marketing efforts. We plan to continue to expand our product offerings by introducing new products, as well as focus on enhancing our existing product portfolio, to further penetrate their respective market segments. For example, we plan to develop new Own Brand Products in the ready-to-drink tea segment, such as different fruit flavored ready-to-drink tea products and milk tea products, which we believe have a broad consumer base and will be welcomed by consumers. Reflecting both our focus and the strong growth potential in the fruit flavored ready-to-drink tea market, sales of our fruit flavored ready-to-drink tea products increased 273.0% from 2010 to 2012.

Further expand our distribution network

We believe the further expansion of our distribution network is crucial to increasing our coverage to capitalize on the demand for our products from end consumers in China and gain market share. Therefore, we will continue to develop our own distribution channels into other geographic markets with high growth potential as well as to leverage Nanpu's distribution channels. Building on our strong presence in eastern and central China, we aim to expand our distribution reach to other strategic regions, including the northeastern and southwestern regions of China, that will potentially offer us higher growth potential and less competition. We also intend to selectively pursue partnerships with, or acquisitions of, attractive and complementary suppliers or distributors to enhance and expand our business.

We plan to continue to leverage our distribution network to improve our portfolio of Third Party Brand Products, which generally complements Own Brand Products. In addition, we intend to continue exploring potential opportunities to work with other third party brands where we see attractive growth potential as we expand our distribution network. We will also continue to utilize our extensive distribution network to evaluate consumer demand for products that we do not produce and identify additional third party brands to enhance our portfolio of Third Party Brand Products.

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Optimize our product portfolio and further improve our operating efficiency

We plan to optimize our portfolio of Own Brand Products and Third Party Brand Products to capture product segments with higher growth potential and higher profit margins. We intend to do this by continuing to focus on sales of Own Brand Products as they generate higher profit margins in general, and adjusting the product mix of Third Party Brand Products to increase sales of new and existing Third Party Brand Products that generate higher profit margins. We also expect to continuously evaluate the complementary effects of Own Brand Products and Third Party Brand Products in order to strengthen our bargaining power with our distributors and retailers and to take advantage of economies of scale arising from the sales of complementary Own Brand Products and Third Party Brand Products.

Our integrated business model of producing and distributing Own Brand Products with Third Party Brand Products provides numerous cost advantages, including reduced logistics costs as we can deliver a wide range and higher volume of products to our retailers and distributors. We aim to realize additional synergies available through our current business model. We expect to continue to reduce production costs and logistics costs through the integration of our production operations of Own Brand Products with the distribution of Own Brand Products and Third Party Brand Products. We also plan to continue to explore operating efficiency initiatives such as periodic inventory turnover analysis, which will help us to optimize our working capital needs and improve our sales volume and profit growth.

Pursue appropriate strategic acquisitions and business opportunities

We plan to continue to grow our business by exploring attractive acquisitions and collaboration opportunities that are compatible with our business, although we currently do not have any acquisition targets. We will identify suitable acquisitions and business opportunities based on factors such as brand recognition, development potential, complementary effect with our existing products, distribution coverage, management and price. We believe suitable acquisitions and business opportunities will further strengthen our value chain, and allow us to build our know-how regarding different distribution channels, including local distributors and other channels in regions where we are not yet well represented. It will also help us expand our sources of key raw materials, gain experience and expertise in developing new products, gather market intelligence on the latest consumer trends and provide us with the appropriate platform to expand into different product categories in the future. We believe that, as we have extensive experience in managing multiple brands and acquisitions, we can continue to grow our business through acquisitions and other collaboration opportunities.

Attract and retain quality personnel

We believe that having employees who understand and adhere to our operating philosophy is critical to our success and future growth. To this end we plan to do our best to attract and retain talented personnel in order to support and sustain the growth of our business. Additionally, we plan to continue to provide our employees with structured training that is designed to provide them with a clear career advancement track, as we believe that this will motivate and incentivise them.

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We plan to continue to regularly review and update our employee compensation plans and bonuses based on their individual performance so that our employees are suitably incentivised. We have conditionally adopted the Post-IPO Share Option Scheme, which we believe supplements our existing employee compensation plans and bonuses, as it helps to attract skilled and experienced personnel and motivates employees to strive for the growth of the Group by providing them with them with the opportunity to own equity interests in our Company.

PRODUCTS

We produce and distribute Own Brand Products — a wide range of food and snack products, non-alcoholic beverages, alcoholic beverages and certain other fast moving consumer goods under our own brands in the consumer market in China. We also distribute Third Party Brand Products — a wide range of food and snack products, non-alcoholic beverages, alcoholic beverages and certain other fast moving consumer goods under certain international and Chinese brands in the consumer market in China.

Own Brand Products








Own Brand Products include:

- Food and snacks, including snacks such as roasted nuts and seeds, preserved fruits and meat snacks sold under our flagship “Tenwow” (“天喔”) brand and other products, such as instant oatmeal sold under our “Morning Smile” (“早早麥”) brand.
- Non-alcoholic beverages, including our “Tenwow Tea” (“天喔茶庄”) ready-to-drink teas, “Tenwow Water” (“金貢泉”) natural mineral water and other bottled beverages;
- Alcoholic beverages, including wines sold under our “約翰馬仕”, “凌致”, “田園都市” and “嘉誠莊園” brands and Chinese rice wines sold under our “Gu He” (“谷和”) and “Jun Zai Lai” (“君再來”) brands; and
- Others, including sauces and flavoring sold under our “Chuan Xiang” (“川湘”) brand.


We also package our products in gift boxes which may include roasted seeds and nuts, meat snacks and other snacks under our “Tenwow” brand, as well as wines, sauces and flavouring and other Third Party Brand Products. In recent years, we have begun promoting our gift boxes beyond the traditional Chinese festivals and started diversifying the products contained in our gift boxes in order to increase our brand awareness and sales. For example, we sometimes include certain well-known Third Party Brand Products together with Own Brand Products in our gift boxes. We believe that by putting different products in attractive packaging, our gift boxes offer an effective introduction of our products, especially our new products, to the market.

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The following is a list of key Own Brand Products as of June 30, 2013.

Product Segment	Principal Products	Brands	No. of product types	No. of flavors/types	Retail price range (RMB)	Typical shelf life (months)	Sample Product Pictures
Food and Snacks							
Roasted Seeds and Nuts	Pistachios, almonds, walnuts, cashews, macadamias, pecans, pine nuts, melon seeds and peanuts	“Tenwow” (“天喔”)	17	101	1.5-138.8	8-12	
Gift boxes	Includes selection of our snacks, such as roasted seeds and nuts, meat snacks and wines	“Tenwow” (“天喔”) “Tenwow Cakeone” (“天喔一品”) “Morning Smile” (“早早麥”) “嘉誠莊園” “約翰馬仕” “凌致” “Chuan Xiang” (“川湘”)	6	37	118-1,080	7-12	
Preserved Fruits	Plain, sweet and salted prunes, raisins, and plums	“Tenwow” (“天喔”)	53	115	1.5-28.9	12	
Meat Snacks	Pork, beef, duck and fish	“Tenwow” (“天喔”) “Q豬” “很牛” “鴨”	15	73	13.9-75	9-12	
Instant Oatmeal	Oatmeal	“Morning Smile” (“早早麥”)	11	31	33-109	12	
Non-Alcoholic Beverages	Ready-to-drink teas, plum juice and bottled mineral water	“Tenwow Tea” (“天喔茶庄”) “Tenwow Water” (“金貢泉”)	26	37	1.7-9	12	
Alcoholic Beverages	Wines and Chinese rice wines	“約翰馬仕” ⁽¹⁾ “凌致” ⁽¹⁾ “Jardin” “田園都市” “FP” “嘉誠莊園” “Gu He” (“谷和”) “Jun Zai Lai” (“君再來”)	41	45	6.5-588	24-120	

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Product Segment	Principal Products	Brands	No. of product types	No. of flavors/ types	Retail price range (RMB)	Typical shelf life (months)	Sample Product Pictures
Others	Oils (including sesame oil and chili oil), sauces (including fragrant chili sauce and pure sesame sauce) and flavorings (including bean paste flavoring and fragrant chili flavoring)	“Chuan Xiang” (“川湘”)	42	97	4.5-21.5	12-24	

Notes:

- (1) We sell these wines under our own Chinese trademarks, which are produced and bottled in oversea vineyards.

Third Party Brand Products

We distribute a wide range of food and snacks, non-alcoholic beverages, alcoholic beverages and certain other fast moving consumer goods in various parts of China from among a broad portfolio of international and local consumer brands that we believe are generally complementary with Own Brand Products, although there is some overlap in the price range or age group of the target customers between certain categories of Own Brand Products and Third Party Brand Products. We distributed more than 4,300 different products in respect of 76 different international and local brands as of June 30, 2013. Third Party Brand Products include:

- Food and snacks, including Nestlé sweets, Dove confectionary, Wrigley candy, Glico snacks, Kraft snacks and Heinz baby food;
- Non-alcoholic beverages, including Nestlé coffee, Red Bull energy drinks, Wang Lao Ji herbal tea and Wahaha beverages;
- Alcoholic beverages, including products under brands such as Martell, Hennessy, Remy Martin and Chivas Regal; and
- Others, including Unilever housecare products and Mars petfood.

We have established stable, long-term relationships with our international and local brands suppliers. For instance, we have had rights to distribute Nestlé products in Wuhan since 2011. We also have had rights to distribute Pernod Ricard products, such as Royal Salute Scotch Whiskey and Absolute Vodka in Central China, Gansu, Qinghai, Ningxia, and Xinjiang since 2011. Additionally, we have had rights to distribute Imperial Court (皇軒) wines nationwide since 2009 and rights to distribute Red Bull beverages in Wuhan since 2011. The geographical scope of our distribution rights for Third Party Brand Products varies across each of the different products and brands.

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We typically enter into annual distributorship agreements with our suppliers which are non-exclusive in nature. The distributorship agreements set forth the terms as to the type of products for distribution, the areas of distribution, price, pricing strategy, sales and promotion strategy, use of trademarks, sales target, return policy and termination events. The suppliers determine the price at which we purchase their products based on negotiations with us, but the price at which we sell these products are set by us, taking into account the price range recommended by our suppliers and a reasonable margin to the price at which we on-sell the products to our distributors or retailers. Any change in price and our margin is subject to agreement between us and our suppliers.

The terms of the distribution agreements typically provide for payment after delivery and the products are delivered to us at our suppliers' cost, while we are responsible for providing sufficient storage capacity and timely logistics and distribution of the products. Title to the products and legal risks are passed to us when the products have been delivered to us and we have accepted the products. The terms of the distribution agreements with our suppliers of Third Party Brand Products typically allow us to return or exchange defective products and in some cases, we are also allowed to return or exchange expired products if such expired products are delivered to the relevant suppliers within the agreed time limit. The terms of the distributorship agreements may provide incentives, such as sales rebates, when we achieve or exceed the sales target set forth in the distribution agreements. We received sales rebates of RMB89.3 million, RMB118.0 million, RMB137.3 million and RMB76.2 million from our suppliers of Third Party Brand Products in 2010, 2011 and 2012, and the six months ended June 30, 2013, respectively. In certain cases, the suppliers have the right to terminate our distribution agreements if we do not meet the agreed sales targets. There have not been any incidents of termination or non-renewal of our distribution agreements with our suppliers of Third Party Brand Products as a result of us not achieving our sales target during the Track Record Period. We submit purchase orders from time to time with specification as to the type and quantity of products, depending on demand.

The table below sets out the amount and percentage of our total sales revenue for each of our product categories for the periods indicated.

Product segments	Year ended December 31,						Six months ended June 30,			
	2010		2011		2012		2012		2013	
(in RMB millions, except percentages)										
Own Brand Products										
Food and Snacks										
Roasted nuts and seeds	264.6	7.0%	323.0	8.5%	260.5	6.1%	111.1	5.8%	151.1	6.6%
Gift boxes	89.0	2.4%	135.9	3.6%	109.9	2.6%	18.9	1.0%	69.6	3.0%
Preserved fruits	89.7	2.4%	100.0	2.6%	80.3	1.9%	39.5	2.1%	48.5	2.1%
Meat snacks	91.3	2.4%	74.2	2.0%	92.4	2.2%	30.1	1.6%	38.9	1.7%
Instant oatmeal	29.4	0.8%	32.4	0.9%	28.1	0.7%	12.9	0.7%	11.0	0.5%
Non-alcoholic Beverages										
Tea	96.0	2.5%	188.0	5.0%	247.8	5.8%	129.7	6.8%	169.4	7.4%
Others.	5.2	0.1%	4.9	0.1%	8.5	0.2%	3.5	0.2%	29.7	1.3%

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Product segments	Year ended December 31,						Six months ended June 30,			
	2010		2011		2012		2012		2013	
(in RMB millions, except percentages)										
Alcoholic Beverages										
Wine	41.7	1.1%	78.6	2.1%	256.9	6.0%	137.8	7.2%	102.8	4.4%
Chinese rice wine . . .	95.9	2.5%	74.3	2.0%	78.0	1.8%	34.8	1.8%	35.6	1.5%
Others										
Sauces and flavorings .	30.3	0.8%	32.5	0.9%	30.6	0.7%	11.7	0.6%	11.2	0.5%
Others	25.7	0.7%	9.6	0.1%	6.9	0.2%	1.1	0.1%	6.8	0.3%
Sub-total	858.8	22.7%	1,053.4	27.8%	1,199.9	28.2%	531.1	27.9%	674.6	29.3%
Third Party Brand Products										
Food and Snacks	493.5	13.0%	585.1	15.4%	775.9	18.2%	317.6	16.7%	415.2	18.0%
Non-alcoholic Beverages .	122.4	3.2%	43.6	1.2%	44.5	1.0%	13.3	0.7%	28.6	1.2%
Alcoholic Beverages . . .	2,272.3	60.0%	2,101.4	55.4%	2,169.9	51.1%	1,023.6	53.8%	1,148.7	50.0%
Others	38.9	1.1%	6.8	0.2%	61.9	1.5%	16.6	0.9%	35.6	1.5%
Sub-total	2,927.1	77.3%	2,736.9	72.2%	3,052.2	71.8%	1,371.1	72.1%	1,628.1	70.7%
Total	3,785.9	100.0%	3,790.3	100.0%	4,252.1	100.0%	1,902.2	100.0%	2,302.7	100.0%

Although we intend to focus on developing the sales of Own Brand Products, we have historically relied on Third Party Brand Products for a significant portion of our revenue. For the six months ended June 30, 2013, we generated 70.7% of our total revenue from the sales of Third Party Brand Products, with sales of third party brand alcoholic beverages accounting for 50.0% of our total revenue. Please refer to the section “Risk factors — Our efforts to introduce new Own Brand Products or alter our portfolio of Third Party Brand Products may be unsuccessful” for further information on the risks associated with our product portfolio.

We actively manage our product portfolio, including reviewing the product mix across Own Brand Products and Third Party Brand Products, to ensure that there is no direct competition between Own Brand Products and Third Party Brand Products. Although we do not consider Own Brand Products to be in direct competition with Third Party Brand Products, there may be indirect competition that arises due to changes in market trends between certain products in each category of Own Brand Products and Third Party Brand Products. If we become aware of any indirect or new competition, we will reassess our product portfolio and make the necessary adjustments. Please also refer to the section “Risk Factors — We operate in a highly competitive industry, which may affect our market share and results of operation.”

SALES AND DISTRIBUTION NETWORK

We have an extensive, nationwide sales and distribution network in China consisting of distribution channels operated by us, by Nanpu (our jointly controlled entity in which we own a 51% equity stake) and by third party distributors. As of June 30, 2013, we, together with Nanpu, had access to 43 sales offices and 12 principal distribution centers and warehouse facilities and more than 1,000 distributors (of which Nanpu owned and operated 20 sales offices and 4 principal distribution centers and warehouse facilities and has more than 400 distributors), covering more than 120,000 sales points in 30 provinces, municipalities and autonomous regions.

Our geographic coverage

The map below shows the location of the sales offices and principal distribution centres we have access to as of June 30, 2013.



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The table below sets forth the geographical breakdown of the sales of our products from the different regions in China for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2010		2011		2012		2012		2013	
	(in RMB millions, except percentages)									
Eastern China ¹	2,730.7	72.1%	2,346.0	61.9%	2,664.2	62.7%	1,270.9	66.8%	1,401.1	60.8%
Central China ²	848.2	22.4%	1,093.3	28.8%	1,198.7	28.2%	467.0	24.6%	709.1	30.8%
Southern China ³	188.0	5.0%	322.0	8.5%	349.6	8.2%	149.6	7.9%	169.4	7.4%
Northern China ⁴	19.0	0.5%	20.0	0.5%	17.8	0.4%	6.7	0.4%	14.3	0.6%
Western China ⁵	—	—%	9.0	0.3%	21.8	0.5%	8.0	0.3%	8.8	0.4%
Total	3,785.9	100.0%	3,790.3	100.0%	4,252.1	100.0%	1,902.2	100.0%	2,302.7	100.0%

Notes:

- 1 Eastern China represents Shanghai, Jiangsu and Zhejiang.
- 2 Central China represents Hubei, Hunan, Henan, Shanxi and Jiangxi.
- 3 Southern China represents Guangdong, Guangxi, Hainan, Fujian and Hong Kong.
- 4 Northern China represents Inner Mongolia.
- 5 Western China represents Chongqing.

Participants of our distribution network

We are able to leverage the strength of the distribution channels of our distributors, together with our own distribution channels, to efficiently distribute Own Brand Products and Third Party Brand Products to retailers across China. For the six months ended June 30, 2013, we sold 43.7% of Own Brand Products and Third Party Brand Products through direct sales, 29.2% through third party distributors, and 27.1% through Nanpu's sales channels.

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The table below sets forth the revenue contribution from our direct sales channels and sales made through distributors for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2010		2011		2012		2012		2013	
(in RMB thousands, except percentages)										
Direct sales										
On-premise channels	467,926	12.4%	478,920	12.6%	348,621	8.2%	203,484	10.7%	285,120	12.4%
Modern retail channels	721,700	19.1%	736,089	19.4%	737,459	17.3%	302,371	15.9%	382,249	16.5%
Small business channels	149,058	3.9%	255,760	6.7%	430,734	10.1%	192,894	10.1%	305,196	13.3%
Other channels	20,622	0.5%	32,597	1.0%	43,195	1.1%	14,798	0.8%	33,695	1.5%
Sub-total	<u>1,359,306</u>	<u>35.9%</u>	<u>1,503,366</u>	<u>39.7%</u>	<u>1,560,009</u>	<u>36.7%</u>	<u>713,547</u>	<u>37.5%</u>	<u>1,006,260</u>	<u>43.7%</u>
Distributors										
Nanpu	1,697,077	44.8%	1,261,973	33.3%	1,336,306	31.4%	553,923	29.1%	624,760	27.1%
Third party distributors	729,470	19.3%	1,024,984	27.0%	1,355,766	31.9%	634,684	33.4%	671,699	29.2%
Sub-total	<u>2,426,547</u>	<u>64.1%</u>	<u>2,286,957</u>	<u>60.3%</u>	<u>2,692,072</u>	<u>63.3%</u>	<u>1,188,607</u>	<u>62.5%</u>	<u>1,296,459</u>	<u>56.3%</u>
Total	<u><u>3,785,853</u></u>	<u><u>100.0%</u></u>	<u><u>3,790,323</u></u>	<u><u>100.0%</u></u>	<u><u>4,252,081</u></u>	<u><u>100.0%</u></u>	<u><u>1,902,154</u></u>	<u><u>100.0%</u></u>	<u><u>2,302,719</u></u>	<u><u>100.0%</u></u>

Nanpu accounted for 44.8%, 33.3%, 31.4% and 27.1% of our revenue in 2010, 2011 and 2012, and the six months ended June 30, 2013, respectively. Our next five largest customers contributed in aggregate 11.4%, 16.0%, 15.6% and 12.9% of our revenue in 2010, 2011 and 2012, and the six months ended June 30, 2013, respectively. None of our Directors, their respective associates or any Shareholder who, to the knowledge of our Directors, owned more than 5% of our issued shared capital as of the Latest Practicable Date, has any interest in any of our five largest customers during the Track Record Period (save for our 51% equity interest in Nanpu).

Management of distribution network

We assign to certain subsidiaries and sales offices of our Company the responsibility of distributing Own Brand Products and Third Party Brand Products through our own distribution channels and managing the distributors in their designated areas. These subsidiaries and sales offices are responsible for developing new customers, including distributors and retailers, and are the central points of contact for the distributors in their designated areas. This arrangement allows us to monitor the number of distributors in our distribution network and avoid a concentration of distributors in any given area. It also allows us to manage and keep track any potential competition among our distributors to ensure that different products are distributed in each region through different distributors, and that retailers we sell our products to directly are not also serviced by our distributors of such products in the same region.

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These subsidiaries and sales offices are also responsible for managing the sales orders received from distributors and retailers and monitoring the sales and performance of the distributors in their respective regions. Our staff in these subsidiaries and sales offices follow up with their distributors and retailers based on their sales orders and sales targets to ensure that any decline in orders or demand are addressed expeditiously. Our staff work with certain large retailers, through their inventory management systems, to monitor inventory levels and order deliveries in real-time. In addition, staff from our subsidiaries and our sales offices are required to visit their respective distributors and retailers on a regular basis to ensure that they have sufficient level of stock and that our products are sold to end-customers within the preservation period and in accordance with our pricing guidelines. We also plan to implement a real-time management system to monitor and respond to the demand and needs of our distributors and retailers at the appropriate time. These subsidiaries and sales offices will also carry out marketing or promotional campaigns at the request of our headquarters.

Our sales offices also assist in identifying potential third party brands that we can work with to expand our Third Party Brand Products portfolio, based on their observations and understanding of the trends in the consumer market and the market information they receive from distributors and retailers.

Our distributors

We primarily sell our products through distributors who then distribute our products to sub-distributors and retailers. This is consistent with market practice in the packaged food and beverage industry in China. As of June 30, 2013, we had access to more than 1,000 distributors (including more than 400 distributors under Nanpu's distribution network). As far as we are aware, as of June 30, 2013, 44 third party distributors were engaged by both Nanpu and us, but Nanpu and we supplied these distributors with different products (we have excluded these 44 distributors as part of our network of distributors).

Other than Nanpu, our distributors are third parties that are usually local, rather than national, distributors who are primarily involved in the distribution of packaged food and beverages in their respective regions. Each of Nanpu and our distributors is responsible for building its own sales network and contacting their own customers, which are either sub-distributors or retailers, who then on-sell our products to end-customers. We select our distributors on the basis of their sales network coverage, track record and financial resources to ensure that they can meet our distribution requirements.

Nanpu

Nanpu, our jointly controlled entity in which our Company owns a 51% equity stake, is our largest distributor, and is also the largest packaged food and beverage distributor in China in terms of sales in 2012, according to Frost & Sullivan. We have engaged Nanpu to distribute our products since our inception. As of June 30, 2013, Nanpu owned and operated 20 sales offices, 4 principal distribution centers, and warehouse facilities in 19 provinces, municipalities and autonomous regions.

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Nanpu's distribution channels are focused on the eastern and northern regions of China, which is complementary to our own distribution channels. One of Nanpu's warehouses is located in Songjiang, Shanghai, less than 3 km from our headquarters and Shanghai production facilities. We believe that by engaging Nanpu as our primary distributor for certain products, we can leverage on Nanpu's established distribution channels and resources to create cost and operational synergies. Our products are sold to Nanpu on similar terms as products sold to our third party distributors.

We enter into annual distribution agreements with Nanpu. Nanpu submits purchase orders to us from time to time with specification as to the type and quantity of products. We will then arrange for delivery of products that are in-stock, according to the delivery dates or execute production plans to fulfill the purchase orders. Nanpu purchases products from us at competitive prices and is entitled to add a reasonable margin to the price at which Nanpu on-sells the products to its sub-distributors or retailers. Although we recommend a retail price to Nanpu, we do not impose a cap on the retail price of the products we sell to Nanpu. In line with the industry practice, we typically stipulate a minimum price at which retailers and supermarkets may sell such products to end consumers. We believe that such a flexible pricing policy allows Nanpu to retain a commercially acceptable profit margin and fosters a mutually beneficial and long term working relationship with Nanpu.

These distribution agreements are terminable by us upon the occurrence of certain events, for instance, when Nanpu on-sells our products at below the minimum price agreed or when Nanpu distributes our products outside its designated region. We are responsible for ensuring that Nanpu's distribution rights are maintained, and assisting it with marketing activities. During the Track Record Period, we are not aware of any incidents where Nanpu sold our products in breach of its distribution agreements with us. Pursuant to the terms of our distribution agreements with Nanpu, Nanpu is responsible for delivery costs and providing sufficient storage capacity and timely logistics and distribution of our products after our products are delivered to Nanpu. There are no guaranteed sales commitments under our distribution agreements with Nanpu, and, therefore, sales targets set out in the distribution agreements may not lead to actual sales. However, we provide incentives in the form of sales rebates to Nanpu when it achieves or exceeds the sales targets set out in its distribution agreements, which are negotiated and determined by reference to various criteria such as past performance and market conditions. For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, we provided sales rebates totaling approximately RMB6.2 million, RMB6.2 million, RMB3.9 million and RMB2.2 million, respectively, to Nanpu. Such sales rebates are deducted from the revenue for each of such periods.

We usually provide Nanpu with credit terms of 30 days. Title to our products and the risk of loss are passed to Nanpu when the products are delivered to Nanpu. In the case of our sales to Nanpu, 51% of the recognized revenue and the associated cost of sales in an accounting period will be deducted for the goods that we deliver to Nanpu but are not sold by Nanpu to retailers or other third parties by the end of such accounting period. The terms of our distribution agreements with Nanpu typically allow for the return of defective products. Nanpu is expected to destroy any expired products at its own cost and we will not reimburse Nanpu for such costs. For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, the amount of sales returns from Nanpu were approximately RMB1.0 million, RMB0.2 million, nil and nil, respectively, and were mainly due to defects in product packaging caused during storage or transportation.

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From time to time, Nanpu on-sells Third Party Brand Products and Own Brand Products it purchases from us back to us to take advantage of our own distribution network in regions or channels where we have a presence and they do not. This type of sales includes Own Brand Products which we sell to Nanpu for distribution, such as our “Tenwow Tea” products for which Nanpu has sole distribution rights in China. We believe that by engaging Nanpu as our primary distributor for certain products, we can leverage on Nanpu’s established distribution channels and resources to create cost and operational synergies. A small portion of such Own Brand Products are on-sold by Nanpu to our subsidiaries engaged in the distribution business, namely, Wuhan Nanpu, Tenwow Fujian Food and Shenzhen Nanpu Industrial, as Nanpu does not have a distribution presence in the regions where these subsidiaries are located or channels that our subsidiaries have access to. See “— Suppliers — Third Party Brand Products” and “Relationship with Nanpu” for further details of Third Party Brand Products we purchase from Nanpu and our relationship with Nanpu. Our purchase and distribution of products from Nanpu is managed by our sales offices in the respective regions.

Third party distributors

In addition to Nanpu, we had also engaged more than 600 third party distributors (this excludes the 44 distributors engaged by both Nanpu and us) as of June 30, 2013 to meet our distribution requirements. We select our third party distributors on the basis of factors such as the coverage of their distribution networks, their financial ability and their attitude towards packaged food and beverage products. To the best of our knowledge, each of our distributors is an independent third party and is not managed by our ex-employees nor does any of them use our trade or brand names. The table below sets forth the number of these third party distributors for the periods indicated.

Distributors	Year ended December 31,			Six months ended
	2010	2011	2012	June 30, 2013
Number at the start of the period	236	359	460	499
Added during the period	176	206	201	293
Terminated during the period	53	105	162	135
Total at end of period	359	460	499	657

None of our distributors have terminated their distributorships with us due to financial disputes during the Track Record Period. Changes in our number of distributors during the Track Record Period were due mainly to the addition of new distributors as we consistently expanded our distributor channels, and actively managed our existing distributors and terminated underperforming distributors. Terminations of our relationships with third party distributors are usually due to (i) underperformance of the third party distributors (based on qualitative assessments such as the ability to comply with our sales strategies), or (ii) cessation of or transition into other businesses by the distributors. We terminated our relationships with a higher number of distributors in 2011 and 2012 and six months ended June 30, 2013 compared to 2010 mainly because we started managing our third party distributors more actively and imposed stricter performance targets and therefore terminated a greater number of underperforming distributors.

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We enter into distribution agreements with our third party wholesale distributors, which are renewable on an annual basis. The distribution agreements are terminable by us upon the occurrence of certain events, for instance, when the wholesale distributor on-sells our products at below the minimum price agreed or when the wholesale distributor distributes our products outside its designated region. We typically grant a sole distribution right to each distributor, either within a designated area, or to certain retail channels or outlets if there is more than one wholesale distributor in a particular area. We are responsible for ensuring that our third party wholesale distributors' distribution rights in each region or through each retail channel are maintained, and assisting them with marketing activities. During the Track Record Period, we are not aware of any incidents where a wholesale distributor sold our products in breach of its exclusive distribution rights. Pursuant to the terms of our distribution agreements, we deliver our products to our third party wholesale distributors at our own cost, and our third party wholesale distributors are responsible for providing sufficient storage capacity and timely logistics and distribution of our products after our products are delivered to them. There are no guaranteed sales commitments under these distribution agreements, and therefore, they may not lead to actual sales. However, we provide incentives in the form of sales rebates to our third party wholesale distributors when they achieve or exceed the sales targets set out in their distribution agreements, which are negotiated and determined by reference to various criteria such as past performance and market conditions. For the years ended December 31, 2010, 2011 and 2012, and the six months ended June 30, 2013, we provided sales rebates totaling approximately RMB49.0 million, RMB70.4 million, RMB62.0 million and RMB31.4 million, respectively, to our third party distributors. Such sales rebates are deducted from the revenue for each of such periods. During the Track Record Period, our sales rebates to third party distributors were higher than to Nanpu because a majority of products sold to Nanpu do not have sales rebates. For instance, Nanpu does not receive any sales rebates for the sales of "Tenwow Tea" products for which it has the sole distribution right in the PRC. Sales rebates to third party distributors increased from 2010 to 2011 as sales of products with higher sales rebates (which were sold to third party distributors) increased much faster than sales of products with lower sales rebates.

Our products are delivered to most of our third party distributors on a cash-on-delivery basis, except for certain established third party distributors with whom we have a long-term relationship. We believe that a cash-on-delivery system encourages our third party distributors to distribute our products in a timely fashion, rather than accumulate inventory. When we deliver our products on credit, we usually provide credit terms of 30 to 90 days. Title to our products and legal risks of our products sold to third parties are passed onto those third parties when the goods are delivered to, and accepted by them, and the sales are recognized as revenue when the products have been delivered to the third party distributors and the third party distributors accept the products. Our third party distributors are expected to destroy any expired products at their own cost and we will not reimburse the distributor for such costs. For the years ended December 31, 2010, 2011 and 2012, and the six months ended June 30, 2013, the amount of sales returns from our third party distributors, including return of defective products, were approximately RMB0.4 million, nil, nil and nil, respectively, and were mainly due to defects in product packaging caused during storage or transportation.

From time to time, we source Third Party Brand Products from third party distributors through whom we distribute Own Brand Products and/or Third Party Brand Products (the "**Overlapping Distributors**"). Please refer to "— Suppliers — Third Party Brand Products" in this section for further details of Third Party Brand Products we purchase from Overlapping Distributors.

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The table below sets forth a summary of the principal terms of our distribution agreements with Nanpu and third party distributors as of December 31, 2012.

Terms	Nanpu (Sole Distributorship)	Nanpu (General)	Third Party Distributor (Sole Distributorship)	Third Party Distributor (General)
Duration	Yearly	Yearly	Yearly	Yearly
Exclusivity	Sole nationwide distributorship for Tenwow Tea	Non-exclusive distributorship in the eastern region of China	Sole distributorship for specific products in the region where the distributor is based	Non-exclusive distributorship in the region where the distributor is based
Minimum Purchase Order (yes/no)	No	No	Yes	Yes
Sales Target (yes/no)	Yes	No	Yes	Yes
Sales Target Incentive/Rebate (%)	No	Yes: depending on marketing strategy (may be paid monthly, quarterly, annually or with each batch of products ordered)	Tenwow Tea ⁽¹⁾ : specific sales target and incentive. Other products: depending on marketing strategy (may be paid monthly, quarterly, annually or with each batch of products ordered)	Tenwow Tea ⁽¹⁾ : specific sales target and incentive. Other products: depending on marketing strategy (may be paid monthly, quarterly, annually or with each batch of products ordered)
Pricing Policy	Based on market price, and we have the right to adjust the price based on the market price	Based on market price, and we have the right to adjust the price based on the market price	Based on market price, and we have the right to adjust the price based on the market price	Based on market price, and we have the right to adjust the price based on the market price
Minimum Retail Price (yes/no)	No	Yes	Yes	Yes
Transportation costs	Nanpu bears the costs	We bear the costs	We bear the costs	We bear the costs
Credit Terms	30 days	30 days	Cash-on-delivery or 30 to 90 days	Cash-on-delivery
Return of Defective Products (yes/no)	Yes	Yes	Yes	Yes

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Terms	Nanpu (Sole Distributorship)	Nanpu (General)	Third Party Distributor (Sole Distributorship)	Third Party Distributor (General)
Return of Expired Products (yes/no)	No	No	No	No
Termination Clause	If (a) Nanpu conducts a fraudulent act; (b) Nanpu cannot continue its normal operation, or is no longer an independent entity that can function effectively; (c) Nanpu is insolvent, or enters into bankruptcy or liquidation procedure; or (d) Nanpu does not fulfill any of its obligation under the agreement, and does not remedy such breach within 30 days after receiving written notification regarding the breach, we can unilaterally terminate the distribution agreement	If (a) Nanpu conducts a fraudulent act; (b) Nanpu cannot continue its normal operation, or is no longer an independent entity that can function effectively; (c) Nanpu is insolvent, or enters into bankruptcy or liquidation procedure; or (d) Nanpu does not fulfill any of its obligation under the agreement, and does not remedy such breach within 30 days after receiving written notification regarding the breach, we can unilaterally terminate the distribution agreement	If the distributors distribute the products outside the agreed regions, sell counterfeit products or other products infringing our intellectual property rights, or delay payment for more than 30 days, we can unilaterally terminate the distribution agreements	If the distributors distribute the products outside the agreed regions, sell counterfeit products or other products infringing intellectual property rights, or delay payment for more than 30 days, we can unilaterally terminate the distribution agreements
How we monitor our distributors	We conduct market inspection from time to time to monitor distributors' price management, their compliance with restrictions on distribution region, and if distributors sell any counterfeit products or products which infringe our intellectual property rights			

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- (1) Tenwow Tea products that are sold to third party distributors by our operating subsidiaries engaged in distribution who purchased these products from Nanpu, as Nanpu utilizes our distribution network in regions where it does not have a distribution presence.

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Direct sales

We also sell some Own Brand Products and Third Party Brand Products directly through four main sales channels — on-premise channels (即飲渠道), modern retail channels (現代渠道), small business channels (流通渠道) and other channels (其他渠道). Sales points under our on-premise channels include restaurant chains, hotels and other leisure and entertainment venues where our products are consumed on premise. Sales points under our modern channels include hypermarket chains, supermarket chains and convenience stores, while those under our small business channels included wholesale centers and different retail stores. Our other channels comprise mainly group purchases. For the years ended December 31, 2010, 2011 and 2012, and the six months ended June 30, 2013, direct sales accounted for approximately 35.9%, 39.7%, 36.7% and 43.7%, respectively, of our total sales.

Our sales representatives are responsible for approaching and obtaining sale orders directly from our customers and arranging for distribution of Own Brand Products and Third Party Brand Products to them. For major retailers with nationwide networks in China, we enter into long-term agreements directly with their headquarters in China. Our sales agreements with our direct retailers usually have a term of one year and are renewable on a yearly basis. The sales agreements can usually be terminated by either party upon the occurrence of certain specified events, such as the bankruptcy or insolvency of either party or when performance of the obligations under the sales agreement is prevented by reasons of force majeure. Pursuant to the terms of our sales agreements with direct retailers, we are responsible for delivery costs, whereas the retailers are responsible for their own storage after delivery. Distribution to direct retailers are made through our distribution subsidiaries in regions where we have a distribution presence, or through independent third party logistics companies. Most of our direct sales are made on credit of 30 to 60 days, as the retailers are typically large retail chains who place large orders with us. Title to our products and risk of loss are passed to our retailers, and the sales are recognized as revenue, when the products are delivered to them and they accept the products. The terms of our sales agreements with retailers typically only allow for the return of defective products. For the years ended December 31, 2010, 2011 and 2012, and the six months ended June 30, 2013, the amount of sales returns from direct retailers were approximately RMB1.9 million, RMB1.7 million, RMB2.0 million and RMB0.2 million, respectively.

In order to maximize sales, we provide various incentives to encourage our direct retailers to increase their purchases, such as additional discounts for placing our products in additional stores. We also carry out promotional events and campaigns in collaboration with our direct retailers to promote awareness of our products and boost sales.

BRANDING AND MARKETING

We have adopted a multi-brand strategy to market our products across a broad range of consumer groups and product segments. The introduction of associated brands for specific categories of products has allowed us to tap into a wider consumer base with different purchasing powers. Our core “Tenwow” brand is targeted at mid- to high-end consumers. A wide range of our products are currently marketed under our “Tenwow” brand, including our food and snacks and beverages, whereas our “Chuan Xiang” brand is used to market our range of sauces and flavoring products. We have launched

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other associated brands to target specific consumer groups. For example, our “Hey What Are You Drinking” range of fruit flavored ready-to-drink teas under our “Tenwow Tea” brand are targeted at younger consumers who prefer new fruit flavored teas and our “Gu He” brand of Chinese rice wine is marketed at more mature consumers.

We are constantly seeking to develop our brands and product portfolio to meet evolving consumer preferences and target key growth markets. Our sales representatives are regularly in contact with our distributors and retailers to understand consumers’ needs and market changes.

To enhance the visibility and marketability of our products and promote our brand recognition, we undertake advertising and promotional campaigns. We typically launch advertising and promotional campaigns to coincide with new product launches. Our advertising and promotional activities primarily consist of advertising campaigns on television and radio channels, internet, outdoor advertising and other print media, on-site promotions at individual points of sale and participation in domestic and international industry trade shows. From time to time, we may engage celebrities as our product spokesperson to promote our products. For example we have engaged celebrities such as Jacky Cheung, Wen Zhang and Fan Bing Bing to promote our range of tea beverages. We also collaborate with retailers by installing in-store displays featuring our logos and products during Chinese festival seasons or other special occasions when in store traffic is at its peak to increase the awareness of our brand names and products.

We believe these advertising and promotion strategies help promote our own brands and increase our product awareness among our target consumer groups. Going forward, we intend to continue to focus on marketing and promotional activities to increase awareness of our products. We plan to increase our television advertising on popular television programmes, as well as increase our Internet advertising, which we believe will help us to gain access to younger consumers. We conduct certain marketing and promotional activities through third party distributors based on our requirements and strategies. We believe that such an approach allows us to benefit from our distributors’ understanding of their regional markets and rely on their local relationships to implement marketing and promotional activities effectively. Our advertising, promotional and branding expenses (excluding marketing and promotion activities conducted through our distributors) in 2010, 2011 and 2012, and the six months ended June 30, 2013 were RMB23.6 million, RMB42.7 million, RMB44.7 million and RMB40.8 million, respectively, representing approximately 0.6%, 1.1%, 1.1% and 1.8% of our total sales, respectively.

As “Tenwow” is a well-known brand in China, we have on limited occasions in the past experienced counterfeiting and imitation of our products, such as our “Chuan Xiang” chili sauces, as well as imitation of our “Tenwow” name and trademarks. We have incorporated certain anti-counterfeiting features into some of our product packaging, such as laser technology and QR code recognition technology which make it more difficult and costly for third parties to counterfeit our products. We actively monitor the market and gather information from our customers for evidence of counterfeit goods, and cooperate with local authorities to detect and prevent counterfeiting operations. The scale of counterfeiting of Own Brand Products has been limited and the amounts involved were minimal. The counterfeiting of Own Brand Products, therefore, has not had any material impact on our financial positions.

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SEASONALITY

The retail sales of some of our products are subject to seasonality. Historically, we have experienced higher retail sales of our food and snacks, gift boxes and wines ahead of the holiday seasons, such as Chinese New Year, as our distributors and customers will usually place orders for products with us approximately one to two months before such holiday seasons. Sales can also fluctuate during the course of a financial year due to other reasons, including the timing of new product launches and advertising and promotional campaigns. We attempt to reduce the impact of product seasonality by diversifying our product offering so that we can maintain our overall sales volume and revenue through any particular period. We expect our range of ready-to-drink teas to minimize the effect of seasonality on our business as demand for such products are less affected by the timing of traditional Chinese festivals and holiday seasons.

PRODUCTION

Our Production Facilities

We produce most of Own Brand Products. As of the Latest Practicable Date, we had three main production facilities in Songjiang (Shanghai), Putian (Fujian) and Wuhan (Hubei), a specialized Chinese rice wine production facility in Qingpu (Shanghai), a sauces and flavourings production facility in Pudong (Shanghai) and a raw melon seeds processing facility in Baotou (Inner Mongolia). The strategic distribution of our production facilities positions us close to our major suppliers, distributors and end consumers, which allows us to decrease our transportation costs and delivery time.

The following table sets out details regarding each of our production and logistics facilities as at June 30, 2013.

Location	Products	Production Lines	Annual	Gross Floor	Approximate	Approximate	Approximate	Approximate	Approximate
			Production/ Processing Capacity (cases per year, in thousands)						
Songjiang, Shanghai	Food and snacks, beverages and meat snacks	One snacks production line	500 ton	35,874.64	— ⁽¹⁾	— ⁽¹⁾	80 ⁽²⁾	80 ⁽²⁾	7
		One packaging line	10,000		— ⁽³⁾	— ⁽³⁾	— ⁽³⁾	— ⁽³⁾	7-28
		One beverage production line	9,000		70	90	100	100	3-7
		One pork processing line	142		60 ⁽²⁾	65 ⁽²⁾	70 ⁽²⁾	70 ⁽²⁾	3-7
		One beef processing line	100		— ⁽¹⁾	— ⁽¹⁾	70 ⁽²⁾	70 ⁽²⁾	3-7
		One plastic molding line	180,000,000 pellets		60	80	100	100	3
Pudong, Shanghai	Sauces and flavorings	One sauces and flavorings production line	400	5,594.82	70 ⁽²⁾	80 ⁽²⁾	80 ⁽²⁾	80 ⁽²⁾	2-7

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Location	Products	Production Lines	Annual	Gross Floor	Approximate	Approximate	Approximate	Approximate	Approximate
			Production/ Processing Capacity (cases per year, in thousands)		Area (square metres)	Utilization Rate in 2010 (%)	Utilization Rate in 2011 (%)	Utilization Rate in 2012 (%)	Utilization Rate in the Six months ended June 30, 2013
Qingpu, Shanghai	Chinese rice wine	One chinese rice wine production line	3,000	7,249.00	60 ⁽⁴⁾	70 ⁽⁴⁾	70 ⁽⁴⁾	70 ⁽⁴⁾	6-10
Putian, Fujian	Snacks and beverages	One packaging line	5,000	88,454.69	— ⁽³⁾	— ⁽³⁾	— ⁽³⁾	— ⁽³⁾	7-28
		One preserved fruits production line	2,000		40 ⁽⁵⁾	50 ⁽⁵⁾	50 ⁽⁵⁾	50 ⁽⁵⁾	45-50
		One beverage production line	9,000		— ⁽⁸⁾	— ⁽⁸⁾	45 ⁽⁸⁾	60 ⁽⁸⁾	5-8
Wuhan, Hubei	Snacks, beverages and meat snacks (fish)	One packaging line	5,000		— ⁽³⁾	— ⁽³⁾	— ⁽³⁾	— ⁽³⁾	7-28
		One beverage production line	9,000	46,054.91	— ⁽⁸⁾	— ⁽⁸⁾	45 ⁽⁸⁾	80 ⁽⁸⁾	5-8
		One fish meat processing line	1,000 ton		— ⁽⁶⁾	— ⁽⁶⁾	60 ⁽⁶⁾	60 ⁽⁶⁾	15-20
Baotou, Inner Mongolia	Raw melon seeds processing	One production line	8,000	12,050.35	50 ⁽²⁾	60 ⁽²⁾	60 ⁽²⁾	60	3-25

Notes:

- (1) Trial production only started in the second half of 2011.
- (2) These production lines are used in the production of Own Brand Products which are subject to seasonality. In the periods leading up to traditional Chinese festivals, where there was increased demand for our products, utilization rate was close to 100%, whereas during low seasons (typically from June to August), utilization rate was much lower, resulting in a less than 100% overall utilization rate for the year. We will continue to optimize the utilization rate of our production lines according to demand.
- (3) Our packaging lines were operating at 100% utilization rate during the Track Record Period. However, as they are semi-automatic and supported by manual labor, the maximum utilization can be increased to meet our production demand.
- (4) There is an optimal fermentation and production period for our Chinese rice wine during which our Chinese rice wine production line operates at close to 100% utilization rate.
- (5) Our preserved fruits production line was operating at low utilization rate as there was a shortage in raw fruits during the Track Record Period. We will continue to source supplies of raw fruits and maximize utilization of its preserved fruits production line according to demand.
- (6) Our fish meat processing line commenced trial production in the second half of 2011, and has not reached full production capacity as its operation involves a relatively new product offering.
- (7) Production lead time includes the time needed for preparation and ordering of the required raw materials (including packaging materials).
- (8) Our beverage production lines in Putian, Fujian and Wuhan, Hubei started trial production in 2012 and we expect them to go into full production by the end of 2013.

Our production facilities and equipment are designed to suit our production needs. We purchase most of our equipment from large and reputable manufacturers who construct the equipment according to our specifications. We invest in high quality production equipment, which we believe is capable of producing higher quality products more efficiently.

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We adopt efficient and advanced technology for our production facilities. We have also collaborated with external institutions to establish procedures and techniques to improve the time and energy efficiency of our preserved fruits processing facilities. We endeavor to keep abreast of technological advances in the packaged food and beverage industry and regularly monitor and upgrade our production technology, equipment and processes.

Equipment Maintenance

We have implemented a comprehensive maintenance system for our facilities and equipment, including scheduled downtimes for maintenance and repairs and regular inspections of facilities and equipment. This allows us to operate our production lines at optimal levels. We carry out routine cleaning and maintenance of our production equipment to prolong their useful life. We also conduct major maintenance work annually. We schedule major maintenance work during low season for the relevant products' production lines to optimise our production capacity. Our comprehensive maintenance system ensures that we continue to maintain operating efficiency and high quality control standards. We did not experience any material or prolonged interruptions to our production process due to equipment or machinery failure during the Track Record Period.

Production Expansion Plan

We plan to expand our production capacity at our existing production facilities through several additional beverage and snack production lines. We also plan to establish a new production facility in Chengdu, Sichuan mainly for the production of beverages and the production of snacks. We plan to establish two beverage lines, three Tetra Pak beverage production lines and one snack production line. The addition of these new production lines is expected to allow us to produce an additional 48 million boxes of various flavored beverages and 10 million boxes of snacks per annum. The table below sets forth the details of our planned production expansion.

Location	Production Lines	Estimated Cost	Source of Funding	Estimated Capacity	Expected Time Frame of Construction
Songjiang, Shanghai	One beverage bottling line	Approximately RMB250 million (we will lease new factory premises for this production line)	Net proceeds from the Global Offering and/or bank loans	500cc, 15 bottles/case, 17 million cases/year	14 months

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Location	Production Lines	Estimated Cost	Source of Funding	Estimated Capacity	Expected Time Frame of Construction
Songjiang, Shanghai	Two Tetra Pak production line	Approximately RMB72 million (we will lease new factory premises for this production line)	Net proceeds from the Global Offering and/or bank loans	250cc, 16 packs/case, 15 million cases/year	10 months
Wuhan, Hubei	One Tetra Pak production line	Approximately RMB36 million (the new production line will be added to our existing production facilities in Wuhan)	Net proceeds from the Global Offering and/or bank loans and/or working capital	250cc, 16 packs/case, 7.5 million cases/year	10 months
Chengdu, Sichuan	One beverage bottling line	Approximately RMB43 million (we have not acquired the land use rights for the new production facilities in Chengdu)	Net proceeds from the Global Offering and/or bank loans and/or working capital	500cc, 15 bottles/case, 9 million cases/year	10 months
Chengdu, Sichuan	One snack production line	Approximately RMB15 million (we have not acquired the land use rights for the new production facilities in Chengdu)	Net proceeds from the Global Offering and/or bank loans and/or working capital	10 million cases/year	8 months

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Location	Production Lines	Estimated Cost	Source of Funding	Estimated Capacity	Expected Time Frame of Construction
Total	Two beverage bottling lines, three Tetra Pak production lines and one snack production line	Approximately RMB400 million	Net proceeds from the Global Offering and/or bank loans and/or working capital	N/A	N/A

We expect to incur approximately RMB360 million in connection with the construction of the new production facilities in Chengdu, Sichuan which will be financed by a combination of net proceeds from the Global Offering, bank loans and/or working capital, with an expected time frame of construction of four to five years.

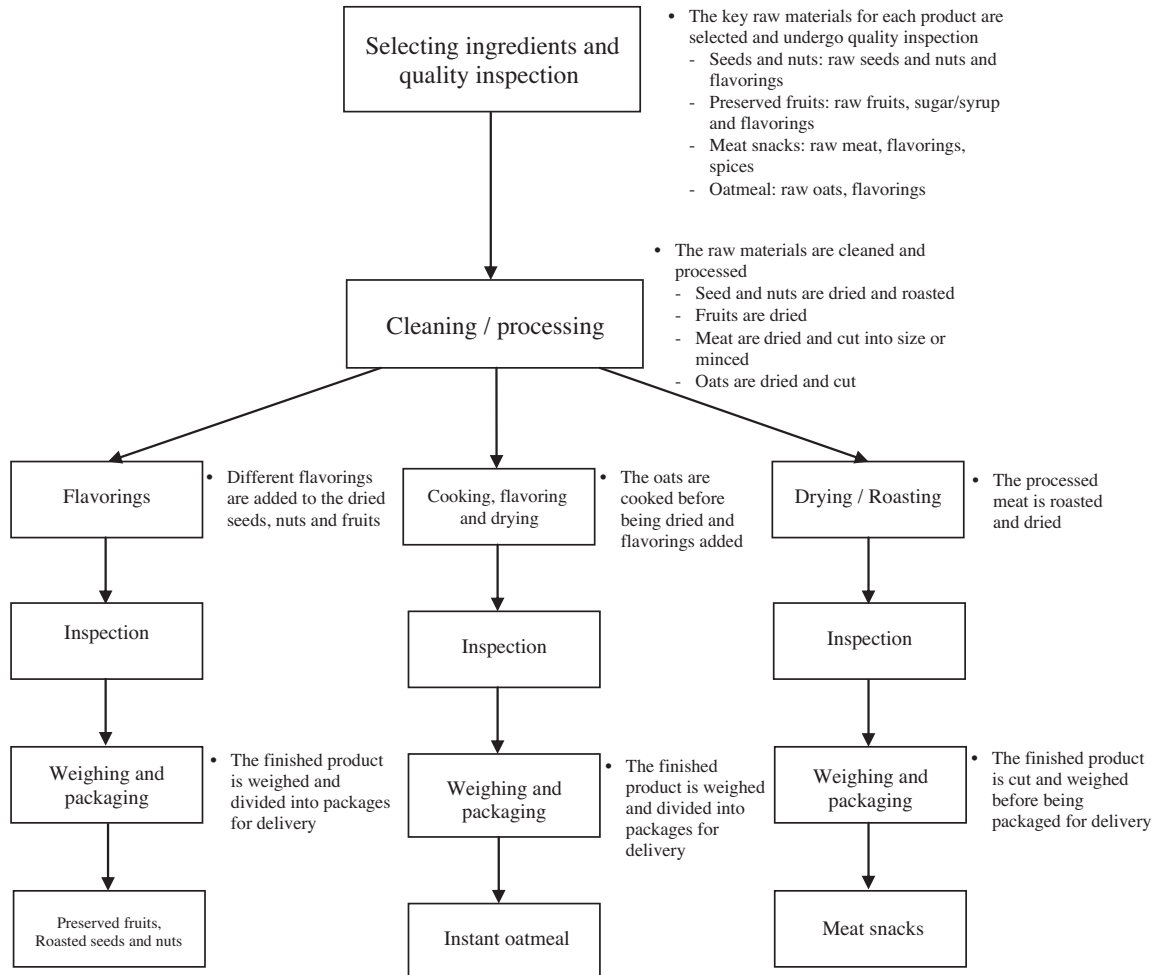
As of the Latest Practicable Date, we have not incurred any capital expenditure in connection with our proposed production plans set forth in the table above, nor have we have finalized any lease agreement or agreements for the purchase of land use rights for such plans, as we only intend to proceed with the expansion plans set out above after the Listing.

As our business grows, we expect to further establish additional production lines at existing production facilities or establish additional production facilities. For more information of our capital expenditures during the Track Record Period, please see the section “Financial Information — Capital Expenditures”.

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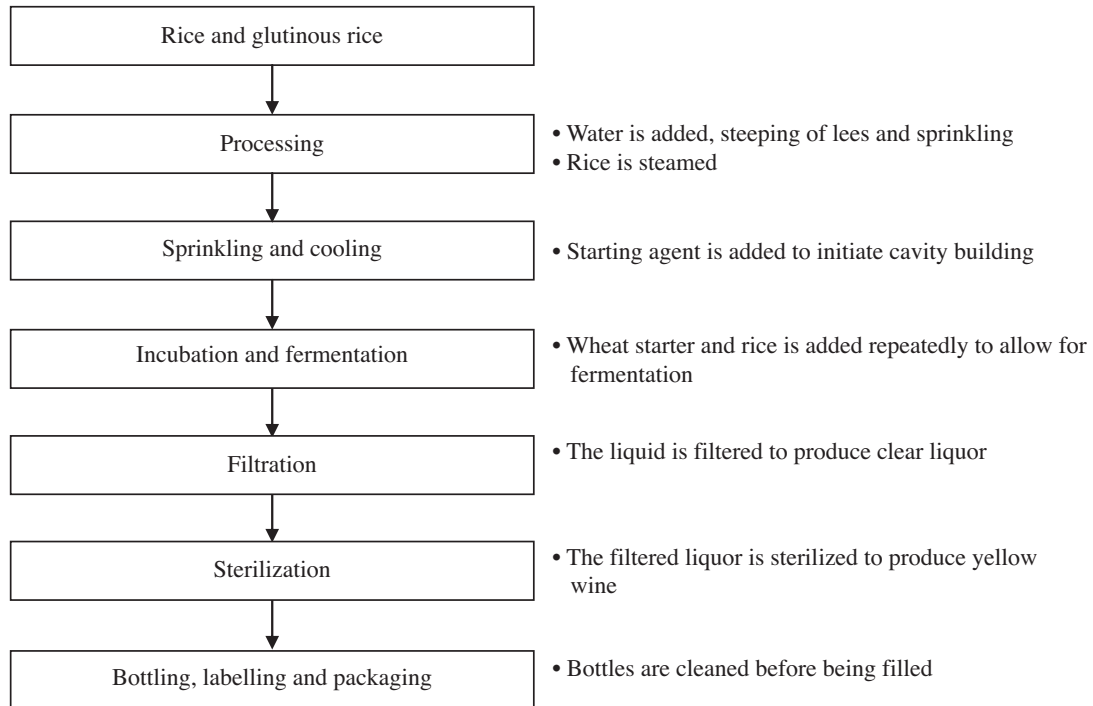
Our Production Process

The typical production process of our food and snacks is as follows:

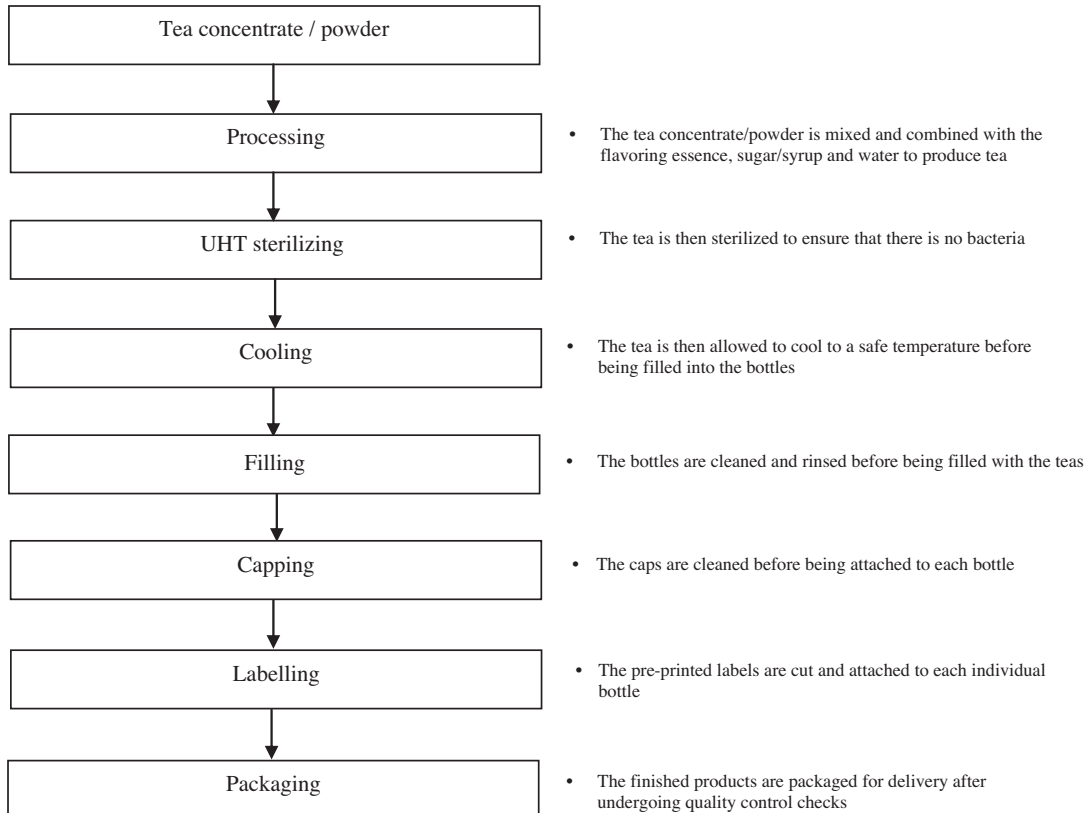


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The typical production process of our Chinese rice wines is as follows:



The typical production process of our ready-to-drink teas is as follows:



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RESEARCH AND DEVELOPMENT

We have successfully expanded our product offerings through continuous research and product development efforts. Our product development process focuses on enhancing and expanding our existing product lines, including quality improvements and introduction of new flavors and textures, as well as identifying new products in response to customer demand.

We closely monitor the types of competing products available on the market, and our sales and marketing team and distributors also provide us with direct customer feedback to assist in our product development efforts. We adopt a market-oriented product development approach. We carry out feasibility analyses prior to launching new products. For instance, we have established a laboratory to study the appearance of potential products. We assess consumer preferences and test flavors and textures of our new products to ensure they cater to our target consumers' tastes. We also conduct cost-benefit analyses on our new products and aim to optimize our existing production facilities where possible for the production of our new products. Our new product launches are typically scheduled in accordance with our marketing plans.

As of June 30, 2013, our research and product development team comprised 36 persons, most of whom were qualified engineers, quality control specialists or graduated with a specialty in food or food-related certification. Our research and development team is led by our vice president, Mr. Cheng Jiliang, and jointly headed by Mr. Wang Wei, Mr. Jiang Chi Cheng, Ms. Wei Lin Lin and Ms. Fung Jia.

We have a dedicated research and product development team responsible for expanding the range and improving the quality of our products and efficiency of our production process. We undertake the majority of our research and product development activities for our products in-house. We also collaborate with academic and research institutions, such as Jiangnan University and Shanghai Normal University, to jointly explore ideas for potential new products. We entered into joint research and development agreements with these third party institutions annually, during which they undertake to develop new formulas or products according to our product development plans and specifications, provide technical support and training to our production personnel and assist with product quality control while we provide them with financial and physical resources. Under our agreements with these third party institutions, we retain the proprietary right to any jointly developed patents and we have the exclusive right to produce certain types of product using their patents.

We invest in research and product development, as well as quality control, to maintain our competitiveness and to expand our sales. In 2010, 2011 and 2012, and the six months ended June 30, 2013, our research and development expenditures were RMB6.2 million, RMB7.0 million, RMB6.6 million and RMB2.6 million, respectively. We aim to continually innovate and improve our products to cater to changing consumer preferences, focusing particularly on product tastes, textures and packaging, while maintaining our cost of production at acceptable levels. We typically launch a number of new Own Brand Products or flavors every year and eliminate less popular products from our product range. During the Track Record Period, our product innovation efforts have led to the introduction of a number of new Own Brand Products, including our roasted coffee milk tea under our "Tenwow Tea" range of ready-to-drink tea products, and re-branding of existing products, such as a new "Tenwow Idea" ("天喔主意") line of snacks targeted at young consumers.

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During the Track Record Period, we introduced a total of 228 new Own Brand Products and terminated 70 Own Brand Products. In addition, with the growing desire for healthy diet and lifestyle among Chinese consumers, we intend to focus our research and product development efforts on developing healthier, low-sugar/sugar-free beverages and food and snacks.

QUALITY CONTROL

We have implemented rigorous quality control procedures in our production processes. We adhere to stringent quality control guidelines and conduct quality checks at various points of our entire production process, from sourcing of raw materials to processing, packaging and inventory storage. Our dedicated quality control team is responsible for ensuring that we adhere to our internal quality control procedures. During the Track Record Period and up to the Latest Practicable Date, we did not, due to material product quality issues, (i) receive fines, product recall orders or other penalties from the PRC Government or other regulatory bodies, (ii) receive any material products return requests from our distributors or retailers or (iii) receive any material complaints from consumers. As of the Latest Practicable Date, we had a team of over 200 on-site quality control staff who implement our quality control system at our production and logistics facilities and inspect our suppliers' quality control standards, most of whom graduated with a certification in food control or nutrition. Our quality control team is supervised by Mr. Jiang Zong Lin (manager of quality control department), Ms. Zhang Wei Ying (co-supervisor of laboratory testing department) and Mr. Zhu Chang Shen (co-supervisor of quality control department) and Ms. Hao Qin Ming (supervisor of standardization), who have all obtained certifications in food control and/or food safety, and have at least 5 years of experience in the food and beverage industry.

We have maintained all relevant and required certifications in relation to our product quality and safety control systems for our production facilities. These certifications are subject to routine independent audits by third parties each year, and each inspection is subject to its own procedures and requirements as set forth by the relevant authorities. We have obtained the QS Food Production Permits (食品生產許可證) for the manufacture of our products from the provincial-level Bureau of Quality and Technical Supervision (質量技術監督局) for all our production facilities. In order to obtain and maintain these certifications, we have to meet the quality and hygiene standards set by the PRC Government, covering different stages of the production process from raw material procurement, production, maintenance of production facilities to finished products and storage. Moreover, we are subject to annual guidance and inspection from the relevant PRC Government authorities.

Our quality control system covers the following:

Raw materials quality control. We require our raw material suppliers to provide us with annual reports from independent laboratories with regards to the quality of their raw materials, and such practice is in line with industry norms. When raw materials are delivered to our warehouse, our quality control personnel check to ensure that the quantity and quality of the raw materials meet our specifications, including having correct labeling and packaging, before they are accepted. We also perform laboratory tests to ensure that the raw materials and packaging materials are up to our specifications. We test the raw materials following national quality standards. Any sub-standard raw materials will be returned.

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We also conduct periodic inspections on the quality control compliance level of our procured raw materials by (i) sending the relevant raw materials to external laboratories, such as Shanghai Institute of Quality Inspection and Technical Research, for quality control testing in accordance with relevant national standards and (ii) sending our quality control personnel to our suppliers to conduct quality control assessments pursuant to our quality control standards at least annually. Any suppliers that do not meet our standards will be replaced.

Production process quality control. We strictly follow all relevant industry standards for the production of our products, including national standards and our internal quality standards. We conduct quality checks at key control points of our production process throughout the entire production process in order to ensure that the production process is operating properly and that there is no contamination or impurity which could affect our products. We also conduct comprehensive production process inspections throughout the entire production process to ensure that all of our production equipment and machinery satisfy national hygiene and safety standards. When irregularities are found, we increase our sampling size and make necessary adjustments or corrections. If the problem persists, we will halt production and conduct a full investigation into the cause of the problem. Production will only be resumed when the problem has been resolved.

Production environment and workplace safety control. We conduct annual health checkups for our employees and require them to maintain good personal hygiene. We provide regular product quality, production safety and other technical training to our employees, including production personnel, quality control and inspection personnel, as well as managerial personnel, to ensure that they are kept abreast of the latest safety and hygiene requirements. During the Track Record Period, and as of the Latest Practicable Date, we did not experience any material accidents in the course of our operations nor were there any material claims for personal or property damages or compensation from our employees.

Finished products quality control. Our finished products are packaged and stored at our warehouses before they are delivered to our customers. These finished products are stored in designated zones within our warehouses according to their manufacturing dates and product categories. To maintain their freshness, our finished products are stored in well-ventilated, temperature and humidity controlled warehouses. We also install pest control equipment in our production facilities to ensure our warehouses are pest-free. Additionally, we take safety measures to minimize fire hazards, water damage and other similar risks to our finished products.

In order to maintain comparable quality standards at our own production facilities, we identify reliable raw materials suppliers and recommend our contract manufacturers to source raw materials from them. All of the raw materials used in production by our contract manufacturers are subject to our inspection, and we randomly sample each batch of raw materials for such inspection in accordance with relevant national standards on food safety. We also dispatch our quality control personnel annually to monitor the production process at our contract manufacturers' production facilities. We conduct sample checks for every batch of finished products delivered to us to ensure that they meet relevant national standards on visual appearance, product quality and food safety. In line with industry

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norms, we submit samples of our finished products to independent laboratories, such as Shanghai Institute of Quality Inspection and Technical Research, for quality control checks in accordance with relevant national standards on visual appearance, product quality and food safety on a semi-annual basis.

For Third Party Brand Products, we require the third party brand suppliers to provide us with the relevant certifications or qualifications of the products before purchasing from them. We also require inspection reports of the products to be made twice every year and each batch of products delivered to us are inspected for quality defects. In addition, we conduct random sampling inspection of Third Party Brand Products to ensure that they meet our product quality standards.

Our internal policy requires all customer feedback concerning Own Brand Products to be resolved promptly upon receipt. All customer feedback are directed to and handled by our headquarters in Shanghai. We have a dedicated team of customer service personnel and maintain a customer service hotline to ensure a timely response to all customer concerns. We believe this helps us reinforce our high-quality control standards to consumers and instills confidence in our products. Customer feedback and complaints and quality control issues relating to Third Party Brand Products made to our customer service hotline are forwarded to the relevant department of the Third Party Brand supplier for investigation and resolution. Our customer service department retains records of all feedback and complaints, and the results of any investigation or resolution measures, relating to Own Brand Products and Third Party Brand Products.

During the Track Record Period and as at the Latest Practicable Date, we did not experience any customer complaints which had a material adverse effect on our business or results of operations, nor were there any voluntary product recalls.

SUPPLIERS

We purchase raw materials for Own Brand Products we produce and enter into contract manufacturing arrangements for Own Brand Products we outsource. We distribute Third Party Brand Products that we purchase from Nanpu and other third party suppliers.

We typically work with reputable and large suppliers to secure key raw materials used in our production process and contract manufacturers to supply us with Outsourced Products. We have long-term relationships with the suppliers of our principal raw materials and contract manufacturers of Outsourced Products. Most of the suppliers of our principal raw materials are from the PRC.

Own Brand Products

Raw Materials

We use the following main raw materials for the production of our main products:

- The main raw materials we use in the production of food and snacks are nuts, fruits, meat, raw seeds and oats.

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- The main raw materials we use in the production of beverages are sugar, fruit juice concentrate, tea concentrate, rice, wine essence and water.

Save for sugar, we procure our raw materials from our suppliers at contractual prices which are pegged to prevailing market prices. We closely monitor our inventories to ensure that our raw materials are utilized before their expiration. Sugar is a commodity generally procured from the market at spot prices.

We obtain our water supply, other than for our bottled mineral water, from tap water supplied by water supply companies controlled by relevant local governments. As water supply is a public utility regulated by the PRC government, we had not experienced a material shortage prior to the Latest Practicable Date. We do not expect a water shortage in the near future. The price of water has remained relatively inexpensive and stable in the past. In 2010, 2011 and 2012, and the six months ended June 30, 2013, water accounted for approximately 0.2%, 0.2%, 0.2% and 0.2% of our total cost of sales for Own Brand Products, respectively. We process the water supplied to us according to industry standards before it is used in the production of our products. To ensure that the quality of our water meets the standards set forth in relevant PRC laws and regulations, all water used by us undergoes quality checks in each location. We did not experience any problems with water quality during the Track Record Period.

Packaging materials are also a component of our raw materials used. We package our products in various sizes and types of plastic materials, plastic bottles, aluminium cans and cardboard boxes. All our packaging materials can be produced at our facilities or are generally available from domestic suppliers. The cost of our packaging materials for Own Brand Products which we produced at our own facilities in 2010, 2011 and 2012, and the six months ended June 30, 2013 were RMB100.3 million, RMB139.3 million, RMB156.9 million and RMB102.7 million, accounting for approximately 17.9%, 20.7%, 26.6% and 34.1% of raw materials used for the production of Own Brand Products which we produced at our own facilities, respectively.

For Own Brand Products which we produced at our own facilities, the cost of our raw materials (including packaging materials), as a component of cost of sales, in 2010, 2011 and 2012, and the six months ended June 30, 2013 amounted to RMB540.4 million, RMB652.9 million, RMB577.0 million and RMB343.3 million, respectively. Raw materials (including packaging materials), as a component of cost of sales, constituted 62.9%, 62.0%, 48.1% and 50.9% of our sales of Own Brand Products, and 80.3%, 78.9%, 62.4% and 67.9% of our cost of sales of Own Brand Products in 2010, 2011 and 2012, and the six months ended June 30, 2013, respectively. We have not experienced any shortage of raw materials or quality issues with our raw materials during the Track Record Period that materially affected our operations. We are generally able to pass on increases in cost of raw materials of our food and snacks to our customers, but can only do so to a certain extent in respect of our non-alcoholic and alcoholic beverages as these products are more price sensitive.

Our raw material procurement is determined by our production schedule. Our production and sales departments determine the expected production and sales volume at a particular time to formulate our procurement plan. Our procurement department then contacts suppliers with our raw materials requirements. We adopt a centralized procurement system for the majority of our raw materials in order to enjoy economies of scale and maximize our bargaining power with suppliers. We believe this approach increases our bargaining power and allows us to obtain more competitive prices.

BUSINESS

We generally enter into procurement contracts that are renewable on an annual basis. Other than sugar, we typically pay the contract price, unless the changes in the market price are significant and the supplier gives us advance notice of any proposed price increase. However, as sugar is a commodity, we typically pay the prevailing spot market price. Our suppliers typically engage third-party transportation companies to deliver raw materials directly to each of our production facilities at their own expense.

Our raw materials are generally available from a number of suppliers, and we normally have at least two sources of supply for each type of raw material to reduce the dependency on any single supplier. As at December 31, 2010, 2011 and 2012, and June 30, 2013, we had 539, 539, 561 and 466 suppliers, respectively.

We select our suppliers on the basis of product quality, reputation, scale of production, price and their ability to meet our delivery schedule. We closely monitor the quality of all raw materials provided by our suppliers. We conduct sample checks on all raw materials delivered to our production facilities based on specific criteria, such as the appearance, hygiene standards, and the chemical and impurity content of the raw materials to ensure that they comply with relevant national standards before accepting the raw materials. If the raw materials supplied do not meet the quality standards we stipulate under the supply contracts, we may reject them. Furthermore, before we engage a new supplier, such supplier has to pass our internal quality control process, including inspections of their production facilities and production process, tests on their prototype materials and satisfactory trial production before we enter into a procurement agreement with them. We continue to conduct checks on our suppliers' facilities and production process on a yearly basis to ensure that they continue to meet our stringent standards.

Payment terms granted by our suppliers vary depending on a number of factors including our relationship with the suppliers and the size of the transactions. Our suppliers typically provide us with credit terms of 30 to 60 days. We usually settle our trade payables by bank transfers or bank bills.

In 2010, 2011 and 2012, and the six months ended June 30, 2013, total purchases of raw materials from our five largest suppliers represented 24.5%, 30.4%, 27.9% and 22.7%, respectively, of our total purchase for the production of Own Brand Products. Purchases from our single largest supplier accounted for 12.8%, 17.0%, 13.3% and 9.3% of our total purchase for the production of Own Brand Products, respectively.

Contract Manufacturers

We have arrangements with several independent manufacturers to produce some of our meat snacks, wines and beverages packaged in Tetra Paks, and have established long-term relationships with these manufacturers. As at June 30, 2013, we engaged 11 contract manufacturers, who have worked with us from between one to eight years. Sales of Outsourced Products constituted 10.8%, 13.7%, 29.4% and 24.0% of total sales of Own Brand Products in 2010, 2011 and 2012, and the six months ended June 30, 2013, respectively.

BUSINESS

The use of independent manufacturers allows us to utilize our financial resources effectively and efficiently. Outsourcing also provides us with greater flexibility to adjust our product mix quickly to react to changing consumer demands and market conditions. Such outsourcing arrangements also allow us to produce in regions where we currently do not have nor intend to establish production facilities (for reasons such as economics of scale). Local production through outsourcing allows us to service these markets at a lower cost, particularly in relation to transportation expenses.

We generally enter into one year contracts with our manufacturers and negotiate our order volume and pricing according to estimated demand for the year. Under the terms of our contracts with the manufacturers of our beverages, we are required to place a minimum order when placing each purchase order and bear the delivery costs, whereas there are no such requirements in the agreements with other manufacturers. Under the terms of our contracts, the relevant manufacturers have sole liability for the quality of the products they produce. We are typically granted credit terms of 60 days by the manufacturers.

Our outsourcing strategy is to find high-quality, dependable manufacturers with whom we can establish long-term relationships. We select contract manufacturers only after rigorous inspection and assessment, including sample product testing, in accordance with our internal quality control standards. We monitor the performance of such manufacturers through different measures such as quality assurance visits and random inspection of finished goods, on an ongoing basis to ensure quality and consistency of our products.

In 2010, 2011 and 2012 and the six months ended June 30, 2013, cost of sales related to our contract manufacturing activities (which includes outsourcing fees) was approximately RMB76.7 million, RMB102.6 million, RMB255.0 million and RMB103.4 million, accounting for 2.2%, 3.1%, 6.9% and 5.2%, respectively, of our total cost of sales. Over the same periods, approximately 2.4%, 3.8%, 8.7% and 7.0%, respectively, of our total revenue came from sales of products produced by contract manufacturers.

Third Party Brand Products

We enter into distribution agreements with third parties for the purchase of Third Party Brand Products which we distribute through our distribution network. Our Third Party Brand Products comprise international and local brands. Please refer to the subsection “Products — Third Party Brand Products” in this section for further details on the terms of our distribution agreements with our third party brand suppliers.

In 2010, 2011 and 2012, and the six months ended June 30, 2013, purchases of Third Party Brand Products from our largest supplier, Nanpu, represented 53.3%, 40.2%, 31.1% and 15.9%, respectively, of our total purchases of Third Party Brand Products (comprising mainly food and snacks, alcoholic beverages and non-alcoholic beverages), and purchases from our next five largest suppliers accounted for 28.3%, 38.2%, 41.4% and 46.8%, respectively, of our total purchases of Third Party Brand Products, respectively (comprising mainly food and snacks and alcoholic beverages).

BUSINESS

We sometimes source Third Party Brand Products from Nanpu and other distributors (including Overlapping Distributors) instead of directly from the manufacturers because Nanpu or the distributors are given the sole distribution rights to the products by the manufacturers. In such cases, the relevant manufacturers will typically not deal directly with other companies who wish to distribute their products. We also sometimes source Third Party Brand Products from Nanpu and other distributors instead of directly from the manufacturers because our order volume is not large enough or because our distribution network coverage does not meet the manufacturers' requirements, and the manufacturers are therefore unwilling to deal directly with us. For Third Party Brand Products for which no existing sole distribution rights have been given, or for which we are in a better bargaining position, we will source such products directly from the manufacturers.

None of our Directors, their respective associates or any Shareholder who, to the knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, has any interest in any of our five largest suppliers during the Track Record Period (save for our 51% equity interest in Nanpu).

LOGISTICS AND INVENTORY

Inventory Management

Our inventory primarily consists of finished products and raw materials (including packaging materials). We have implemented an effective inventory control system that requires close co-ordination among our various departments, including our sales, marketing, raw material procurement, production and storage departments to ensure that raw materials procurement meets production requirements, and production and storage meets sales projections and actual demand.

We procure raw materials and plan our production based on actual and anticipated orders received from our customers. We usually maintain a safety inventory level for raw materials, which is the estimated amount of raw materials we consider necessary to meet any increase in demand for products, and to ensure that there are no disruptions in supply of products to our distributors and retailers. This safety inventory level is estimated based on our historical sales and future projections. Once the finished products are produced, we endeavor to deliver them to our customers at the earliest possible time. We believe that we manage our inventory at a reasonable level based on historical sales and management's assessment, which minimizes storage space and carrying costs, enhances working capital efficiency and reduces the risk of deterioration of products while in storage, which is especially important for our stringent quality control policy. Therefore, we typically do not maintain substantial inventory levels for finished goods except during periods leading up to traditional Chinese festivals and holidays, such as Chinese New Year. During these periods, our distributors and retailers will begin stocking our products in anticipation of the increased demand from end consumers, and therefore place larger purchase orders with us.

In order to maintain accurate inventory records, we conduct monthly inventory counts and address any problems immediately. We also conduct full inventory counts once every year and assess the effectiveness of our historical inventory levels on a regular basis.

BUSINESS

In addition, we will also send our sales representatives to our distributors on a semi-annual basis to check the distributors' inventory of our products to ensure that they are not accumulating too many products and perform up to our expectations.

Transportation

We have a comprehensive and effective transportation system in place which allows us to provide fast and efficient delivery services. We have our own transportation team for the delivery of our products to our distributors and retailers in eastern, central and southern China. This is more cost effective given the size of our operations in this region and allows us to maintain close relationships with our distributors and retailers in this region. Additionally, we engage independent third party logistics services providers to deliver our products to our distributors and retailers at our expense in other parts of China. Our distributors then distribute our products to secondary distributors or retailers at their own expense. Our contract manufacturers are generally responsible for the delivery of finished products to the warehouses of our production facilities at their own expense.

The vast majority of our products are delivered by road from our production facilities to our customers' warehouses. We have long-term relationships with a number of third party logistics providers, with whom we enter into annual transportation agreements. We select logistics providers on the basis of their track record, distribution network coverage and scale of operation. We typically inspect the trucks transporting our products before they leave our facilities and require that the logistics providers follow certain storage and transportation procedures to ensure that our products are transported under proper conditions. We require our logistics providers to inspect the products and to confirm the quantity of products to be delivered and the destination for delivery. Once the products to be delivered have been confirmed, the logistics providers are liable for any damage or loss during transportation, including delay of delivery, spoilage, damage or loss of products, unless such delay, spoilage, damage or loss was caused by our mishandling of the products.

COMPETITION

We compete on a product by product basis with other large PRC and international producers of fast moving consumer goods similar to Own Brand Products. Competition for fast moving consumer goods in the PRC is primarily based on price, brand recognition and taste, as well as marketing strategy and branding. We consider large local and international companies engaged in the fast moving consumer goods industry, with access to financial resources, ability and experience in product innovation, a challenge to our Group. Nevertheless, we believe that our well-recognized "Tenwow" brand and its associated brands, established relationships with distributors and retailers, high quality control standards and strong product development capabilities distinguish us from our competitors.

Food and snacks. We compete against several PRC producers of similar snacks (seeds and nuts, preserved fruits and meat snacks) and instant oatmeal. In 2012, we were the largest producer of pistachios and almonds in China in terms of retail value, with a total market share of 10.1% and 12.4%, respectively, according to Frost & Sullivan.

BUSINESS

Beverages. In 2012, we were the third largest producer of fruit flavored ready-to-drink tea in China in terms of retail value, according to Frost & Sullivan. We reinforced our leading position over the Track Record Period by having the fastest growth rate in terms of retail value among the top 5 producers of fruit flavored ready-to-drink tea in China, according to Frost & Sullivan.

There are certain barriers to entry into the food production and wine production industry in light of regulations currently in place. For example, suppliers are required to obtain certain permits and licenses and are subject to regulatory inspections. New entrants need sufficient resources and stringent quality and hygiene control procedures in order to meet the regulatory requirements, in addition to the necessary expertise and techniques required to engage in production. We believe that the major competitive factors to success in the food and wine production industries include, amongst others, technical expertise, product quality, production capability, customer base and brand recognition, customer service, pricing, geographical presence, product range and management capability.

We believe we do not have any close competitors in the packaged food and beverage distribution business. We typically compete in terms of pricing and strength of distribution network. We believe that our extensive distribution network, together with our close relationship with our distributors and retailers, gives us a competitive edge in the distribution business.

EMPLOYEES

We had 2,580 employees as of June 30, 2013, and there were no material changes in our number of employees since July 1, 2012. The following table sets out a breakdown of our employees by main category of activity as of June 30, 2013:

<i>Function</i>	
Production	997
Sales and marketing	1,001
Research and development and quality control	237
Human resources and administration	188
Finance	122
Procurement	35
Total	<u>2,580</u>

Compensation for our employees includes basic wages, variable wages, bonuses and other staff benefits. In 2010, 2011 and 2012, and the six months ended June 30, 2013, our staff costs were approximately RMB69.5 million, RMB86.2 million, RMB106.8 million and RMB66.2 million, respectively. We have adopted the Pre-IPO Share Option Scheme, which was approved by our Shareholders on August 1, 2013, and also conditionally adopted the Post-IPO Share Option Scheme, which was approved by our Shareholders on August 19, 2013, for our employees, including our Directors and senior management. Please refer to the section “Statutory and General Information — D. Other Information” in Appendix IV for more information about our Share Option Schemes.

BUSINESS

We also recruit temporary staff to meet our increased staffing needs during peak production periods. We have not experienced any labor shortages during the Track Record Period that materially affected our operations.

Our PRC legal adviser confirms that we have already registered social insurance for our employees, and have made the relevant contributions in accordance with the relevant laws and regulations. During the Track Record Period, and as of the Latest Practicable Date, we did not experience any material disputes with, or claims by, any of our employees.

INSURANCE

We provide social insurance for our employees including insurance for retirement, unemployment, sickness and injury, as required by the PRC social security regulations. Our insurance policies also cover damages to certain fixed assets, such as our production plants and equipment caused by natural disasters such as lightning, sandstorms, floods, hailstorms, windstorms and snowstorms. In 2010, 2011 and 2012, and the six months ended June 30, 2013, we incurred expenses for such insurance policies in the amount of approximately RMB6.8 million, RMB10.7 million, RMB17.9 million and RMB11.9 million, respectively. We do not maintain product liability insurance coverage with respect to our domestic sales, as it is not compulsory in China, nor is it contrary to market practice. We rely on our stringent quality control to limit our product liability risks, and we have not experienced any material product liability claims in relation to our products since our inception.

PROPERTIES

We occupy certain properties in China in connection with our business operations (excluding properties occupied by Nanpu). These properties are used for non-property activities as defined under Rule 5.01(2) of the Listing Rules. They mainly include premises for our production facilities, offices, warehouses and employee dormitories. As of the Latest Practicable Date, we occupied a total of 42 completed properties with an aggregate GFA of approximately 215,748 square metres and we had one new property with an aggregate GFA of approximately 11,936 square metres under construction.

According to section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this prospectus is exempted from compliance with the requirements of section 342(1)(b) of the Companies Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies Ordinance which require a valuation report with respect to all our Group's interests in land or buildings, for the reason that, as of June 30, 2013, none of our properties has a carrying amount of 15% or more of our consolidated total assets.

Owned Properties

As of the Latest Practicable Date, we owned 24 properties with an aggregate GFA of approximately 195,900 square metres. We have obtained building ownership certificates for all of our buildings.

BUSINESS

The following table sets out a summary of all the properties owned by us.

<u>Address and description of location</u>	<u>Use of property</u>	<u>Approximate gross floor area (square metres)</u>	<u>Restrictions on use</u>	<u>Duration of lease or land use rights</u>
<i>Shanghai</i>				
Jiu Gan Road, Sijing Town, Songjiang District, Shanghai (中國上海市松江區泗涇鎮九干路之廠房)	Factory	35,875	Industrial use	Land use rights for 15,906 square metres expiring on September 21, 2058; land use rights for the remaining 17,281 square metres expiring on October 23, 2062
No. 1 Lian Xin Road, Lian Tang Town, Qingpu District, Shanghai (中國上海市青浦區練塘鎮練新路1號練塘鎮11街坊1丘之廠房)	Factory	7,249	Industrial use	Approved for collective property usage
No. 1335 Kang Qiao East Road, Kangqiao Town, Shanghai (中國上海市康橋鎮康橋東路1335號之廠房)	Factory	5,595	Industrial use	Land use rights expiring on September 9, 2057
<i>Fujian</i>				
Bangtou Village, Lingchuan Town, Chengxiang District, Fujian, Fujian Province (中國福建省莆田市廂區靈川鎮榜頭村之廠房)	Factory	88,455	Industrial use	Land use rights expiring December 12, 2055
<i>Hubei</i>				
Units 01, 02 and 08, 21/F, Wuhan Plaza, No. 358 Jiefang Avenue, Jiangnan District, Wuhan, Hubei Province (中國湖北省武漢市江漢區解放大道358號武漢廣場寫字樓21層01,02及08室)	Offices	622	Urban composite residential use	Land use rights expiring on August 14, 2042
West of 107 Guo Dao, South of 13 Zhi Gou, South of Zou Ma Ling Street, Dong Xi Hu District, Wuhan, Hubei Province (中國湖北省武漢市東西湖區走馬嶺街南十三支溝南107國道西之廠房)	Factory	46,055	Industrial use	Land use rights expiring on May 9, 2060
<i>Inner Mongolia</i>				
Mei Dai Zhao Village, Su Bu Gai Town, Tuyouqi, Baotou, Inner Mongolia Autonomous Region (中國內蒙古自治區包頭市土右旗蘇蓋鄉美岱召村之廠房).	Factory	12,050	Industrial use	Land use rights expiring on August 17, 2052

BUSINESS

As confirmed by our PRC Legal Adviser, and except as disclosed below, we legally own all of our property.

As of the Latest Practicable Date, the land use rights for our property located at No. 1 Lian Xin Road, Lian Tang Town, Qingpu District, Shanghai is approved for collective property usage, which according to the “Land Administration Law” of the PRC and its implementing rules, “Real Estate Administration Law of the PRC”, and other relevant laws and regulations and regulatory documents, means that it can be confiscated and changed into state-owned construction land, unless the relevant land granting procedures are completed. The People’s Government of Lian Tang Town has granted us written permission to continue to use the land and has confirmed that in the event that it wishes to requisition the land, it will provide us with the appropriate compensation. Therefore, we do not expect to incur any material cost of relocation in the event that the land is requisitioned and we are forced to relocate. The Planning and Land Administration Bureau of Qing Pu District, Shanghai has issued a written confirmation confirming that we are allowed to use the property with title defects. According to Article 11 of the Land Administration Law of the PRC (《中華人民共和國土地管理法》), the people’s government at county level has the authority to register and file the state-owned land, issue the land use right certificate and confirm the land use right. The Planning and Land Administration Bureau of Qing Pu District, Shanghai belongs to the People’s Government of Qing Pu District, Shanghai and it is the competent authority in charge of the land administration. Our PRC Legal Adviser is therefore of the opinion that the Planning and Land Administration Bureau of Qing Pu District, Shanghai has the authority to grant us the confirmation. As of December 31, 2012, there has been no administrative penalty imposed in relation to our usage of the land and we have not been in default of any payment of any land premium and we have commenced the relevant land granting procedures. Our PRC Legal Adviser has advised us that the land can be legally used, transferred, leased, mortgaged or disposed by other means by us once we complete all the relevant land granting procedures (as of the Latest Practicable Date, such land granting procedures had not been completed and we are unable to estimate when they will be completed). On this basis, our Directors are of the view that this defect in our land use rights will not have any material and adverse impact on our business and operations as it is unlikely that we will be forced to relocate from these premises.

Leased Properties

As of the Latest Practicable Date, we leased spaces in 18 buildings with an aggregate GFA of approximately 19,848 square metres.

BUSINESS

The following table sets out a summary of the properties leased by us which are considered material as they are used as our production facilities and warehouses.

<u>Address and description of location</u>	<u>Use of property</u>	<u>Approximate area (square metres)</u>	<u>Restrictions on use</u>	<u>Duration of lease or land use rights</u>
<i>Shanghai</i>				
Maokou Bridge, Dong Village, Liantang Town, Qingpu District, Shanghai (中國上海市青浦區練塘鎮練東村柳口橋之倉儲)	Warehouse	3,959	Warehouse for office use	Lease from March 1, 2012 to February 28, 2017
<i>Zhejiang</i>				
No. 25 Nong, 238 Bei Hai Road, Jiangbei District, Ningbo, Zhejiang Province (中國浙江省寧波市江北區北海路238弄25號之辦公室)	Office and warehouse	6,210	Office and warehouse use	Lease from July 1, 2011 to June 30, 2014
Factory No. 3, Gou Zhuang District, Lingzhu Industrial Park, Liangzhu Town, Yuhang District, Hangzhou, Zhejiang Province (中國浙江省杭州市余杭區良渚鎮良渚工業城勾莊區塊廠房之3號廠房)	Warehouse	1,632	Warehouse use	Lease from January 1, 2008 to December 31, 2013
<i>Hubei</i>				
Nos. 1 to 3, North of the third Juminzu factory area, Hongxing Shequ, Zhangwan Town, Xiangyang District, Xiangyang, Hubei Province (中國湖北省襄陽市襄陽區張灣鎮紅星社區第三居民組廠區北部1-3間之廠房).	Warehouse	710	Industrial use	Lease from May 1, 2012 to April 30, 2015

Our PRC Legal Adviser has confirmed that except as disclosed below, we are permitted to use these leased properties in accordance with the permitted usages under the relevant lease agreements.

As of the Latest Practicable Date, our leased properties were subject to the following defects:

- We leased six properties representing an aggregate GFA of 1,308.66 square meters, which accounted for approximately 6.59% of the aggregate GFA of our leased properties. The building ownership certificates or other effective supporting documents of such leased properties were not obtained or provided. This may preclude us from enforcing our rights under the relevant lease agreement.

BUSINESS

- We have not obtained the registration certificates for the lease agreements for 11 of our leased properties representing an aggregate GFA of 7,822.82 square meters, which accounted for approximately 39.41% of the aggregate GFA of our leased properties. This includes the 7 properties for which we have not obtained, or were not provided with, the building ownership certificates or other effective supporting documents. Failures to obtain such registration certificates were due to the refusal by or inability of the landlords, who are primarily responsible for registering the lease agreements with the relevant government authorities, to register the lease agreements. As advised by our PRC counsels, the lack of registration of these lease agreements does not affect the validity and enforceability of the lease agreements, but we may be subject to fines of up to RMB10,000 for each of the 11 leased properties for such failure to register the lease agreements.
- Five of these leased properties are used as offices, four of these leased properties are used for warehousing and storage purposes, one of these leased properties is used as operating premises and one of these leased properties is used for workers' dormitories. In the event we are forced to relocate from these leased premises, we estimate our total costs and expenses will be approximately RMB117,000.

As of the Latest Practicable Date, we have not been subject to any material claims or fines arising from or in connection with any defect in our leased properties. Our Directors are of the view that the defects in our leased properties will not have any material and adverse impact on our business and operations because (i) we can find comparable properties to relocate our operations, (ii) we do not anticipate any material difficulties in relocating our operations and (iii) the estimated total costs and expenses for relocating our operations located on these leased properties will not be material.

Properties Currently under Construction

As of the Latest Practicable Date, we had one new property with an aggregate GFA of approximately 11,936 square metres under construction at our existing production facilities in Fujian. The cost of construction of our existing warehouse in Fujian, amounting to approximately RMB15.0 million, has been fully paid, and the projected total cost of construction for the new property is approximately RMB27.0 million, of which approximately RMB17.7 million had already been paid. We financed the construction primarily through cash flow from operations. Our PRC Legal Adviser has confirmed that, as at the Latest Practicable Date, we are permitted to construct these properties with the relevant construction approvals and permits that we have obtained.

Save as disclosed above, none of the properties held or leased by us has any material encumbrances, environmental issues, litigation, breaches or defects.

INTELLECTUAL PROPERTY

Our intellectual property rights are very important to our business since we rely significantly on consumers' recognition of our brand names.

BUSINESS

As of June 30, 2013, we have registered 222 and 15 trademarks in China and Hong Kong, respectively, 47 patents and 12 copyrights in China. As of June 30, 2013, we have made 3 and 22 trademark applications in Hong Kong and China, respectively, which are still being processed by the relevant governmental department. The fact that those trademarks are not registered, does not have any material impact on the operations and financial condition of our business as we have conducted searches prior to applying for registration of these trademarks, and we do not consider that there is any risk that we cannot complete the registration of these trademarks. Details of our registered intellectual property rights which we consider to be or may be material to our business are set out in the section “Statutory and General Information — B. Further Information About our Business — 2. Intellectual Property Rights of our Group” in Appendix IV.

We adopt a pro-active approach to the management of our intellectual property rights. We undertake defensive registrations of our trademarks in additional categories where it is reasonably foreseeable that the trademark may be used in our products in the future. Registration of intellectual property rights is usually made by our legal department. We take action immediately upon becoming aware of a potential infringement of our trademarks. As of the Latest Practicable Date, there were no disputes or infringements in connection with our intellectual property rights pending or threatened against our Group which could have a material adverse effect on our operations or financial performance.

ENVIRONMENTAL MATTERS

Our business is subject to relevant PRC national and local environmental laws and regulations which, among other things, require the payment of fees in connection with activities that discharge waste materials and which impose fines and other penalties on facilities that threaten the environment. Our production process produces a small amount of waste water, solid wastes and to a lesser extent gases. Such process does not cause any material damage to the environment.

We have installed environmental protection equipment and facilities to treat and, where possible, recycle waste materials. We have procedures in place to treat and dispose of all of our waste in accordance with national and local environmental laws and regulations. We are also constantly seeking to improve our environmental protection measures, for example by reducing our use of water in production and waste water, and fuelling our equipment with natural gas instead of oil to reduce carbon emissions.

To ensure compliance with applicable regulations, we have employed specialised external consultants to supervise and monitor compliance with statutory regulations and our internal standards relating to environmental protection. Our Directors are of the view that the annual cost of compliance with applicable PRC environmental laws, regulations and policies was not material during the Track Record Period and the cost of such compliance is not expected to be material going forward.

We have not been subject to any material claims or penalties in relation to environmental protection and have not been involved in any environmental accidents or fatalities and have been in compliance with all applicable PRC environmental regulations in all material aspects during the Track Record Period.

BUSINESS

LEGAL COMPLIANCE AND PROCEEDINGS

During the Track Record Period and up to the Latest Practicable Date, save as disclosed under the section “Legal Compliance and Proceedings” of this section, there were no litigations or claims of material importance (to the Group’s financial condition or results of operation) pending or threatened against any member of our Group.

PRC

Non-compliance with housing fund contribution regulations in the PRC

We are required to make housing fund contribution for the benefit of employees of our PRC subsidiaries under PRC laws and regulations. Due to the differences in local regulations, inconsistent implementation of the PRC laws and regulations by local authorities and different levels of acceptance of housing fund systems by employees, some of our PRC subsidiaries had not made housing fund contribution in full for all of their employees as of June 30, 2013. As advised by our PRC Legal Adviser, as of the Latest Practicable Date, our relevant PRC subsidiaries have opened the housing fund accounts and started paying the housing fund contribution for our employees directly or through third parties. This will be a sufficient measure for us to avoid similar non-compliance incidents in the future.

Under the relevant PRC laws and regulations, we may be ordered by the relevant housing fund authority to pay the outstanding housing fund contributions within the prescribed period. If an employee succeeds in a labor dispute against us with respect to any outstanding housing fund contributions, we may be required to make such outstanding contributions to such employee. We estimate such outstanding housing fund contributions to be approximately RMB1 million.

Save for the failure to fully pay housing fund contributions as disclosed above, our Directors, as advised by our PRC Legal Adviser, confirm that as of the Latest Practicable Date, our Group has complied with all relevant PRC laws and regulations in all material respects, and we are permitted to conduct our operations in China based on the licenses, approvals and permits obtained from the relevant regulatory authorities.

NON-COMPLIANT BILL FINANCING

Background

Two of our PRC subsidiaries, Ningbo Contemporary Trading and Wuhan Nanpu, entered into financing arrangements, during the three years ended December 31, 2012, which involved the issue of bank bills without underlying transactions which is not in compliance with the Negotiable Instruments Law of the PRC (the “**Non-compliant Bill Financing Arrangements**”). The tenure for each of these Non-compliant Bill Financing Arrangements was six months.

BUSINESS

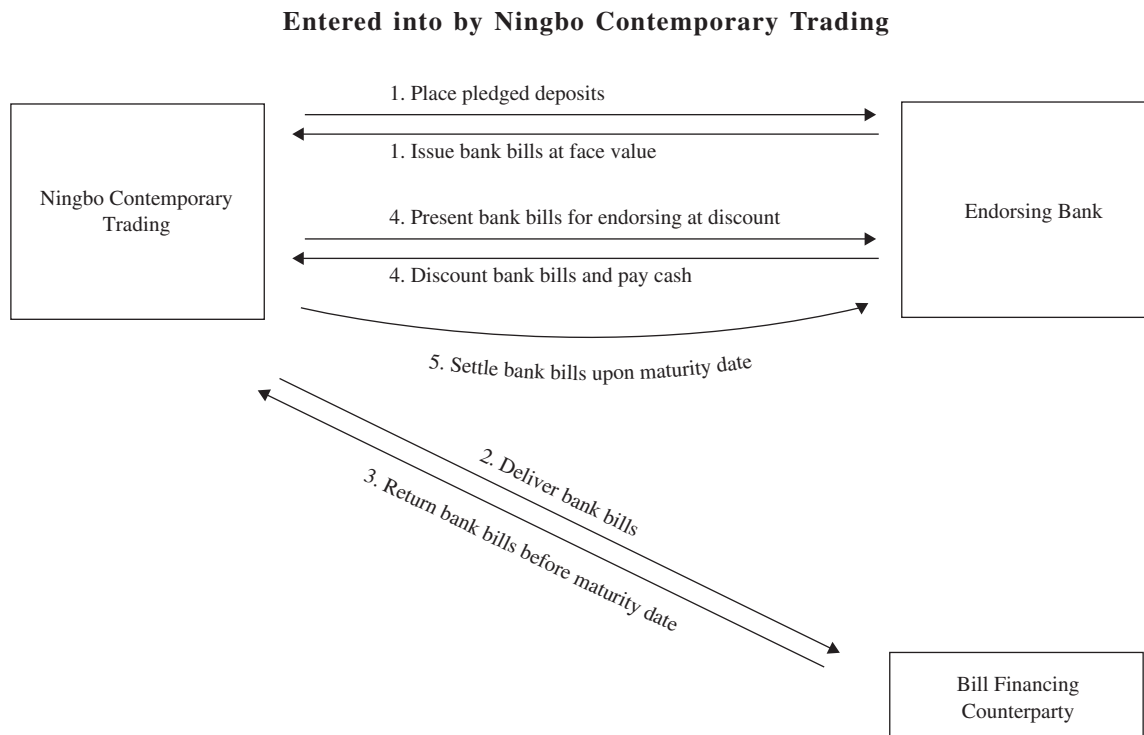
Under these financing arrangements, Ningbo Contemporary Trading and Wuhan Nanpu instructed the banks involved (the “**Endorsing Banks**”) to issue bank bills to them at face value, and Ningbo Contemporary Trading and Wuhan Nanpu in return placed pledged deposits with the Endorsing Banks at 25% to 50% of the face value of such bank bills. Ningbo Contemporary Trading and Wuhan Nanpu subsequently delivered such bank bills to certain parties (the “**Bill Financing Counterparties**”), which consisted of a related party and an independent third party who were both our suppliers.

At any time prior to the maturity dates of such bank bills, the relevant Bill Financing Counterparty:

- (1) for Ningbo Contemporary Trading, delivered such bank bills back to Ningbo Contemporary Trading, which presented such bank bills to the relevant Endorsing Bank for endorsing at an amount equal to their face value less any discounted charges; and
- (2) for Wuhan Nanpu, presented such bank bills to other PRC commercial banks for endorsing at an amount equal to their face value less any discounted charges. This Bill Financing Counterparty then remitted all such proceeds to Wuhan Nanpu.

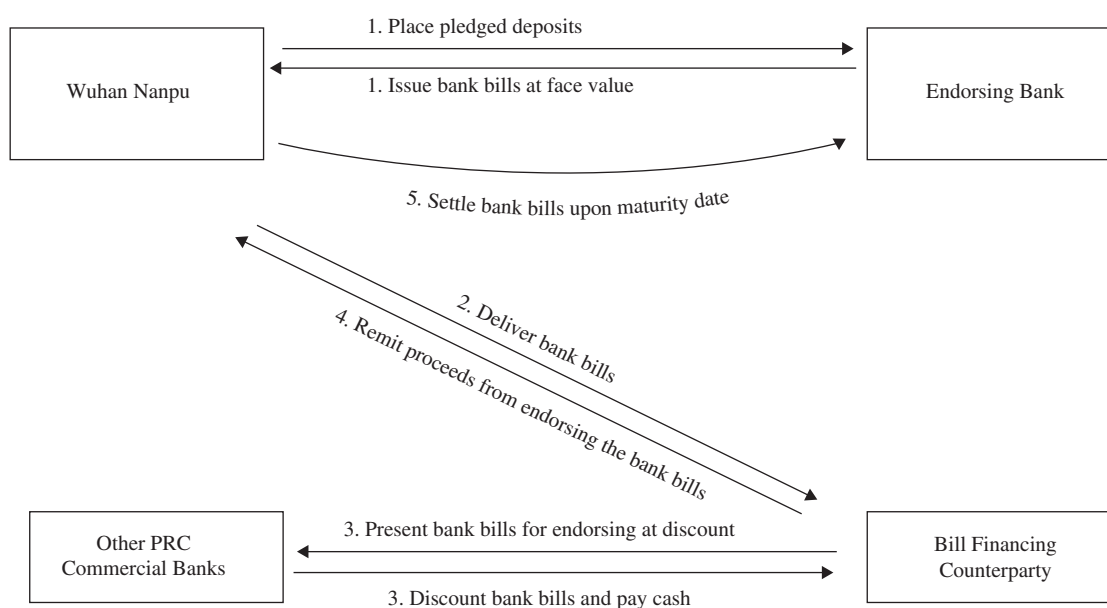
Upon the maturity dates of such bank bills, Ningbo Contemporary Trading and Wuhan Nanpu were required to repay to the relevant Endorsing Bank any outstanding balance of the face value of the issued bank bills.

The diagram below illustrates the specific mechanism of the Non-compliant Bill Financing Arrangements:



BUSINESS

Entered into by Wuhan Nanpu



The following table sets out the total number of bills issued (including the total amount) under the Non-compliant Bill Financing Arrangements during the Track Record Period:

	During the year ended December 31,			During the Six months ended June 30,
	2010	2011	2012	2013
Number of bills under the Non-compliant Bill Financing Arrangements issued to:				
— Bill Financing Counterparty who was our related party	—	1	2	—
— Bill Financing Counterparty who was an independent third party	2	—	—	—
Total amount of bills under the Non-compliant Bill Financing Arrangements issued to:				
		(RMB'000)		
— Bill Financing Counterparty who was our related party	—	10,000	20,000	—
— Bill Financing Counterparty who was an independent third party	20,000	—	—	—
— Total	20,000	10,000	20,000	—

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The total transaction amounts of bills issued under the Non-compliant Bill Financing Arrangements were RMB20 million, RMB10 million and RMB20 million for the years ended December 31, 2010, 2011 and 2012, respectively. As at December 31, 2010, 2011 and 2012, the outstanding bills balances under the Non-compliant Bill Financing Arrangements were RMB20 million, RMB10 million and nil, respectively, which were recorded as bank borrowing, and bank deposits of RMB10 million, RMB5 million and nil, respectively, were pledged to the Endorsing Banks for such Non-compliant Bill Financing Arrangements as at December 31, 2010, 2011 and 2012.

The Non-compliant Bill Financing Arrangements were approved by Wang Jia Lei (王嘉磊), a director of Ningbo Contemporary Trading, and Chen Han Lin (陳漢林), then a deputy general manager of Wuhan Nanpu and were entered into due to their inexperience in obtaining finance. They authorized the Non-compliant Bill Financing Arrangements (instead of taking loans directly from financial institutions) in order to finance the Group's operation with a view to lowering the overall financing costs of Ningbo Contemporary Trading and Wuhan Nanpu (as appropriate). However, this objective was not achieved as we did not save any interest from the Non-compliant Bill Financing Arrangements but have incurred more for the year ended December 31, 2011. As our control measures relating to the issuance and discounting of bank acceptance notes at the subsidiaries level at the time when the Non-compliant Bill Financing Arrangements happened were not comprehensive, we only discover the Non-compliant Bill Financing Arrangements in the course of our preparation for our Listing with the help of other professional parties. Chen Han Lin has resigned on his own accord and Wang Jia Lei is still employed by us. Wang Jia Lei has just joined us as a director of Ningbo Contemporary Trading when the Non-compliant Bill Financing Arrangements took place. His roles and responsibilities as a director of Ningbo Contemporary Trading have not changed after the incident. Our Directors do not have any role in the related party who was the Bill Financing Counterparty. None of our Directors or senior management was involved in the Non-compliant Bill Financing Arrangements, nor did they obtain any personal benefit directly or indirectly from the Non-compliant Bill Financing Arrangements.

At the time of the Non-compliant Bill Financing Arrangements, the abovementioned personnel of Ningbo Contemporary Trading and Wuhan Nanpu did not have relevant legal knowledge and experience regarding matters relating to such financing arrangements. The Directors only became aware of such non-compliance in the course of preparing for the Listing, upon which they instantly procured Ningbo Contemporary Trading and Wuhan Nanpu to: (1) inform the Endorsing Banks that the Non-compliant Bill Financing Arrangements did not have any underlying transactions; (2) cease to enter into any further Non-compliant Bill Financing Arrangement since June 25, 2012; and (3) fully settle all outstanding balances of the Non-compliant Bill Financing Arrangements by December 25, 2012.

The amounts involved relating to the Non-compliant Bill Financing Arrangements were immaterial

The total transaction amounts involved relating to the Non-compliant Bill Financing Arrangements were RMB20 million, RMB10 million and RMB20 million for the years ended

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December 31, 2010, 2011 and 2012, respectively. The total amounts of our bill financing were RMB359 million, RMB409 million and RMB510 million for the year ended December 31, 2010, 2011 and 2012, respectively. Our total borrowings were RMB581 million, RMB725 million and RMB1,021 million for the years ended December 31, 2010, 2011 and 2012, respectively.

Ningbo Contemporary Trading and Wuhan Nanpu were required to pledge deposits with the Endorsing Banks at 25% to 50% of the face value of such bank bills. The total amount of deposits we pledged to the Endorsing Banks were RMB10 million, RMB5 million and RMB5 million for the years ended December 31, 2010, 2011 and 2012, respectively. Taking into account the pledged deposits, the net proceeds we obtained through the Non-compliant Bill Financing Arrangements were RMB10 million, RMB5 million and RMB15 million for the years ended December 31, 2010, 2011 and 2012, respectively.

The amounts involved relating to the Non-compliant Bill Financing Arrangements were immaterial to us because they only represented 5.6%, 2.4% and 3.9% of our total bill financing, and 3.4%, 1.4% and 2.0% of our total borrowings and 2.1%, 0.9% and 1.3% of our total bill financing and borrowings for the years ended December 31, 2010, 2011 and 2012, respectively.

For illustrative purposes, based on the then average prevailing interest rates for short-term bank loans of 5.1%, 6.1% and 5.6% for the years ended December 31, 2010, 2011 and 2012, respectively, we estimated that our interest expenses incurred and saved from the Non-compliant Bill Financing Arrangements for the respective periods were:

	For the year ended December 31,		
	2010	2011	2012
	(in RMB thousands, except percentages)		
Amounts involved relating to Non-compliant Bill			
Financing Arrangements	20,000	10,000	20,000
Interest rate under short-term bank loans per annum . . .	5.1%	6.1%	5.6%
Interest that would be incurred if short-term bank loan			
was used.	510	305	560
Interest incurred by the Non-compliant Bill Financing			
Arrangements	456	500	521
Interest saved from the Non-compliant Bill Financing			
Arrangements	54	(195)	39

Effect on our Financial Position

We used the receipts/advances from the Non-compliant Bill Financing Arrangements as working capital to help finance part of our daily operations. Our Directors believe that, even if we had not entered into such Non-compliant Bill Financing Arrangements during the Track Record Period, we would still have had sufficient working capital for our operation for the following reasons that:

1. we could have used such cash deposits that were required to be pledged under the Non-Compliant Bill Financing Arrangements as working capital;

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2. we had unused banking facilities of approximately RMB143 million, RMB183 million and RMB436 million as of December 31, 2010, 2011 and 2012, respectively; and
3. we had total cash and cash equivalents and restricted cash balance of approximately RMB214 million, RMB207 million and RMB287 million as of December 31, 2010, 2011 and 2012, respectively.

The effect on our cash and cash equivalent had we not involved in any Non-compliant Bill Financing Arrangements is as follows:

	As at December 31,		
	2010	2011	2012
	(in RMB thousands)		
Cash and cash equivalents and restricted cash at end of the year represented by bank balances and cash	213,827	207,174	286,571
Less: Bills payable balances under the Non-compliant Bill Financing Arrangement	(20,000)	(10,000)	—
Cash and cash equivalent without the Non-compliant Bill Financing Arrangement	193,827	197,174	286,571

Notwithstanding the Non-compliant Bill Financing Arrangements, our total cash balance remained positive and unaffected throughout the Track Record Period. We had cash and cash equivalents of approximately RMB96 million, RMB83 million and RMB188 million and restricted cash of approximately RMB118 million, RMB125 million and RMB99 million as at December 31, 2010, 2011 and 2012, respectively. In addition, we had total banking facilities in the aggregate amount of approximately RMB789 million, RMB1,020 million and RMB1,359 million and unused banking facilities of approximately RMB143 million, RMB183 million and RMB436 million as of December 31, 2010, 2011 and 2012, respectively. In addition, we have received confirmation from the respective commercial banks, which have granted banking facilities to us, confirming that they (i) have granted us certain banking facilities during the year ended December 31, 2012, and (ii) have intended to continue granting such banking facilities to us for a period of 12 months upon expiry of the facility term. Based on the above, our Directors believe that we would have had sufficient working capital had we not entered into the Non-compliant Bill Financing Arrangement during the Track Record Period.

In addition, our Directors have also confirmed that, after taking into account the cash generated from our operations and the unused banking facilities, we will have sufficient working capital for at least the next 12 months following the date of this prospectus. Please refer to the section “Financial Information — Working Capital” for further details.

Since the full settlement of all outstanding bank bills in relation to the Non-compliant Bill Financing Arrangements on December 25, 2012, we have demonstrated that we have sufficient working capital to support our business operations based on our operating income, credit facilities and established relationships with PRC commercial banks and our ability to raise capital. Based on the foregoing, our Directors consider that we would have had sufficient funding for our business operations in each of the years ended December 31, 2010, 2011 and 2012, assuming that there were no Non-compliant Bill Financing Arrangements during the same periods.

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Confirmation from Relevant Government Authorities

In connection with the Non-compliant Bill Financing Arrangements entered into by Wuhan Nanpu and Ningbo Contemporary Trading, we have verbally consulted the following competent governmental departments: the PBOC Wuhan Branch (中國人民銀行武漢分行營業管理部) and the Hubei Bureau of the CBRC (中國銀監會湖北監管局) for Wuhan Nanpu on April 23, 2013, the PBOC Ningbo Central Sub-branch (中國人民銀行寧波市中心支行) and the Ningbo Bureau of the CBRC (中國銀監會寧波監管局) for Ningbo Contemporary Trading on April 25, 2013. They acknowledged that (1) the Negotiable Instruments Law of the PRC (中華人民共和國票據法) or any effective regulations of the financial industry do not impose any penalty for bill financing activities that are not substantiated by a bona fide underlying transaction on the corporate entities, their directors or senior management; and (2) there is no such precedent that the aforesaid competent departments have imposed any penalties on the corporate entities, their directors or senior management for bill financing activities that are not substantiated by a bona fide underlying transaction. In addition, each of Hubei Bureau of the CBRC, PBOC Ningbo Central Sub-branch and the Ningbo Bureau of the CBRC confirmed that it will not take any punitive actions against the Group, the Directors or the senior management involved and PBOC Wuhan Branch confirmed that there is no legal basis for it to take punitive actions against the Group, the Directors or the senior management involved.

According to our PRC Legal Adviser, the Negotiable Instruments Law of the PRC and relevant laws and regulations do not provide explicit liabilities on the bill financing activities that are not substantiated by a bona fide underlying transaction. The PBOC Wuhan Branch and the Hubei Bureau of the CBRC (中國銀監會湖北監管局) are the appropriate regulatory authorities with appropriate jurisdiction over Wuhan Nanpu. The PBOC Ningbo Central Sub-branch and the Ningbo Bureau of the CBRC (中國銀監會寧波監管局) are the appropriate regulatory authorities with appropriate jurisdiction over Ningbo Contemporary Trading. They are competent authorities to comment and provide opinions on the aforesaid bill financing activities that are not substantiated by a bona fide underlying transaction conducted by Wuhan Nanpu and Ningbo Contemporary Trading respectively.

Confirmations from the Endorsing Banks

The Endorsing Banks are, in relation to Ningbo Contemporary Trading, Bank of Communications, Ningbo Jiangdong Branch and Industrial Bank Co., Ltd, Ningbo Jiangbei Branch, and in relation to Wuhan Nanpu, China Guangfa Bank Co., Ltd., Wuhan Branch.

As of December 31, 2012, each of the Endorsing Banks had confirmed in writing that:

- (1) Ningbo Contemporary Trading or Wuhan Nanpu (as appropriate) is in good credit standing with the bank and as of the date of such confirmation letter, such Endorsing Bank has not identified any acts of fraud under Article 102 of the Negotiable Instruments Law of the PRC (中華人民共和國票據法) or cases of overdue repayments or overdue payments of bills of exchange;
- (2) such Endorsing Bank has not suffered any losses as a result of the business transactions with Ningbo Contemporary Trading or Wuhan Nanpu (as appropriate) and such Endorsing Bank has not identified any existing disputes with Ningbo Contemporary Trading or Wuhan Nanpu (as appropriate);

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- (3) Ningbo Contemporary Trading or Wuhan Nanpu (as appropriate) has informed such Endorsing Bank of its issue, acquisition, transfer and/or discount of any financing bills with no real transaction background, all of which have been terminated as at the date of such confirmation letter; and
- (4) such Endorsing Bank has not identified any non-compliant financing by Ningbo Contemporary Trading or Wuhan Nanpu (as appropriate) prior to the issue of such confirmation letter, or any factors that may limit Ningbo Contemporary Trading's or Wuhan Nanpu's (as appropriate) credit line and/or other business cooperation with such Endorsing Bank.

As advised by our PRC Legal Adviser, such confirmations of the Endorsing Banks were duly issued.

Opinion of our PRC Legal Adviser

Our PRC Legal Adviser has advised us that the Non-compliant Bill Financing Arrangements were not in compliance with the Negotiable Instruments Law of the PRC (中華人民共和國票據法) (Article 10 which states that bank bills must be issued on the basis of actual underlying transactions) and certain banking regulations promulgated by the PBOC, including the Measures for the Implementation of the Administration of Negotiable Instruments (票據管理實施辦法), the Measures for the Payment and Settlement (支付結算辦法) and the Notice of the People's Bank of China on Certain Improvements of the Negotiable Instruments Systems (中國人民銀行關於完善票據業務制度有關問題的通知).

Further, according to our PRC Legal Adviser, there are no specific provisions in the Negotiable Instruments Law of the PRC (中華人民共和國票據法) or any rules promulgated by the PBOC or the CBRC that impose any administrative or criminal liability for non-compliant bill financing transactions (such as the Non-compliant Bill Financing Arrangements). Therefore, there is no legal basis for any PRC regulatory authority to impose administrative or criminal liability on us, our Directors or senior management in relation to the Non-compliant Bill Financing Arrangements, and indeed no such liability has been so imposed. Such opinions are also based on:

(i) the principle described in Article 3 of the PRC Criminal Law (中華人民共和國刑法) that “a criminal act not expressly defined by law shall not be convicted and sentenced”;

(ii) the principle described in Article 4 of the Administrative Penalty Law of the PRC (中華人民共和國行政處罰法) (that “rules governing the offences which are subject to administrative penalty must be promulgated and rules not promulgated shall not become the basis for administrative penalty”);

(iii) the principle described in Article 112 of the General Principles of the Civil Law of the PRC (中華人民共和國民法通則) that “the party that breaches a contract shall be liable for damages equal to the losses suffered by the other party”; and

(iv) as described above, the confirmations from each of the Endorsing Banks and the relevant government authorities (namely, the PBOC Ningbo Central Sub-branch, the PBOC Wuhan Branch, the Ningbo Bureau of the CBRC and the Hubei Bureau of the CBRC).

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Furthermore, the full amounts of the bank acceptance notes in respect of the Non-compliant Bill Financing Arrangements have been repaid to the Endorsing Banks, without causing any damage or loss to the Endorsing Banks. There is no dispute or civil claim between Ningbo Contemporary Trading or Wuhan Nanpu and the Endorsing Banks or any other third parties.

Based on the above, our PRC Legal Adviser is further of the opinion that:

(i) based on the confirmation issued by the Company, PBOC Wuhan Branch, Hubei Bureau of the CBRC, Ningbo Bureau of the CBRC and PBOC Ningbo Central Sub-branch, and each of the Endorsing Banks, the Non-compliant Bill Financing Arrangements did not constitute any fraudulent activity (including fraud as defined under Article 102 and 103 of the Negotiable Instruments Law of the PRC (中華人民共和國票據法) and Article 194 of the Criminal Law of the PRC (中華人民共和國刑法)) and we will not have any legal liability under any civil claim arising from the Non-compliant Bill Financing Arrangements; and

(ii) our Controlling Shareholders, Directors and senior management will not be personally liable for any legal liabilities.

Strengthening our internal control systems

We have ceased entering into any new non-compliant bill financing transactions since June 25, 2012 and settled all related bills by December 25, 2012. We have engaged an independent consulting firm as our internal control consultant to review the design and implementation of the remediated controls surrounding the issuance and discounting of bank acceptance notes at Wuhan Nanpu and Ningbo Contemporary Trading for the period from July 1, 2012 to May 31, 2013. Since the cessation of the Non-compliant Bill Financing Arrangements, we have undertaken a series of measures out of our own initiatives or as recommended by our independent consulting firm to ensure non-compliant bill financing arrangements will not occur in the future. The key measures implemented since July 1, 2012 include:

- establishing an audit committee comprising three independent non-executive Directors to review and supervise our internal control systems. The establishment of our audit committee was formally approved by our Board on August 19, 2013;
- implementing internal guidelines and policies for approving, reporting and monitoring bill financing transactions;
- announced internally a clear policy statement that non-compliant bill financing is forbidden;
- notified senior management members that bill financing without underlying transactions will not be approved;
- proposed disciplinary actions for any breach of the new policy;

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- provided preliminary training to employees involved in financing activities about the new policy and to emphasize that bill financing without support of underlying transactions is not in compliance with relevant PRC laws and regulations; and
- considered and planned to develop more measures to review, advise and help formalise and document internal control measures for bill financing activities and our overall internal control systems.

Key internal control measures implemented by us

Set out below are the key measures we have implemented since July 1, 2012 (in the case of items 1 to 5) or will adopt after Listing (in the case of items 6 to 7) to ensure that non-compliant bill financing arrangements will not occur in the future:

(1) Clear policy statement to prohibit non-compliant bill financing

We have notified all of our employees and management involved in bill financing activities that bill financing without underlying transactions is forbidden and that no senior management in charge of bill financing may approve any bill financing without underlying transactions.

(2) Approval subject to cross-checking and verification of underlying trades

We have amended our approval procedures for bill financing. Our Directors, senior management members and the relevant management personnel are required to review, cross-check and verify the genuineness of the underlying transactions before approving any bill financing transaction. For bill financing transactions with an amount below RMB20 million, the manager of finance department of the relevant subsidiary is required to submit application and relevant documents to the financial controller or the deputy general manager of the relevant subsidiary for review, cross-checking and verification, and approval from the general manager of the relevant subsidiary must be obtained before such bill financing can be carried out. For bill financing transactions with an amount above RMB20 million but below RMB50 million, approval from the Group's finance officer and financial controller is required after review, cross-checking and verification. For bill financing transactions with an amount above RMB50 million, approval from the Group's chief financial officer and chief executive officer or general manager is required after review, cross-checking and verification.

(3) Disciplinary actions for non-compliance

We have implemented a policy that employees and management who do not comply with the above measures regarding non-compliant bill financing activities will be subject to various disciplinary actions, including financial and legal responsibilities.

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(4) *Training*

In addition to attending various internal training, our Directors and senior management obtained advice from our Hong Kong legal adviser and PRC legal adviser regarding the relevant PRC regulations on bill financing and the obligations of our Company and our Directors under the Listing Rules. We will continue to conduct regular internal training for our employees and management on our compliance policy and engage external professionals, including our Hong Kong legal adviser and PRC legal adviser, to conduct training on our ongoing compliance and obligations under the Listing Rules and all other relevant Hong Kong and PRC regulations to ensure awareness and compliance with our policies.

(5) *Regular internal review and reporting process*

We have assigned our internal audit department to review and monitor our bill financing activities on a quarterly basis, conduct random checking and report its findings to our audit committee. Our internal audit department has a team of 3 members, most of whom majored in accounting, auditing or law disciplines and each of them have more than 5 years of experience in accounting/finance/law. With over 18 years' experience in the industry, Cao Jun Ling (曹峻嶺) is the head of our internal audit department.

(6) *External independent review*

We will engage an independent professional adviser for a period of not less than 12 months from Listing to (i) conduct periodic review and assessment of our internal control measures, (ii) report to our Board and our audit committee on the results of their assessments and (iii) propose additional measures for improvement (if any).

(7) *Disclosure in annual report*

We will disclose in our first annual report after Listing whether there are any non-compliant bill financing activities identified.

Our Directors believe that such measures will help us to prevent non-compliant bill financing transactions in the future.

Internal control review

The internal control consultant reviewed the design and implementation of the remediated controls surrounding the issuance and discounting of bank acceptance notes at Wuhan Nanpu and Ningbo Contemporary Trading for the period from July 1, 2012 to May 31, 2013 and has reported to the Company that it has not raised any further deficiencies regarding the remediated controls relating to the issuance and discounting of bank acceptance notes at Wuhan Nanpu and Ningbo Contemporary Trading.

The internal control review was conducted based on information provided by the Company and no assurance or opinion on internal controls was expressed by our internal control consultant.

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Hong Kong

Non-compliance with sections 111 and 122 of the Companies Ordinance

Requirements under sections 111 and 122 of the Companies Ordinance

- (i) Pursuant to section 111 of the Companies Ordinance, a Hong Kong company shall in each year (except for the first eighteen months from its incorporation) hold an annual general meeting in addition to any other meetings in that year, and shall specify the meeting as such in the notices calling it and not more than 15 months shall elapse between the date of one annual general meeting of the company and the next.
- (ii) Pursuant to section 122 of the Companies Ordinance, the directors of a Hong Kong company must cause the profit and loss account and balance sheet of the company to be made up and laid before the company and its shareholders at each of its annual general meetings. Also, such profit and loss account and balance sheet must be, in the case of a private company, made up to a date falling not more than 9 months before the relevant annual general meeting.

Incidents of the Group's non-compliance

The annual general meeting of Nan Pu International, a Hong Kong incorporated subsidiary of our Company, for the financial year ended September 30, 2007 was held more than 15 months after the annual general meeting for the financial year ended September 30, 2006. It also failed to lay its audited accounts before the respective annual general meetings for each of the financial years ended September 30, 2003 to 2005, respectively. Further, the accounts laid before the annual general meetings for the financial year ended September 30, 2006, the 15 months ended December 31, 2007 and the year ended December 31, 2009 were made up to a date that exceeds 9 months before the respective annual general meetings. Therefore, it is not in compliance with sections 111 and 122 of the Companies Ordinance.

In relation to the abovementioned non-compliance with sections 111 and 122 of the Companies Ordinance, applications have been made to the Court of First Instance of the High Court of the Hong Kong Special Administrative Region for orders for an extension of time for: (i) holding an annual general meeting of Nan Pu International for the financial year ended September 30, 2007; and (ii) laying accounts before Nan Pu International and its shareholders in general meetings. The Court of First Instance of the High Court of the Hong Kong Special Administrative Region has granted the orders on February 27, 2013 and the non-compliance with sections 111 and 122 of the Companies Ordinance has been rectified by the court.

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Since the incorporation of Nan Pu International, it had retained an accounting firm to act as its company secretary and the then directors of Nan Pu International relied on such accounting firm to handle the detailed accounting and secretarial affairs of the company. Such accounting firm did not advise Nan Pu International of the statutory requirements under sections 111 and 122 of the Companies Ordinance and there was no reason, at the time, for such directors to question the professional capability of such accounting firm. Therefore, the directors of Nan Pu International at that time were not aware of such non-compliance at the time of their occurrence and such oversight was unintended and wholly inadvertent.

MEASURES TO ENHANCE OUR CORPORATE GOVERNANCE

To enhance the strength and effectiveness of our corporate governance, we have taken, or will take, the following steps to enhance our general corporate governance practices:

- (i) we have established a timetable by our finance department for the preparation of financial statement of our group companies and we will implement the timetable accordingly;
- (ii) each of the Directors and the senior management of the Company had attended a training session conducted by the Hong Kong legal adviser of the Group on the responsibilities and duties of Directors;
- (iii) we are still engaging the accounting firm which handles the accounting and secretarial affairs of Nan Pu International as Nan Pu International's company secretary, and have discussed with them the importance of ensuring compliance with applicable legal, regulatory and financial reporting requirements and were assured that they will ensure the on-going compliance of Nan Pu International of the relevant requirements. In addition, Nan Pu International has further employed Mr. Boris Lam (who is also our company secretary) to oversee our day-to-day compliance matters;
- (iv) we have appointed three independent non-executive Directors who have experience in finance, accounting and management. We will be able to draw on their experience with respect to the compliance with applicable legal, regulatory and financial reporting requirements;
- (v) we engaged a reputable independent external consulting firm as our internal control consultant on July 9, 2012 to review our internal control over financial reporting for certain areas at our headquarters in China and some of our subsidiaries based on a pre-agreed scope and approach;
- (vi) our vice-president, Ms. Lu Ying, will be responsible for monitoring the implementation of our new and existing internal control procedures. Ms. Lu Ying, who received her accounting qualifications in 1996 and became a non-professional member of the Shanghai Institute of Certified Public Accountants in 2003, has been responsible for our Group's financial operations. She also previously served as the financial controller for Tenwow Group and also as a financial manager and deputy general manager of other companies. Please refer

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to the section “Directors and Senior Management” for details of Ms. Lu Ying’s relevant skills and experience. In addition, we have established an audit committee of the Board comprising three independent non-executive Directors, which will also review and supervise our internal control procedures;

(vii) we have appointed Guotai Junan Capital Limited as our compliance adviser upon Listing to advise our Company on compliance matters in accordance with Rule 3A.19 of the Listing Rules; and

(viii) we have established an audit committee to oversee the financial reporting and internal control procedures of our Group to enhance corporate governance and ensure the compliance with statutory requirements.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the Capitalization Issue and the Global Offering (but excluding any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option, the options which were granted under the Pre-IPO Share Option Scheme or may be granted under the Post-IPO Share Option Scheme), Zhi Qun will be entitled to exercise voting rights of approximately 70.27% of the issued share capital of our Company, and Mr. Lin will, through his control of the entire issued share capital of Zhi Qun, control the exercise of the voting rights of the said Shares in our Company. Accordingly, Zhi Qun and Mr. Lin are our Controlling Shareholders.

Our Controlling Shareholders and Directors confirm that they do not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

Having considered the following factors, our Directors are satisfied that we are capable of carrying out our business independently from the Controlling Shareholders and their respective associates after the Global Offering.

Management Independence

The Board comprises five executive Directors, one non-executive Director and three independent non-executive Directors. Each of our Directors is aware of his/her fiduciary duties as a director which require, among others, that he/she must act for the benefit of and in the best interests of our Company and not allow any conflict between his/her duties as a Director and his/her personal interests. The Directors shall not vote in any Board resolution approving any contract or arrangement or any other proposal in which he/she or any of his/her associates has a material interest and shall not be counted in the quorum present at the particular Board meeting.

Based on the above, our Directors are satisfied that our Board as a whole together with our senior management team are able to perform the managerial role in our Group independently.

Operational Independence

Although our Controlling Shareholders will retain a controlling interest in our Company after the Listing, we have full rights to make all decisions and to carry out our own business operations independently from our Controlling Shareholders and their respective associates. We hold all relevant licenses necessary to carry on our business, and have sufficient independent capital, equipment, access to customers and employees to operate our businesses independently from our Controlling Shareholders and their respective associates. Our organizational structure is made up of individual departments, each with specific areas of responsibilities. We have also established a set of internal controls to facilitate the effective operation of our business.

Based on the above, our Directors are satisfied that we have been operating independently from our Controlling Shareholders during the Track Record Period and will continue to operate independently.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Financial Independence

We have our own accounting systems, accounting and finance department, independent treasury function for cash receipts and payments and we make financial decisions according to our own business needs. Our Directors believe that we are capable of obtaining financing from external sources without reliance on our Controlling Shareholders.

All outstanding loans or guarantees provided by, or granted to, our Controlling Shareholders or their respective associates will be repaid or released (as applicable) prior to the Listing Date.

Based on the above, our Directors believe that we are able to maintain financial independence from the Controlling Shareholders.

NON-COMPETITION UNDERTAKING

Mr. Lin entered into a deed of non-competition undertakings on May 22, 2012 (the “**Pre-IPO Deed of Non-competition**”) in favour of our Company pursuant to which Mr. Lin had undertaken with our Company that he shall not, and shall procure that all his associates not directly or indirectly engage or otherwise be interested in any business which is in competition with or is likely to be in competition with, either directly or indirectly, any business that may be carried out by our Group from time to time. The undertakings given by Mr. Lin under the Pre-IPO Deed of Non-competition are effective from May 31, 2012 and shall terminate on or before the Listing Date.

In addition, each of the Controlling Shareholders (collectively, the “**Covenantors**” and each, a “**Covenantor**”) entered into the Non-competition Deed pursuant to which each of the Covenantors has, among other things, irrevocably and unconditionally undertaken, jointly and severally, with the Company that save for business disclosed in this prospectus, at any time during the Relevant Period (as defined below), the Covenantor shall not, and shall procure that its/his associates (other than members of our Group) shall not, directly or indirectly, carry on, engage in, invest in, participate in, attempt to participate in, render any services to, provide any financial support to or otherwise be involved in or interested in, whether alone or jointly with another person and whether directly or indirectly or on behalf of or to assist or act in concert with any other person, any business or investment activities in the PRC and Hong Kong which is the same as, similar to or in competition with the business carried on or contemplated to be carried on by any member of our Group from time to time (the “**Restricted Business**”).

The above restrictions do not prohibit any of the Covenantors and its/his associates (excluding members of our Group) from holding securities of any company which conducts or is engaged in any Restricted Business, provided that:

- (i) the aggregate number of shares held by the Covenantors and their respective associates (excluding members of our Group) does not exceed 10% of the issued shares of that class of such company;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (ii) such investment or interest does not grant, nor does any of the Covenantors or his/its associates (excluding members of our Group) otherwise hold, any right to control the composition of the board of directors or managers of such Restricted Business nor any right to participate, directly or indirectly, in such Restricted Business; and
- (iii) none of the Covenantors and his/its associates (excluding members of our Group) is the controlling shareholder of such company.

Under the Non-competition Deed, each of the Covenantors has further irrevocably and unconditionally undertaken jointly and severally, with us the following:

- (i) the Covenantors shall provide, and shall procure their associates (other than members of our Group) to provide, during the Relevant Period (as defined below), where necessary and at least on an annual basis, all information necessary for the review by our independent non-executive Directors, subject to any relevant laws, rules and regulations or any contractual obligations, to enable them to review the Covenantors' and their associates' (other than members of our Group) compliance with the Non-competition Deed, and to enable the independent non-executive Directors to enforce the Non-competition Deed;
- (ii) without prejudicing the generality of paragraph (i) above, the Covenantors shall provide to us with an annual declaration for inclusion in our annual report, in respect of their compliance with the terms of the Non-competition Deed;
- (iii) the Covenantors have agreed and authorised us to disclose decisions on matters reviewed by the independent non-executive Directors relating to the compliance and enforcement of the Non-competition Deed, either through our annual report or by way of public announcement;
- (iv) during the Relevant Period (as defined below), in the event that the Covenantors or their associates (excluding members of our Group) are given any business opportunity that is or may directly or indirectly constitute a Restricted Business, the Covenantors shall, and shall procure that their associates, inform us of such opportunity in writing with all information available to them as soon as practicable and shall use its/his best endeavors to assist us in obtaining such business opportunity on the same or more favorable terms;
- (v) in the event that the Board (including all independent non-executive Directors but excluding any Directors with conflicted interests) decides that our Group should not take up such business opportunity as referred to in (iv) above within a commercially reasonable period, the Covenantors and their associates (excluding members of our Group) may take up such business opportunity and the involvement in the business derived from such business opportunity shall not be regarded as a breach of the Non-competition Deed; and

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (vi) each of the Covenantors agrees to indemnify us from and against any and all losses, damages, claims, liabilities, costs and expenses (including legal costs and expenses) where we may suffer or incur as a result of any failure to comply with the terms of the Non-competition Deed by the Covenantors or any of their respective associates.

Our Company will disclose the decisions with basis on matters reviewed by the independent non-executive Directors relating to the compliance with and enforcement of the Non-competition Deed either in the annual report of our Company or by way of announcement to the public.

For the purposes of the above, the “**Relevant Period**” means the period commencing from the Listing Date and shall expire on the earlier of (i) the date when the Covenantors and, as the case may be, any of their associates, cease to hold, or otherwise be interested in, beneficially in aggregate whether directly or indirectly, 30% or more (or such other percentage of shareholding as stipulated in the Listing Rules to constitute a controlling shareholder) of the issued ordinary share capital of our Company; or (ii) the date on which the Shares cease to be listed on the Stock Exchange (except for temporary suspension of trading of the Shares).

RELATIONSHIP WITH NANPU

OVERVIEW

Nanpu, our jointly controlled entity in which our Group owns a 51% equity stake, is our largest distributor, and was also the largest packaged food and beverage distributor in China in terms of sales in 2012, according to Frost & Sullivan. Nanpu is owned indirectly by us as to 51%, through Tenwow (Fujian) Food and Tiansheng Wines and Spirits, following Nanpu's restructuring on August 3, 2008. Shanghai Tangjiu which is a state-owned enterprise owns the remaining 49% equity stake in Nanpu. As there are no legal restrictions restricting a PRC entity having a state-owned enterprise as a shareholder to adopt the structure of a jointly-controlled entity, our Directors are of the view that it is not unreasonable for Nanpu to be structured as a jointly controlled entity. We have engaged Nanpu to distribute our products since our inception. Nanpu's distribution channels primarily focus on the eastern and northern regions of China, which is complementary to our own distribution channels. We believe that the joint venture with Shanghai Tangjiu is beneficial to us to broaden the network through which we may get access in distributing our products in the wider PRC.

INFORMATION ON NANPU

History about Nanpu

Establishment of Nanpu

On October 6, 1992, Nanpu was established in the PRC as a sales and trading joint venture for fast moving food and consumer products. It carries out a business of distributing branded food products, liquor, daily consumables and other products within the PRC. At the time of its establishment, Nanpu was owned by Putian Huanan Food and Shanghai Huangpu Food Co. (上海市黃浦糧油食品公司) (an independent third party and a state-owned enterprise) as to 90% and 10%, respectively.

Restructuring of Nanpu in 2001

On April 16, 2001, Nanpu was converted from a joint venture to a limited liability company. Nanpu was also restructured and became owned by Putian Huanan Food, Shanghai Wanqiang Trading Co., Ltd. (上海萬強貿易有限公司) (an independent third party and a state-owned enterprise) and Ms. Yan as to 52.29%, 2.97% and 44.74%, respectively.

Restructuring of Nanpu in 2002

On October 28, 2002, Shanghai First Food Store Limited (上海市第一食品商店股份有限公司) (“**First Food Store**”), a company wholly-owned by Shanghai Tangjiu which in turn was wholly-owned by Bright Group, acquired a 49% interest in Nanpu (with the remaining equity interests being held by Putian Huanan Food and Ms. Yan as to 15.165% and 35.835%, respectively). The investment was intended to better utilize the competitive advantages of each shareholder and to expand the scale of operation of Nanpu's food distribution network.

RELATIONSHIP WITH NANPU

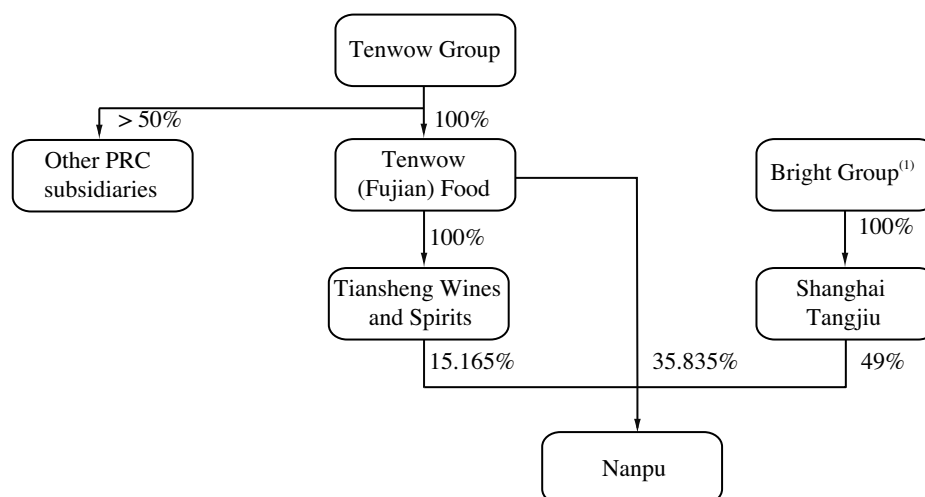
Acquisition of Interests in Nanpu

On August 3, 2008 and pursuant to a series of transactions, Nanpu was further restructured where the existing shareholders (First Food Store, Putian Huanan Food and Ms. Yan) disposed of their entire interests, from which:

- (1) Shanghai Tangjiu acquired a 49% equity interest in Nanpu from First Food Store for a consideration of RMB170,302,594.43;
- (2) Tenwow (Fujian) Food acquired a 35.835% equity interest in Nanpu from Ms. Yan for a consideration of RMB124,546,000; and
- (3) Tiansheng Wines and Spirits acquired a 15.165% equity interest in Nanpu from Putian Huanan Food for a consideration of RMB52,706,600.

The consideration for each of these acquisitions was determined after valuation and our PRC Legal Adviser has confirmed that such acquisitions and the considerations payable do not contravene the relevant PRC laws and regulations.

As a result of these transactions, our Group owned Nanpu indirectly as to 51% (through Tenwow (Fujian) Food as to 35.835% and Tiansheng Wines and Spirits as to 15.165%) and the shareholding structure relating to Nanpu was as follows:



Note:

- (1) Bright Group is beneficially owned by the Shanghai SASAC according to public information available.

Please refer to the paragraph “Other information relating to Nanpu and Shanghai Tangjiu” in this section for further information relating to Shanghai Tangjiu.

RELATIONSHIP WITH NANPU

Mr. Lin's relationship with and contribution to Nanpu

Mr. Lin is one of the founders of Nanpu. On establishment of Nanpu in 1992, Nanpu was owned by Putian Huanan Food and Shanghai Huangpu Food Co. as to 90% and 10%, respectively. Mr. Lin in turn owns Putian Huanan Food as to 37.5%. Leveraging on Mr. Lin's connection with international brands such as Nestlé, Nanpu started to develop itself as a distributor of branded products. Mr. Lin has also contributed to Nanpu's restructuring in 2002 by introducing First Food Store as a shareholder, which laid the foundation for Nanpu's later development by leveraging on the relationship of having a state-owned enterprise as a shareholder. Being one of the directors of Nanpu, Mr. Lin also contributed in diversifying the products which Nanpu distributes and developing it into a distributor of a comprehensive range of consumable products. We believe this was essential in making Nanpu the largest packaged food and beverage distributor in China in terms of sales revenue in 2012, according to Frost & Sullivan.

Overlapping of Management with our Group

Our Board comprises five executive Directors, one non-executive Director and three independent non-executive Directors. As at the Latest Practicable Date, one of our executive Directors and two of our senior management held certain positions in Nanpu, details of which are set out below:

<u>Name of Director/senior management</u>	<u>Positions held in Nanpu</u>
Mr. Lin (Executive Director and Chairman of the Company)	Director, general manager
Chen Lei (Senior management of the Company)	Director, deputy general manager
Yang Xuyi (Senior management of the Company) . . .	Deputy general manager

Both Mr. Lin and Chen Lei are directors appointed to Nanpu by our Group. Mr. Lin is the general manager of Nanpu and Chen Lei is a deputy general manager of Nanpu. Their duties and responsibilities are primarily to participate in board meetings to make major business decisions and they are involved in the day-to-day management of Nanpu. The amount of remuneration received by Mr. Lin as Nanpu's director and general manager for the year ended December 31, 2010, 2011 and 2012, and the six months ended June 30, 2013 was RMB1.04 million, RMB1.15 million, RMB1.26 million and RMB0.63 million, respectively. He is expected to continue to receive remuneration as Nanpu's director and general manager after Listing with an annual increment rate of approximately 10%. Yang Xuyi is a deputy general manager of Nanpu who is responsible for overseeing legal, compliance and investment matters.

Save as disclosed above, none of our Directors and senior management holds any position with Nanpu. In light of the composition of our Board, we believe that the executive Directors other than Mr. Lin and the independent non-executive Directors will be able to exercise their independent judgment and will be able to provide impartial opinions in the decision-making process of the Board to protect the interests of the Shareholders. Furthermore, as (i) each of Mr. Lin, Chen Lei and Yang Xuyi is aware of his/her duty as director or senior management of our Company, which require, among other things, that he/she acts for the benefit and in the best interests of our Company and not allow any conflict between his/her duties as a Director or senior management of our Company and his/her

RELATIONSHIP WITH NANPU

personal interests; and (ii) the potential competition between the businesses of our Group and Nanpu will only arise in limited circumstances (details of which are set out in the paragraph “Delineation of Business” in this section below), the overlapping role assumed by them in most cases will not affect the requisite degree of their impartiality in discharging their duties owed to our Company.

Other information relating to Nanpu and Shanghai Tangjiu

Shanghai Tangjiu is a producer and seller of sugar and Chinese rice wine and is also a food brand agency company and food retailer in China. Shanghai Tangjiu is wholly-owned by Bright Group. Both Shanghai Tangjiu and Bright Group are state-owned enterprises. Bright Group is beneficially owned by the Shanghai SASAC according to public information available. Shanghai Tangjiu and Bright Group are our connected persons under Chapter 14A of the Listing Rules by virtue of Shanghai Tangjiu being a substantial shareholder of Nanpu. Please refer to the section “Connected Transactions” for further details. Shanghai Tangjiu and Bright Group do not have any other past or present relationship with our Group, shareholders, directors, employees or any of their respective associates.

Bright Group, the sole shareholder of Shanghai Tangjiu, is a large-scale comprehensive food industry group that covers modern agriculture, food processing, production and distribution. Bright Group controls certain supermarket chains in the PRC. By leveraging the partnership with Shanghai Tangjiu through Nanpu, the Directors are of the view that it is easier for us to tap into the distribution networks owned by Shanghai Tangjiu and Bright Group, respectively. As at the Latest Practicable Date, our Group did not intend to acquire the 49% equity interest of Nanpu from Shanghai Tangjiu nor were we aware of Shanghai Tangjiu having any plans to dispose of its interest in Nanpu. However, as the 49% stake in Nanpu owned by Shanghai Tangjiu represents state-owned assets, we cannot acquire such interest directly from Shanghai Tangjiu without going through public tender under the relevant PRC laws and regulations.

Save for Nanpu’s articles of association, we have not entered into any shareholders’ agreement or other arrangement with Shanghai Tangjiu in relation to the operation and management of Nanpu. The principal terms of Nanpu’s articles of association currently in force are set out below.

Composition of the board of directors^(note)

The board of directors of Nanpu consists of seven directors, four of which (including the chairman) were appointed by Shanghai Tangjiu and three of which were appointed by Tenwow (Fujian) Food and Tiansheng Wines and Spirits, collectively. All resolutions of the board must be passed by two-thirds of the directors present at the meeting.

RELATIONSHIP WITH NANPU

Voting at shareholders' meeting

All decisions require approval from holders of more than two-thirds of the equity interests in Nanpu (other than certain major matters, namely: (i) increase/decrease of capital; (ii) pledge of assets; (iii) share transfer to a party other than the existing shareholders; (iv) merger, dissolution or change of company structure; (v) decision relating to the business scope (or any adjustment); and (vi) amendment of articles of association, which require unanimous approval of all shareholders).

Note: Historically, before Nanpu's articles of association were amended as set out above, as set out in Nanpu's articles of association dated August 6, 2008, we were entitled to appoint four directors out of seven directors through Tenwow (Fujian) Food and Tiansheng Wines and Spirits, collectively. However, since Nanpu's articles of association at all material times require resolutions at the board level be passed with votes from two-thirds of the directors present at the meeting, we do not have control over the board at all material times despite our right to nominate up to four directors. At Shanghai Tangjiu's request, Nanpu's articles of association was amended (i) on December 10, 2010 such that we have the right to appoint three out of six directors through Tenwow (Fujian) Food and Tiansheng Wines and Spirits, collectively; and (ii) on December 22, 2011 such that we have the right to appoint three out of seven directors through Tenwow (Fujian) Food and Tiansheng Wines and Spirits, collectively. We agreed to such amendment notwithstanding that we were initially entitled to appoint four directors, as we have never obtained the control of the board in light of the two-third voting requirement at board meetings. As such, whether we have the right to appoint three or four directors of Nanpu does not make any difference to us in terms of our control over the board of Nanpu and this will not change the structure of the jointly control entity.

Involvement in the operation of Nanpu by Shanghai Tangjiu and Bright Group includes (i) Shanghai Tangjiu's right to nominate four out of seven directors to Nanpu's board under Nanpu's articles of association, (ii) Shanghai Tangjiu's right to nominate the chief finance officer to oversee the financial performance of Nanpu, and (iii) Bright Group's 49% equity interest in Nanpu through Shanghai Tangjiu.

As such, the Group is unable to control Nanpu both at the board and shareholders level despite Nanpu being owned indirectly by the Group as to 51%. Nanpu is therefore accounted for as a jointly controlled entity and not as a subsidiary of the Company.

During the Track Record Period and up to the Latest Practicable Date, there has not been any dispute between the Group and Shanghai Tangjiu in relation to the management of Nanpu. The directors and senior management of Shanghai Tangjiu and Bright Group do not overlap with that of our Group.

Nanpu's Scale of Operation

As of June 30, 2013, Nanpu and its subsidiaries have a total number of 1,657 employees. It owned and operated 20 sales offices and 4 principal distribution centers and warehouse facilities covering 19 provinces, municipalities and autonomous regions in the PRC.

RELATIONSHIP WITH NANPU

Nanpu is engaged solely in the distribution business, and is the largest packaged food and beverage distributor in China by sales, with sales of approximately RMB5.18 billion in 2012, according to Frost & Sullivan. Nanpu has an extensive distribution network, particularly in East China where it is also the largest packaged food and beverage distributor, according to Frost & Sullivan. Nanpu has a very strong reputation for its distribution capabilities in the PRC packaged food & beverage distribution channels, in particular, it has established relationships with international third party brands and international hypermarket operators. For instance, Nanpu established its business relationship with Nestlé since Nanpu was established in 1992.

For indicative purposes only, the revenue, net profit, net profit margin and total assets of Nanpu for the period indicated are set out below.

	For the year ended December 31,			For the six months ended June 30,	
	2010	2011	2012	2012	2013
	RMB million (except percentages)				
Revenue	4,734	5,005	5,175	2,225	2,559
Net profit	36	41	47	12	14
Net profit margin	0.8%	0.8%	0.9%	0.6%	0.5%
Total assets	2,689	3,139	3,963	3,205	3,555

For indicative purposes only, the analysis of trade receivables and trade payables due from/to Nanpu, their turnover days and the subsequent settlement for the periods indicated are set out below.

	For the year ended December 31,			Subsequent settlement of balance as at December 31, 2012 as at June 30, 2013	Percentage of settlement compared with balance as at December 31, 2012
	2010	2011	2012		
	RMB million (except turnover days)			RMB million	
Sales to Nanpu	1,697	1,262	1,336		
Trade receivable due from Nanpu	271	274	368	368	100%
Turnover days	44	78	87		
Purchase from Nanpu	1,505	1,130	1,039		
Trade payable due to Nanpu	457	356	348	348	100%
Turnover days	73	111	110		

Please refer to the sections “Financial Information — Trade and Other Receivables” and “Financial Information — Trade and Other Payables” for further details of changes in our trade and other receivables and payable due from/to Nanpu.

RELATIONSHIP WITH NANPU

DELINEATION OF BUSINESSES OF OUR GROUP, NANPU AND BRIGHT GROUP

Different business models

We operate under a different business model from Nanpu, as illustrated below:

- We are a packaged food and beverage producer and distributor in China with leading positions in certain segments in the industry, operating a unique business model of producing and distributing a comprehensive range of products through a well-established distribution network in China. We produce and distribute high-quality Own Brand Products as well as distribute well-known Third Party Brand Products.

- Nanpu, on the other hand, does not produce any products of its own and is engaged in the business of packaged food and beverage distribution only. Vis-a-vis the business model of our Company, Nanpu adopts a business model of higher sales volume and lower margin distribution business.

Competition between our Group and Bright Group

As far as the Directors are aware, as Bright Group and its associates engage in the production and sale of food products, it is expected that there might be a certain level of direct or indirect competition between Bright Group (together with its associates) and us. For example, as at the Latest Practicable Date, as far as the Directors are aware, certain subsidiaries of Bright Group produce Chinese rice wine under the brands “石庫門” and “和酒” and this business may compete with the Chinese rice wine we produce. We are not in a position to manage the competition between us and Bright Group and its associates. However, since the market for Chinese rice wine is massive and has a total retail value of over RMB20 billion in 2012, according to Frost & Sullivan, and the sales of Chinese rice wine we produce only represents approximately 1.8% of our revenue for the year ended December 31, 2012, we are of the view that the existing competition between Bright Group (together with its associates) and us would not have a material impact on our business and results of operations.

SALES AND REPURCHASE FROM/WITH NANPU

Sales and Repurchase Arrangement

We sold and repurchased some of the Own Brand Products we sold to Nanpu over the Track Record Period (the “Sales and Repurchase Arrangement”).

RELATIONSHIP WITH NANPU

The gross amount of Own Brand Products sold and the amount of Own Brand Products repurchased under the Sale and Repurchase Arrangement for the period indicated are set out below.

	For the year ended December 31,			For the six months ended June 30,	
	2010	2011	2012	2012	2013
	RMB million				
The gross amount of Own Brand Products sold from us to Nanpu	867	851	789	341	484
The amount of Own Brand Products repurchased by us from Nanpu	278	185	117	74	121
Net amount of Own Brand Products sold from us to Nanpu after elimination of repurchase . .	589	666	672	268	363

In our Group’s consolidated financial statements, the Sales and Repurchase Arrangement was accounted for in accordance with HKAS 27 “Consolidated and Separate Financial Statements” where the repurchased amounts were eliminated against the gross sales and purchases to reflect the substance of the linked sales and repurchase transactions. In addition, the unrealised profit included in the unsold inventories repurchased at the end of each balance sheet date will also be eliminated through adjusting the cost of sales. The amount of unrealised profit adjusted to the costs of sales for the years ended December 31, 2010, 2011 and 2012, and the six months ended June 30, 2013 were RMB1 million, RMB4 million, RMB2 million and RMB2 million, respectively.

Purchase from and sales back to Nanpu

In addition, after we purchased certain Third Party Brand Products from Nanpu, we sold back some of the products to Nanpu (the “**Nanpu-Tenwow-Nanpu Transactions**”). The amount of Third Party Brand Products purchased and the amount of Third Party Brand Products sold under the Nanpu-Tenwow-Nanpu Transactions for the period indicated are set out below.

	For the year ended December 31,			For the six months ended June 30,	
	2010	2011	2012	2012	2013
	RMB million				
The amount of Third Party Brand Products purchased from Nanpu by us	1,505	1,130	1,039	468	281
The amount of Third Party Brand Products sold by us to Nanpu . . .	689	296	140	72	18

RELATIONSHIP WITH NANPU

In our Group's consolidated financial statements, the purchase and sales of Third Party Brand Products under Nanpu-Tenwow-Nanpu Transactions were not eliminated to reflect the substance where the purchase and subsequent sales back were independent transactions. This means the respective sales and cost of sales under the Nanpu-Tenwow-Nanpu Transactions have been reflected in our financial statements.

Reasons for and benefits of using Nanpu as a distributor

There are compelling commercial reasons for our Group (or any other packaged F&B manufacturer) to engage Nanpu's services. In China's packaged food and beverage industry, it is a common practice for manufacturers to distribute products through established regional distributors, and Nanpu's history, size and scale and the proximity of its distribution network, particularly in East China, and experience in marketing packaged food & beverage products, make Nanpu an obvious choice as our distributor. The success of products (especially newly launched products) in the packaged food and beverage industry depends to a large extent on the ability of the products to reach end consumers and therefore, depth of marketing and extensiveness of distribution channels, which are Nanpu's strengths, are critical.

In addition, large distributors, like Nanpu, have economies of scale and are better equipped to cross-sell a whole range of products, particularly newly launched products. For example, a large distributor will have stronger bargaining power with end retailers or sub-distributors when distributing newly launched products together with its existing portfolio of products compared with smaller distributors distributing new products on a standalone basis. They also have better management over pricing, especially with regard to newly launched products. Producers therefore often engage one primary distributor on a sole basis within specific regions or nationwide, in order to better manage their overall regional or national marketing and distribution of new products, particularly for products in highly competitive markets and/or those involving multiple distribution channels.

In particular, Nanpu shares business risk and bears the entire cost of (i) marketing, (ii) storage before delivery to other distributors or retailers, and (iii) logistics, in respect of sales of the Company's products in regions and channels where Nanpu has sole distributorship.

Historical development of Nanpu as our distributor

When our Group was first established and started producing food and snacks in 1996, we did not have our own distribution network. Therefore, we engaged Nanpu to distribute our food and snacks in Shanghai, the first region where we launched our products, and then the rest of East China, as Nanpu had an established distribution network for packaged food and beverage products that was particularly strong in East China. When we expanded our sales into North China, we also engaged Nanpu as our distributor as Nanpu had established a distribution network in North China and it was economically sensible to extend our existing business relationship with Nanpu and continue to work with Nanpu in North China.

As our Group gradually established and expanded our own distribution network, we began to distribute our products ourselves. In East China, where we granted Nanpu sole distributorship for most of our products, we entered into re-purchase arrangements with Nanpu in respect of distribution

RELATIONSHIP WITH NANPU

channels which we have established our own distribution capabilities (such as on-premise channels in Hangzhou and Ningbo). For our Tenwow Tea products, which were introduced in 2007, we used Nanpu as the sole distributor nationwide because the ready-to-drink tea market is a highly competitive segment and involves multiple distribution channels and pricing points. Accordingly, it was important for us to engage a nationwide sole distributor with the track record of managing such new products successfully. We engaged Nanpu because of its previous experience in distributing new beverage products, particularly its successful track record of distributing the ready-to-drink herbal tea “王老吉”. In addition, as ready-to-drink tea products are typically sold to modern channels and small business channels, with whom Nanpu has established strong relationships, it was commercially sensible to tap into Nanpu’s relationship with these channels by giving Nanpu sole distributorship nationwide. For our wines, which were introduced in 2010, we did not use Nanpu as a sole distributor nationwide as wines have simpler distribution channels (they are typically sold to on-premise channels) as well as clear pricing points.

Sale of Own Brand Products to Nanpu, and repurchase of some of these Own Brand Products

We engaged Nanpu as a distributor in respect of our:

1. food and snacks as our sole distributor in East China and non-sole distributor in North China;
2. non-alcoholic beverages as our nationwide sole distributor;
3. alcoholic beverages as our non-sole distributor in East China and North China; and
4. others as our sole distributor in East China and non-sole distributor in North China.

Reasons for the Sales and Repurchase Arrangement

Although the Sale and Repurchase Arrangement is not an industry practice, it is common for one distributor to act as the sole distributor for the distribution of a particular type of products within a specific region who will then engage other sub-distributors for the onward distribution of the products to the end-customers, which will help to better manage the overall regional or national marketing and distribution of products, including pricing management. In light of the historical development of Nanpu as our distributor and the reasons for engaging Nanpu for the sales of certain goods as set out above, (i) we used Nanpu as our sole nationwide distributor for our Tenwow Tea ready-to-drink tea products and we therefore repurchased a portion of these products for distribution in areas where Nanpu does not have a distribution coverage; and (ii) we repurchased a portion of food and snacks, Chinese rice wines and sauces and flavorings in the East China region as we act as a sub-distributor of Nanpu to broaden the distribution coverage within East China.

RELATIONSHIP WITH NANPU

We do not directly sell our Own Brand Products to our customers (i) in the case of Tenwow Tea ready-to-drink tea products and (ii) in the case of food and snacks, Chinese rice wines and sauces and flavorings within East China, but entered into the Sale and Repurchase Arrangement with Nanpu for the following reasons:-

- (i) at the stage of introduction of our products, the overall regional and national management in terms of pricing, marketing and distribution are important to the success of our products. We therefore need to leverage on Nanpu's position as the largest package food and beverage distributor in China and its knowledge and experience in marketing and promotion of new products to ensure the success of our tea products. In particular, we are of the view that maintaining a stable pricing of our products are important and this can only be done by way of engaging a main distributor who manages the pricing of our products on a nationwide basis. If we sell our Own Brand Products to our customers directly or engage different distributors, the pricing of our ready-to-drink tea products may be different in the case of each individual distributor and this may hinder the growth of our products;
- (ii) leveraging Nanpu's extensive experience in promoting new products, Nanpu is responsible for marketing our products on a nationwide basis (in the case of our ready-to-drink tea products) and in East China (in the case of our food and snacks, Chinese rice wines and sauces and favorings). Different from sub-distributors, as the sole distributor, Nanpu is in charge of strategizing and planning nationwide marketing campaigns and is bearing the cost of online and offline marketing campaigns such as TV advertisement, outdoor media and other forms of marketing in different regions of China (in the case of our ready-to-drink tea products). In addition, Nanpu is bearing the business risk as Nanpu is responsible for (i) storage and associated costs before delivery to other distributors or retailers; and (ii) logistics and associated costs, in respect of sales of the Company's products in regions and channels where Nanpu has sole distributorship;
- (iii) it takes time for us to develop our distribution network in a comprehensive manner, especially in the regions we just entered. As we develop our distribution network gradually throughout our history, our need to rely on Nanpu diminishes and we can gradually reduce our reliance on Nanpu by distributing the products ourselves. Please refer to the section "Future plans relating to Sales and Repurchase Arrangement" for further details;
- (iv) at the stage of introduction of our new ready-to-drink tea products, as we need Nanpu to act as our nationwide sole distributor for such products (which will take up the responsibility of marketing and maintaining a uniform price structure and also the related costs of marketing, storage and logistics), we entered into a memorandum of understanding with Nanpu dated November 23, 2008 pursuant to which the parties agreed that Nanpu acts as the sole nationwide distributor of our ready-to-drink tea products for a period of seven years from January 1, 2009 to December 31, 2015; and
- (v) in relation to food and snacks, Chinese rice wines and sauces and flavorings, since Nanpu's distribution channels in East China are very strong and the distribution channels owned by us and Nanpu are not the same, it is commercially beneficial for us to utilize these networks to increase sales volume as our products can then be distributed to areas within East China where we do not have distribution channels.

RELATIONSHIP WITH NANPU

For the Own Brand Products under sole distribution rights by Nanpu, we are contractually restricted from directly selling our products in the specified areas where Nanpu has sole distribution rights. We therefore are not allowed to sell (i) our ready-to-drink tea products directly anywhere within the PRC until expiry of the term of the memorandum of understanding entered into with Nanpu (i.e. December 31, 2015), (ii) our food and snacks, Chinese rice wines and sauces and flavorings products directly in East China until expiry of the individual distribution agreements with Nanpu which are entered into based on the same terms on a yearly basis.

After our products which are subject to the Sales and Repurchase Arrangements are produced in our Shanghai facility, they are physically delivered to Nanpu's warehouse at Nanpu's costs when risk is passed to Nanpu. For the products where Nanpu uses us as a sub-distributor (i.e. Tenwow East China Channels), the products will be delivered to our distribution subsidiaries at Nanpu's costs. There is generally no sales return arrangement unless it is proven that the products are defective due to our fault. Please refer to the section "Future plans relating to the Sale and Repurchase Arrangement" for further details of the Sale and Repurchase Arrangement after Listing.

In specified areas or distribution channels, mainly in East China ("**Tenwow East China Channels**"), Nanpu uses us (through our distribution subsidiaries) as a sub-distributor (in other words we repurchase a portion of Own Brand Products that we initially sold to Nanpu). The reasons for this arrangement are:

1. Nanpu serves as the only primary distributor in East China, while other distributors (including our distribution subsidiaries) serve as secondary distributors in the distribution hierarchy to ensure consistent pricing policies along the distribution chain; and
2. we have continued to build up significant distribution capabilities in the Tenwow East China Channels specifically in channels where Nanpu does not have any distribution capabilities, but still uses Nanpu as the sole distributor for East China because of Nanpu's strengths as a distributor.

The Tenwow East China Channels are (i) Shanghai, Jiangsu, Zhejiang (Hangzhou), in respect of on-premise channels or third party distributors and (ii) Zhejiang (Ningbo), in respect of on-premise channels, modern retail channels (supermarket chains and convenience stores), small business channels and other channels, as well as third party distribution channels.

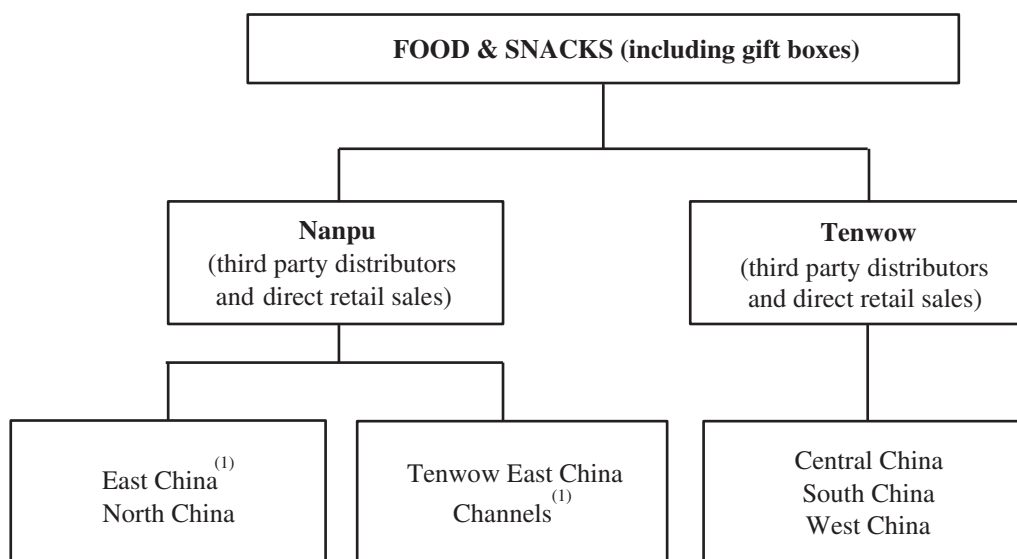
In other words, Nanpu's distribution channels in East China do not conflict with our distribution channels in East China because, as we built up our distribution capabilities for specific regions or channels, we do not rely on Nanpu's distribution capabilities in respect of those regions or channels.

For indicative purposes only, Nanpu generally mark-up the products repurchased by us in the range of 1% to 15% in 2012 based on different status of availability, demand and volume of different products.

The charts below set out diagrammatically the sales of Own Brand Products to Nanpu, and our repurchase of some of these Own Brand Products.

RELATIONSHIP WITH NANPU

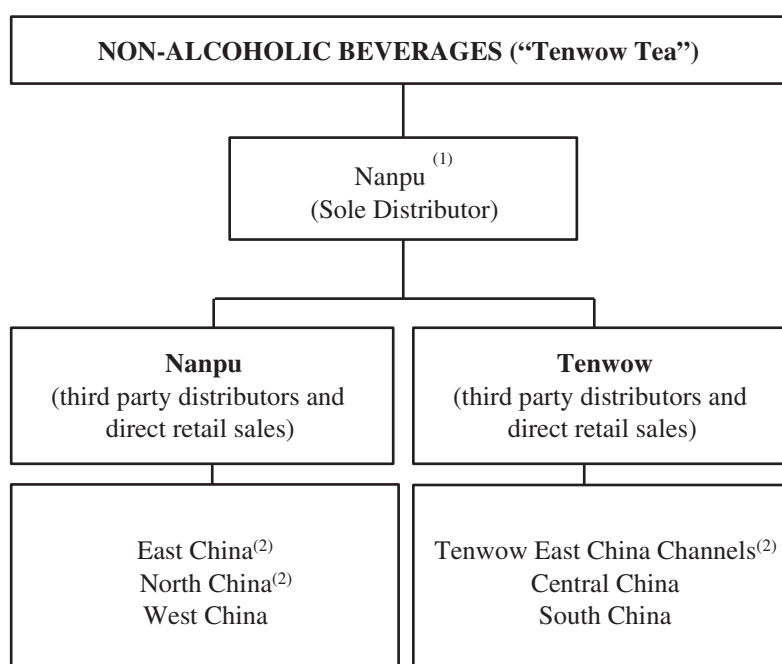
1. Food and Snacks



Note:

- (1) Nanpu is our sole distributor for East China. In East China, Nanpu uses us as its sub-distributor in certain specific geographic areas and/or distribution channels where it does not have distribution capabilities, being the “Tenwow East China Channels”.

2. Non-alcoholic beverages

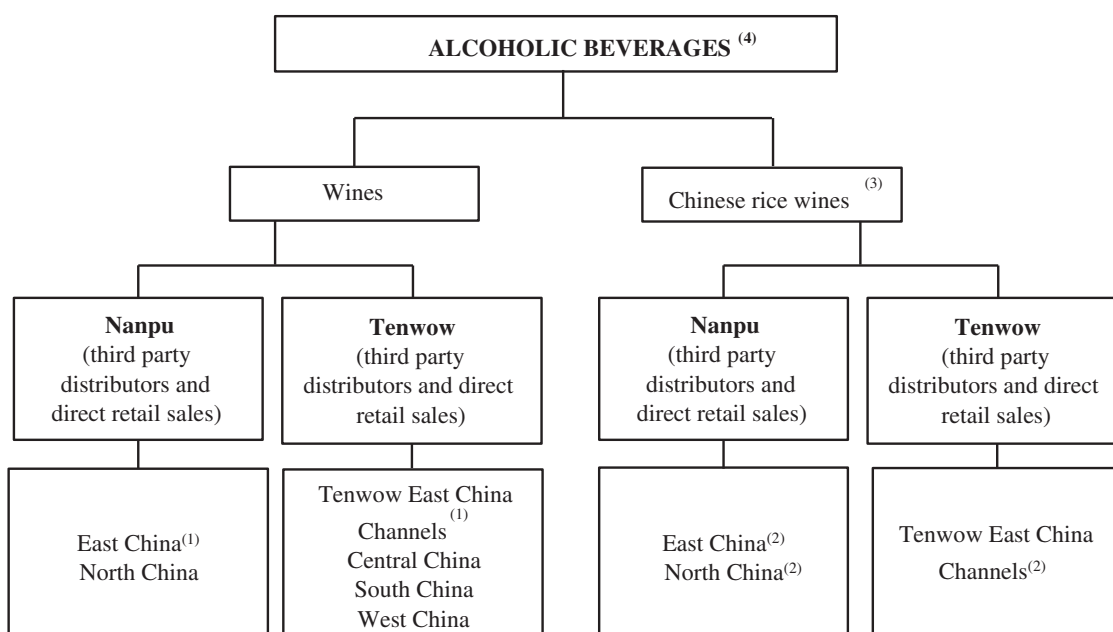


RELATIONSHIP WITH NANPU

Notes:

- (1) Nanpu is our sole nationwide distributor for our Tenwow Tea ready-to-drink tea products. The reason for using a sole nationwide distributor is because this allowed us to leverage on Nanpu's position as the largest package food and beverage distributor in China and its knowledge and experience in the marketing and promotion of new products.
- (2) Nanpu distributes our non-alcoholic products through its channels in East China and North China. In East China, Nanpu uses us as its sub-distributor in the Tenwow East China Channels.

3. Alcoholic beverages

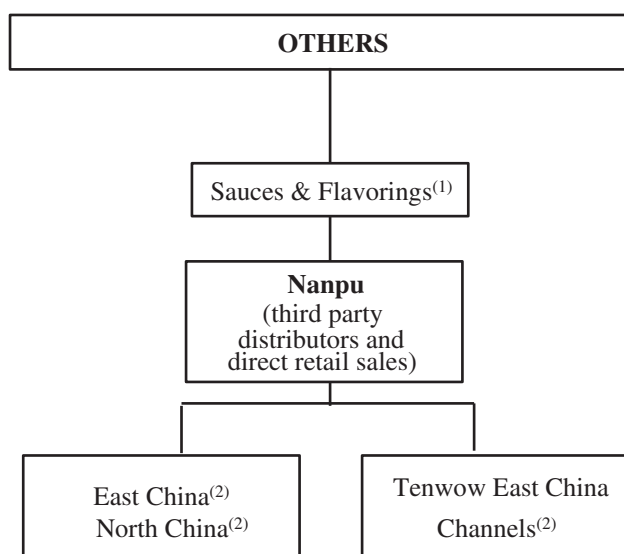


Notes:

- (1) For our wines, Nanpu is our non-sole distributor for East China and North China. In East China, we sell directly in the Tenwow East China Channels and do not act as a sub-distributor for Nanpu in the Tenwow East China Channels.
- (2) For our Chinese rice wines, Nanpu is our non-sole distributor for the East China and North China. In East China, we sell directly in the Tenwow East China Channels and do not act as a sub-distributor for Nanpu in the Tenwow East China Channels.
- (3) We do not distribute any of our Chinese rice wines to Central, South and West China. Should we do so in the future, these products will be distributed by us directly to our third party distributors or direct retailers in those regions.
- (4) The distribution structure for wines and Chinese rice wines are different because Chinese rice wines (which we only produce in East China) are currently only sold in East China and North China due to the regional nature of the product, and therefore for convenience, we use Nanpu as an overall distributor in these regions.

RELATIONSHIP WITH NANPU

4. Others



Notes:

- (1) For sauces and flavorings (which we only produce in East China), Nanpu is our sole distributor for both East China and North China, as such products are currently only sold in East and North China, and therefore for convenience, we use Nanpu as an overall distributor in these regions. In East China, Nanpu uses us as its sub-distributor in the Tenwow East China Channels.
- (2) We do not distribute our sauces and flavorings to Central, South and West China. Should we do so in the future, these products will be distributed by us directly to our third party distributors or direct retailers.

Sale and Repurchase Arrangement

On the basis of their review of the sales and repurchase arrangements between our Group and Nanpu described above (the “**Sale and Repurchase Arrangement**”), and taking into account (a) the commercial rationale for engaging Nanpu as a sole distributor for our products (including but not limited to Nanpu’s leadership position in the industry), (b) the competitive nature of our products, (c) the fact that we continue to build our own distribution network, (d) their review of the terms of sub-distribution contracts for the Group’s repurchases of Own Brand Products from Nanpu, and contracts between Nanpu and independent third parties, and (e) our plan to reduce our use of Nanpu by December 31, 2015, the Joint Sponsors are of the view that the Sales and Repurchase Arrangement have been carried out on normal commercial terms.

RELATIONSHIP WITH NANPU

Purchase of Third Party Brand Products from Nanpu

We purchased certain Third Party Brand Products from Nanpu to which Nanpu has distribution rights. Our Group sometimes sources Third Party Brand Products from Nanpu (instead of directly from the manufacturers) because:

1. Nanpu may have been given the sole distribution rights to such products by the manufacturers. In such cases, the manufacturers typically will not deal directly with other companies other than Nanpu; and

2. we may purchase Third Party Brand Products at a discount from Nanpu than if we were to purchase them direct from the relevant manufacturers. Some manufacturers are only willing to deal with large purchase orders. In some cases where the volume of our purchase of Third Party Brand Products is not large enough, we may not be able to source them from the manufacturers direct or we may not be able to obtain them at cheaper prices. It is therefore more commercially convenient or feasible for us to purchase some of the Third Party Brand Products from Nanpu.

Nanpu's distribution network focuses in East China and North China. Save for East China where we have our Tenwow East China Channels, as the distribution networks of Nanpu and our Group do not overlap, the sale of products by Nanpu to us enables it to tap into markets in the PRC through our distribution network where it does not have the distribution capability itself.

We purchase Third Party Brand Products from Nanpu (such as Carlo Rossi (“加州樂事”) and Pernod Ricard alcoholic beverages and Nestlé (“雀巢”) food and snacks) which are then distributed to the regions or channels where Nanpu has the sole distribution rights but for which we have the distribution capabilities.

Reasons for the Nanpu-Tenwow-Nanpu Transactions

Historically, there were situations where Third Party Brand Products were purchased from Nanpu and the same products were then sold back to Nanpu due to Nanpu's inventory shortage to satisfy their own orders. The amount of Third Party Brand Products purchased from Nanpu by us in 2010, 2011 and 2012, and the six months ended June 30, 2013 was approximately RMB1,505 million, RMB1,130 million, RMB1,039 million and RMB281 million, respectively. The amount of Third Party Brand Products repurchased by Nanpu from us in 2010, 2011 and 2012, and the six months ended June 30, 2013 was approximately RMB689 million, RMB296 million, RMB140 million and RMB18 million, respectively. The total amount of mark-up charged by us in 2010, 2011 and 2012, and the six months ended June 30, 2013 in the Nanpu-Tenwow-Nanpu Transactions was approximately RMB28.5 million, RMB13.2 million, RMB4.9 million and RMB0.6 million, respectively. The amount of mark-up during the Track Record Period was mainly due to the decrease in the amount of products repurchased by Nanpu from us and the change in product mix repurchased.

RELATIONSHIP WITH NANPU

After we purchased Third Party Brand Products (which comprised mainly of alcoholic beverages) from Nanpu, there may be situations where Nanpu may not have enough readily available inventory to satisfy the demand from its other customers. In that situation, if we have sufficient inventory and we do not foresee that there is sufficient demand from our customers to buy these products and there are no other offers from third parties to buy these products at the same price and quantity as Nanpu, we generally agree to sell back to Nanpu some of the Third-party Brand Products originally purchased from them in order for them to satisfy their own demand. This helps us reduce our inventory level on normal sales terms and improve our inventory turnover and we believe this is commercially sensible. This sales and repurchase arrangement was eliminated in Nanpu's financial statements.

The demand for certain alcoholic beverages in the PRC was strong in 2010. Since Nanpu is the sole distributor for these alcoholic beverages in East China, we purchased from Nanpu to satisfy our customers' potential demand for alcoholic beverages. However, in 2010, Nanpu did not have enough inventory to satisfy its own orders while we had sufficient inventory to satisfy demand from our own customers, therefore we sold the products back to Nanpu.

For indicative purposes only, we generally mark-up the products repurchased by Nanpu in the range of 1% to 6% in 2012 taking factors such as availability, demand and volume of different products into consideration.

The repurchase by Nanpu from us is not a regular activity, and depends on whether there is a need, whether we have sufficient inventory and whether we foresee sufficient demand from our other customers to buy these products at the same price and quantity as Nanpu.

The Distribution Agreement

In relation to the above purchase of products from Nanpu, our subsidiaries entered into various one-year distribution agreements with the relevant subsidiaries of Nanpu on January 1, 2013. The more salient terms of these distribution agreements are set out below.

Term	:	January 1, 2013 to December 31, 2013
Purpose	:	Distribution agreement for our Group and our subsidiaries to purchase and distribute various food products and beverages distributed by Nanpu's subsidiaries
Area of distribution	:	See above
Purchase Price	:	Determined by Nanpu's subsidiaries from time to time
Payment Terms	:	Payable within 30 days of delivery
Interest	:	Bank lending interest rate is imposed for late payment
Delivery	:	Risk passes on delivery

RELATIONSHIP WITH NANPU

Return Policy	:	Products with defects as confirmed by both parties or otherwise agreed by both parties can be refunded
Renewal of the Agreement	:	<ul style="list-style-type: none">• Both parties shall enter into discussions to renew the distribution agreement a month prior to the expiration of the distribution agreement• If, however upon expiration of the existing distribution agreement, both parties are still engaged in the transaction, the existing distribution agreement shall remain effective until a new distribution agreement has been entered into

On the basis of their review of the terms of sales contracts for the Group's purchases of Third Party Brand Products from Nanpu and contracts between Nanpu and independent third parties, nothing has come to the Joint Sponsors' attention that suggests that the historical transactions with Nanpu were not conducted on normal commercial terms.

Utilizing Nanpu's distribution channels

Our sales to Nanpu accounted for 44.8%, 33.3%, 31.4% and 27.1% of our sales in 2010, 2011 and 2012, and the six months ended June 30, 2013, respectively. Our next five largest customers contributed in aggregate 11.4%, 16.0%, 15.6% and 12.9% of our sales in 2010, 2011 and 2012, and the six months ended June 30, 2013, respectively.

As we gradually engage more third party distributors in distributing our products and develop our distribution network and expand our distribution channels, the percentage of our sales to Nanpu has reduced over the Track Record Period and this trend is expected to continue.

Future plans relating to the Sale and Repurchase Arrangement

In relation to "Tenwow Tea" Branded Products

We have entered into a memorandum of understanding with Nanpu dated November 23, 2008 pursuant to which the parties agreed that Nanpu acts as the sole nationwide distributor for a period of seven years from January 1, 2009 to December 31, 2015. We will cease to engage Nanpu as a nationwide sole distributor for the non-alcoholic beverages products under the "Tenwow Tea" brand after December 31, 2015. Thereafter, we will only engage Nanpu as a sole distributor in East China because of Nanpu's strong distribution coverage in East China. We will sell directly to our distributors and retailers in North China, Central China, South China and West China after December 31, 2015, except where Nanpu has been appointed the sole distribution partner by a retailer which is a hypermarket and supermarket chain.

In the case of East China, to the extent that we have established sales companies in East China, we will act as Nanpu's sub-distributor in such areas.

RELATIONSHIP WITH NANPU

In relation to other Own Brand Products

Nanpu currently distributes our food and snacks, sauces and flavorings, Chinese rice wines and wines in East China and North China. We will not engage Nanpu as a distributor other than in East China and North China, except where Nanpu has been appointed the sole distribution partner by a retailer which is a hypermarket and supermarket chain.

In the case of East China, to the extent that we establish sales companies in East China, we will sell directly in the Tenwow East China Channels and will not act as Nanpu's sub-distributor in such areas.

In the case of North China, we will cease to engage Nanpu as a distributor in North China after December 31, 2015. Before then, to the extent that we have established sales companies in North China, we will sell our products directly through such sales companies and will no longer engage Nanpu as a distributor in such areas in North China.

As explained in the paragraph "Utilizing Nanpu's distribution channels" above, the percentage of our sales to Nanpu has been decreasing over the Track Record Period and the contribution of sales by our next five largest customers have been increasing, as we gradually engaged more third party distributors in distributing our products, develop our distribution network and expand our distribution channels. We expected this trend to continue in the future. Our Directors are therefore of the view that the future plans relating to the Sale and Repurchase Arrangement will not limit our growth.

We plan to expand our distribution network and sell our Own Brand Products in other cities in East China. To the extent that this materializes, we will sell directly in the Tenwow East China Channels and will not act as Nanpu's sub-distributor in such areas.

We have entered into annual distribution agreements with Nanpu to govern the terms of the transactions between us. In addition, we entered into a memorandum of understanding with Nanpu on November 23, 2008 pursuant to which the parties agreed that Nanpu acts as the sole nationwide distributor of the "Tenwow Tea" branded products until December 31, 2015.

With the expansion of our distribution network which enables us to distribute products ourselves and hence reduce our reliance on Nanpu, we will negotiate with Nanpu upon expiry of the existing annual distribution agreements entered into to minimize the volume of the Sale and Repurchase Arrangement or to negotiate the mark-up for the Own Brand Products to which Nanpu can charge. We will comply with all the requirements under Chapter 14A of the Listing Rules when we enter into new annual distribution agreements with Nanpu which are effective after December 31, 2013.

RELATIONSHIP WITH NANPU

Disclosure of transactions with Nanpu

To enhance transparency of our transactions with Nanpu, we will subject our transactions with Nanpu to the following:

1. disclosure in our annual reports and accounts under Rule 14A.45, 14A.46, and Paragraph 8 of Appendix 16 of the Listing Rules;
2. annual review by our independent non-executive Directors under Rule 14A.37 of the Listing Rules; and
3. annual review and confirmation by our auditors under Rule 14A.38 of the Listing Rules,

for so long as Nanpu is not wholly-owned by us.

CONNECTED TRANSACTIONS

The Stock Exchange has deemed Nanpu as a connected person of our Company, and therefore, our transactions with Nanpu will be subject to the requirements of Chapter 14A of the Listing Rules upon Listing. The Stock Exchange has deemed Nanpu as a connected person of our Company pursuant to Rule 14A.06 of the Listing Rules for the following reasons:

1. the Group was entitled to appoint four out of seven directors of Nanpu in the past and the overlapping management between Nanpu and the Group suggests that the Group may be able to exercise significant influence over Nanpu's decision and business operation;
2. the Group's reliance on Nanpu remains material in terms of monetary value and the Sales and Repurchase Arrangement is not an industry practice; and
3. deeming Nanpu as a connected person of our Company will enhance the transparency of the transactions between the Group and Nanpu and provide our Shareholders an opportunity to review and approve our future transactions with Nanpu under Chapter 14A of the Listing Rules.

Mr. Lin is considered to have a material interest in the transactions between our Group and Nanpu under Rule 2.15 of the Listing Rules for the following reasons:

1. Mr. Lin is currently a director and the general manager of Nanpu and his duty is primarily to participate in board meetings to make major business decisions and he is involved in the day-to-day management of Nanpu;
2. Mr. Lin is one of the founders of Nanpu. In the past, Nanpu was owned as to 90% by Putian Huanan Food and Mr. Lin in turn owns 37.5% equity interest in Putian Huanan Food. Nanpu started to develop itself as a distributor of branded products by leveraging on Mr. Lin's connection with the international brands such as Nestlé. Mr. Lin also introduced First Food Store as a shareholder of Nanpu in 2002; and

RELATIONSHIP WITH NANPU

3. during the Track Record Period, the aggregate amount of remuneration received by Mr. Lin as Nanpu's director and general manager was about RMB4.08 million, which was higher than the aggregate amount of remuneration received by Mr. Lin as our Company's Director.

In light of the above, Mr. Lin and his associates will abstain from voting on all resolutions approving transactions or arrangements with Nanpu at the relevant general meetings. Please refer to the "Connected Transactions" section for further details.

The total amount of sales to Nanpu (before elimination of the Sales and Repurchase Arrangement) in 2010, 2011 and 2012, and the six months ended June 30, 2013 was approximately RMB1,975 million, RMB1,446 million, RMB1,453 million and RMB746 million, respectively. The total amount of sales to Nanpu (after elimination of the Sales and Repurchase Arrangement) in 2010, 2011 and 2012, and the six months ended June 30, 2013 was approximately RMB1,697 million, RMB1,262 million, RMB1,336 million and RMB625 million, respectively, which accounted for approximately 44.8%, 33.3%, 31.4% and 27.1% of our total sales for the respective periods.

The total amount of purchase from Nanpu (before elimination of the Sales and Repurchase Arrangement) in 2010, 2011 and 2012, and the six months ended June 30, 2013 was approximately RMB1,783 million, RMB1,315 million, RMB1,156 million and RMB402 million, respectively. The total amount of purchase from Nanpu (after elimination of the Sales and Repurchase Arrangement) in 2010, 2011 and 2012, and the six months ended June 30, 2013 was approximately RMB1,505 million, RMB1,130 million, RMB1,039 million and RMB281 million, respectively, which accounted for approximately 44.4%, 32.7%, 23.9% and 13.4% of our total purchase for the respective periods.

Save for the distribution agreements entered into between us and Nanpu, which will expire on December 31, 2013, there are no other legally binding agreements entered into between us and Nanpu. If we are unable to obtain independent shareholder's approval on the transactions to be entered into between the Group and Nanpu after December 31, 2013, we will not be in breach of any distribution agreements already entered into with Nanpu but we will not be able to transact with Nanpu and this may materially and adversely affect our business, financial condition or results of operations and growth. We entered into the memorandum of understanding with Nanpu dated November 23, 2008 pursuant to which the parties agreed that Nanpu will act as the sole nationwide distributor of our ready-to-drink tea products for a period of seven years from January 1, 2009 to December 31, 2015. The memorandum of understanding only reflects the commercial understanding between us and Nanpu and there is no legal consequence if we are unable to obtain independent shareholder's approval on the transactions to be entered into between the Group and Nanpu after December 31, 2013. Please refer to "Risk Factors — Risks relating to our business — We rely on Nanpu, our jointly controlled entity, to distribute and supply a significant amount of our products" for further details.

CONNECTED TRANSACTIONS

We have entered into a number of agreements with our connected persons set out more particularly below. The transactions disclosed in this section will constitute our continuing connected transactions under Chapter 14A of the Listing Rules upon Listing.

(A) CONNECTED PERSONS

The following parties will become our connected persons upon Listing:

1. ***Dalian Friendship Group/Dalian Friendship Group Storage Co. (大連友誼集團有限公司儲運公司)***

Dalian Friendship Group is a substantial shareholder of our subsidiary, Dalian Nanpu, and is therefore our connected person by virtue of its relationship with our subsidiary.

Dalian Friendship Group Storage Co. is a subsidiary of the holding company of Dalian Friendship Group, and is therefore our connected person by virtue of its relationship with our subsidiary.

2. ***Jiangsu Linning Trading***

Jiangsu Linning Trading is owned by Lin Jianming (林建明), a brother of Mr. Lin, as to more than 50%, and is therefore an associate of Mr. Lin and our connected person.

3. ***Mr. Lin***

Mr. Lin is a Controlling Shareholder and a Director and hence our connected person.

4. ***Nanpu***

Nanpu is a jointly controlled entity owned by us as to 51% through Tenwow (Fujian) Food and Tiansheng Wines and Spirits, collectively, and as to 49% by Shanghai Tangjiu. Although Nanpu is not a connected person for the purpose of Rule 14A.11 of the Listing Rules, it is deemed by the Stock Exchange as a connected person pursuant to Rule 14A.06 of the Listing Rules.

5. ***Putian Nanpu***

Putian Nanpu is owned by Zhou Yulan (周玉蘭), a sister-in-law of Mr. Lin, as to more than 50%, and is therefore an associate of Mr. Lin and our connected person.

6. ***Putian Xinghua Food***

Putian Xinghua Food is collectively owned by Lin Quanqin (林全欽) and Mr. Lin Jianhong (林建洪), both brothers of Mr. Lin, as to more than 50%, and is therefore an associate of Mr. Lin and our connected person.

CONNECTED TRANSACTIONS

7. *Shanghai Buy Well*

Shanghai Buy Well is collectively owned by Lin Jianhong (林建洪), a brother of Mr. Lin, and his spouse as to more than 50%, and is therefore an associate of Mr. Lin and our connected person.

8. *Shanghai Huanglongtai*

Shanghai Huanglongtai is wholly-owned by Shaowansheng Commerce, our connected person, and is therefore its associate and our connected person.

9. *Shanghai Tangjiu and its associates (collectively, the “Shanghai Tangjiu Group”)*

Shanghai Tangjiu is a substantial shareholder of Nanpu, which is indirectly owned by the Group as to 51% and a subsidiary of our Company for the purpose of the Listing Rules, and is therefore our connected person. The following members of the Shanghai Tangjiu Group are connected persons of our Company that have entered into transactions with us:

(a) *Bright Group*

Bright Group is the holding company of Shanghai Tangjiu and is therefore its associate and our connected person.

(b) *First Food Chain*

First Food Chain is a subsidiary of Shanghai Tangjiu and is therefore its associate and our connected person.

(c) *Nonggongshang Supermarket*

Nonggongshang Supermarket is a subsidiary of Bright Group and is therefore an associate of Shanghai Tangjiu and our connected person.

(d) *Oriental Pioneering Hubei*

Oriental Pioneering Hubei is a subsidiary of Shanghai Tangjiu and is therefore its associate and our connected person.

(e) *Oriental Pioneering Shanghai*

Oriental Pioneering Shanghai is a subsidiary of Shanghai Tangjiu and is therefore its associate and our connected person.

(f) *Oriental Pioneering Sichuan*

Oriental Pioneering Sichuan is a subsidiary of Shanghai Tangjiu and is therefore its associate and our connected person.

CONNECTED TRANSACTIONS

(g) *Oriental Pioneering Zhanjiang*

Oriental Pioneering Zhanjiang is a subsidiary of Shanghai Tangjiu and is therefore its associate and our connected person.

(h) *Shanghai Bright Group Commerce*

Shanghai Bright Group Commerce is a subsidiary of Bright Group and is therefore an associate of Shanghai Tangjiu and our connected person.

(i) *Shanghai Guanshengyuan*

Shanghai Guanshengyuan is a subsidiary of Bright Group and is therefore an associate of Shanghai Tangjiu and our connected person.

(j) *Shanghai H.D.*

Shanghai H.D. is a subsidiary of Bright Group and is therefore an associate of Shanghai Tangjiu and our connected person.

(k) *Shanghai H.D. Convenience Store*

Shanghai H.D. Convenience Store is a subsidiary of Bright Group and is therefore an associate of Shanghai Tangjiu and our connected person.

(l) *Shanghai Jieqiang Chain*

Shanghai Jieqiang Chain is a subsidiary of Shanghai Tangjiu and is therefore its associate and our connected person.

(m) *Shanghai Jieqiang Distribution*

Shanghai Jieqiang Distribution is a subsidiary of Shanghai Tangjiu and is therefore its associate and our connected person.

(n) *Shanghai Jieqiang Food*

Shanghai Jieqiang Food is a subsidiary of Shanghai Tangjiu and is therefore its associate and our connected person.

(o) *Shanghai Jieqiang Group*

Shanghai Jieqiang Group is a subsidiary of Shanghai Tangjiu and is therefore its associate and our connected person.

CONNECTED TRANSACTIONS

(p) *Shanghai Jieqiang Kunshan Distribution*

Shanghai Jieqiang Kunshan Distribution is owned by Shanghai Jieqiang Group as to more than 30% and is therefore an associate of Shanghai Tangjiu and our connected person.

(q) *Shanghai Juneng*

Shanghai Juneng is a subsidiary of Bright Group and is therefore an associate of Shanghai Tangjiu and our connected person.

(r) *Shanghai Kedi Convenience Store*

Shanghai Kedi Convenience Store is a subsidiary of Bright Group and is therefore an associate of Shanghai Tangjiu and our connected person.

(s) *Shanghai Newland*

Shanghai Newland is a subsidiary of Shanghai Tangjiu and is therefore its associate and our connected person.

(t) *Shanghai Urban Life*

Shanghai Urban Life is a subsidiary of Bright Group and is therefore an associate of Shanghai Tangjiu and our connected person.

(u) *Shanghai Wuyuan*

Shanghai Wuyuan is a subsidiary of Bright Group and is therefore an associate of Shanghai Tangjiu and our connected person.

(v) *Shenzhen Jieqiang*

Shenzhen Jieqiang is owned by Shanghai Jieqiang Group as to more than 30% and is therefore an associate of Shanghai Tangjiu and our connected person.

10. *Shaowansheng Commerce*

Shaowansheng Commerce is a substantial shareholder of Chuanxiang Flavouring and Chuanxiang Food, both of which are our subsidiaries. Shaowansheng Commerce is hence our connected person.

11. *Shaowansheng Food*

Shaowansheng Food is wholly-owned by Shaowansheng Commerce, our connected person, and is therefore its associate and our connected person.

CONNECTED TRANSACTIONS

12. *Shenyang Buy Well Trading*

Shenyang Buy Well Trading is collectively owned by Lin Jianhong (林建洪), a brother of Mr. Lin, and his spouse as to more than 50%, and is therefore an associate of Mr. Lin and our connected person.

13. *Tianpu Food*

Tianpu Food is owned by Ms. Yan, the spouse of Mr. Lin, as to 30% and Mr. Chen Lei, a senior management of our Company, as to 70%, and is therefore an associate of Mr. Lin and our connected person.

14. *Tiansheng Warehouse*

Tiansheng Warehouse is a wholly-owned subsidiary of Nan Pu (Hong Kong) Investments Limited (南浦(香港)投資有限公司), which is in turn owned by Mr. Lin as to more than 30%. Therefore, Tiansheng Warehouse is an associate of Mr. Lin and our connected person.

(B) WHOLLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We set out below a summary of the continuing connected transaction for our Group, which is exempt, under Rule 14A.33 of the Listing Rules, from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Directors confirm that this transaction was carried out on normal commercial terms.

Leasing of selling, office and storage premises by Dalian Nanpu from Dalian Friendship Group

The principal details of the tenancy agreement in relation to the selling premise are:

Lessee:	Dalian Nanpu
Lessor:	Dalian Friendship Group
Date of lease:	February 1, 2012
Term:	February 1, 2012 to January 31, 2015
Property:	Eastern area, 1/F, Friendship Hotel, 91 Renmin Road, Zhongshan District, Dalian
Gross floor area:	546m ²
Use:	Selling place
Rent/fees:	Annual rent: RMB797,000 (comprising RMB377,000 for selling place and RMB420,000 for advertising place and based on a monthly rate of approximately RMB122/m ²)

CONNECTED TRANSACTIONS

The principal details of the tenancy agreement in relation to the office premise are:

Lessee: Dalian Nanpu
Lessor: Dalian Friendship Group
Date of lease: February 1, 2012
Term: February 1, 2012 to January 31, 2015
Property: 2/F, Friendship Hotel Complex, 91 Renmin Road, Zhongshan District, Dalian
Gross floor area: 234m²
Use: Office space
Rent/fees: Annual rent: RMB153,700 (based on a monthly rate of approximately RMB55/m²)

The principal details of the tenancy agreement in relation to the storage premise are:

Lessee: Dalian Nanpu
Lessor: Dalian Friendship Group
Date of lease: February 1, 2012
Term: February 1, 2012 to January 31, 2015
Property: Backyard warehouse and basement warehouse, Friendship Hotel, 91 Renmin Road, Zhongshan District, Dalian
Gross floor area: 329m²
Use: Storage space
Rent/fees: Nil

Lessee: Dalian Nanpu
Lessor: Dalian Friendship Group Storage Co.
Date of lease: May 1, 2013
Term: May 1, 2013 to April 30, 2014
Property: Warehouse, 3/F, 140 Zongnan Road, Zhongshan District, Dalian
Gross floor area: 500m²
Use: Storage space
Rent/fees: Annual rent: RMB109,500 (based on a monthly rate of RMB0.6/m²)

CONNECTED TRANSACTIONS

Historical Transaction Amounts and Annual Caps

The following table sets out the annual rent paid by Dalian Nanpu to Dalian Friendship Group during the Track Record Period and the expected maximum annual rent payable for the each of the three years ending December 31, 2015:

Historical Transaction Amount (RMB'000)				Annual Cap (RMB'000)		
Year ended December 31,			Six months ended June 30,	Year ending December 31,		
2010	2011	2012	2013	2013	2014	2015
—	—	953	605	1,033	997	960

These annual caps were determined with reference to the rent payable under the above tenancy agreements. The Property Valuer has confirmed that the rent payable under the above tenancy agreements reflect prevailing market rates.

Listing Rules Implications

As each applicable percentage ratio (other than the profits ratio) under the Listing Rules in respect of the above annual caps is expected to be less than 1% and the transaction is a connected transaction only because it involves a person who is our connected person by virtue of its relationship with our subsidiary, the transactions under the above tenancy agreements will be exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Rule 14A.33(3) of the Listing Rules.

CONNECTED TRANSACTIONS

(C) PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We set out below a summary of the continuing connected transactions for our Group, which are exempt, under Rule 14A.34 of the Listing Rules, from the independent shareholders' approval requirements, but are subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

1. Leasing of properties from Mr. Lin and his associate

We lease premises from Mr. Lin and his associate, Tiansheng Warehouse, in the ordinary course of our business. The table below sets out the: (1) principal terms of the various tenancy agreements entered into between us and Mr. Lin or Tiansheng Warehouse; (2) annual rent and fee paid by us to Mr. Lin or Tiansheng Warehouse during the Track Record Period; and (3) expected maximum annual rent and fee payable for each of the three years ending December 31, 2005:

Lessee	Lessor	Date of lease	Term	Property	Use	Gross floor area (m ²)	Monthly rent/fees (RMB) ⁽¹⁾	Historical Transaction Amount (RMB'000)			Annual Cap (RMB'000)			
								Year ended December 31,			Six months ended June 30,	Year ending December 31,		
								2010	2011	2012	2013	2013	2014	2015
Shenzhen Nanpu Industrial	Mr. Lin	June 1, 2011	June 1, 2011 to May 31, 2013 ⁽²⁾	Units 33A and 33F of Noble Financial Centre Main Building, Fuzhongsan Road, Futian District, Shenzhen	Office	492	60,000 ⁽³⁾	444	605	720	360	720	720	780
Nanpu	Tiansheng Warehouse	January 1, 2011	January 1, 2011 to December 31, 2013 ⁽²⁾	An office unit located at Building No. 5, 1300 Jiugan Road, Shanghai	Office	2,513	109,298 ⁽⁴⁾	1,598	1,656	1,706	881	1,850	1,943	2,040
		January 1, 2011	January 1, 2011 to December 31, 2013 ⁽²⁾	1st-4th Floors, No. 6 Dormitory Building, 1300 Jiugan Road, Shanghai	Dormitory	970	30,555 ⁽⁴⁾							

CONNECTED TRANSACTIONS

Lessee	Lessor	Date of lease	Term	Property	Use	Gross floor area (m ²)	Monthly rent/fees (RMB) ⁽¹⁾	Historical Transaction Amount (RMB'000)			Annual Cap (RMB'000)			
								Year ended December 31,			Six months ended June 30,	Year ending December 31,		
								2010	2011	2012	2013	2013	2014	2015
Nanpu Food Pudong	Tiansheng Warehouse	January 1, 2011	January 1, 2011 to December 31, 2013 ⁽²⁾	An office unit located at Building No. 5, 1300 Jiugan Road, Shanghai	Office	3,769	163,947 ⁽⁴⁾	6,791	7,122	7,695	4,019	7,865	8,259	8,671
		January 1, 2011	January 1, 2011 to December 31, 2013 ⁽²⁾	1st-4th Floors, No. 6 Dormitory Building, 1300 Jiugan Road, Shanghai	Dormitory	1,455	45,837 ⁽⁴⁾							
		December 27, 2006	January 1, 2007 to December 31, 2012	Warehouse No. 3 and auxiliary facilities located at 1300 Jiugan Road, Shanghai	Storage	19,696	348,922 ⁽⁶⁾							
		January 1, 2013	January 1, 2013 to December 31, 2015	Warehouse No. 3 and auxiliary facilities located at 1300 Jiugan Road, Shanghai	Storage	19,705	424,151 ⁽⁷⁾							
Puxing Trading	Tiansheng Warehouse	January 1, 2011	January 1, 2011 to December 31, 2013 ⁽²⁾	An office unit located at Building No. 5, 1300 Jiugan Road, Shanghai	Office	3,769	163,947 ⁽⁴⁾	6,846	7,179	7,759	4,051	7,925	8,322	8,738
		January 1, 2011	January 1, 2011 to December 31, 2013 ⁽²⁾	1st-4th Floors, No. 6 Dormitory Building, 1300 Jiugan Road, Shanghai	Dormitory	1,455	45,837 ⁽⁴⁾							

CONNECTED TRANSACTIONS

Lessee	Lessor	Date of lease	Term	Property	Use	Gross floor area (m ²)	Monthly rent/fees (RMB) ⁽¹⁾	Historical Transaction Amount (RMB'000)			Annual Cap (RMB'000)			
								Year ended December 31,			Six months ended June 30,	Year ending December 31,		
								2010	2011	2012	2013	2013	2014	2015
		December 27, 2006	January 1, 2007 to December 31, 2012	Warehouses No. 2 and 6 and auxiliary facilities located at 1300 Jiugan Road, Shanghai	Storage	19,413	331,520 ⁽⁸⁾							
		January 1, 2013	January 1, 2013 to December 31, 2015	Warehouses No. 2 and auxiliary facilities located at 1300 Jiugan Road, Shanghai	Storage	19,262	429,169 ⁽⁹⁾							
Royal Wines and Spirits	Tiansheng Warehouse	January 1, 2011	January 1, 2011 to December 31, 2013 ⁽²⁾	An office unit located at Building No. 5, 1300 Jiugan Road, Shanghai	Office	523	22,768 ⁽⁴⁾	260	274	287	151	301	316	332
Tiancheng Enterprise	Tiansheng Warehouse	January 1, 2011	January 1, 2011 to December 31, 2013 ⁽²⁾	An office unit located at Building No. 5, 1300 Jiugan Road, Shanghai	Office	1,256	54,651 ⁽⁴⁾	7,116	7,469	8,233	4,317	8,240	8,652	9,084
		January 1, 2011	January 1, 2011 to December 31, 2013 ⁽²⁾	1st-4th Floors, No. 6 Dormitory Building, 1300 Jiugan Road, Shanghai	Dormitory	485	15,279 ⁽⁴⁾							
		January 1, 2007	January 1, 2007 to December 31, 2012	Warehouses No. 1 and 4 and auxiliary facilities located at Jiugan Road, Shanghai	Storage and office	24,143	453,687 ⁽¹⁰⁾							
		January 1, 2013	January 1, 2013 to December 31, 2015	Warehouses No. 1 and 4 and auxiliary facilities located at Jiugan Road, Shanghai	Storage and office	23,541	609,549 ⁽¹¹⁾							

CONNECTED TRANSACTIONS

Lessee	Lessor	Date of lease	Term	Property	Use	Gross floor area (m ²)	Monthly rent/fees (RMB) ⁽¹⁾	Historical Transaction Amount (RMB'000)						Annual Cap (RMB'000)		
								Year ended December 31,			Six months ended June 30,	Year ending December 31,				
								2010	2011	2012	2013	2013	2014	2015		
Tiansheng Wines and Spirits	Tiansheng Warehouse	January 1, 2011	January 1, 2011 to December 31, 2013 ⁽²⁾	An office unit located at Building No. 5, 1300 Jiugan Road, Shanghai	Office	523	22,768 ⁽⁴⁾	1,081	1,540	287	151	301	316	332		
		January 1, 2009	January 1, 2009 to December 31, 2012 ⁽⁵⁾	No. 6 Office Building, 1300 Jiugan Road, Shanghai	Storage	500	1.3% of the lessee's monthly sales of food and beverages									
Yijia Logistics	Tiansheng Warehouse	January 1, 2011	January 1, 2011 to December 31, 2013 ⁽²⁾	An office unit located at Building No. 5, 1300 Jiugan Road, Shanghai	Office	1,256	54,649 ⁽⁴⁾	799	836	853	441	925	971	1,020		
		January 1, 2011	January 1, 2011 to December 31, 2013 ⁽²⁾	1st-4th Floors, No. 6 Dormitory Building, 1300 Jiugan Road, Shanghai	Dormitory	485	15,279 ⁽⁴⁾									
							Total	24,935	26,681	27,540	14,371	28,127	29,499	30,997		

Notes:

- (1) The monthly rent and fees were determined based on the property's gross floor area and a specific cost per square metre.
- (2) As at the Latest Practicable Date, the lessee and the lessor have entered into an agreement to extend the term of this tenancy agreement to December 31, 2015 with all major terms of this tenancy agreement remaining the same.
- (3) This lessee is also required to pay one month's rent to the lessor as deposit.
- (4) The monthly rent will increase by 5% each year with effect from January 1 of that year during the tenure of the tenancy agreement (except if a full rent payment for the entire year is made in advance). This lessee is also required to pay one month's rent to the lessor as deposit.
- (5) This tenancy agreement was terminated pursuant to and upon the entering into of a supplemental agreement dated January 1, 2012.

CONNECTED TRANSACTIONS

- (6) The monthly rent and fees were determined based on daily fees of RMB0.6/m² for the storage space, RMB0.4/m² for the logistics centre, RMB0.3/m² for the concourse, RMB0.05/m² for management fees, RMB1/m² for the repair, charging and guardroom facilities, RMB0.45/m² for the shelving facility and RMB0.4/m² for the carwash facility. The monthly rent will increase by 5% each year with effect from January 1 of that year during the tenure of the tenancy agreement (except if a full rent payment for the entire year is made in advance).
- (7) The monthly rent and fees were determined based on daily fees of RMB0.8/m² for the storage space, RMB0.55/m² for the logistics centre, RMB0.4/m² for the concourse, RMB0.06/m² for management fees, RMB0.8/m² for the repair, charging and guardroom facilities, RMB0.35/m² for the shelving facility and RMB0.55/m² for the carwash facility. The monthly rent will increase by 5% each year.
- (8) The monthly rent and fees were determined based on daily fees of RMB0.3/m² for storage spaces, RMB0.4/m² for logistics centres, RMB0.3/m² for the concourse and RMB0.05/m² for management fees. The monthly rent will increase by 5% each year.
- (9) The monthly rent and fees were determined based on daily fees of RMB0.3/m² for storage spaces, RMB0.4/m² for logistics centres, RMB0.3/m² for the concourse and RMB0.05/m² for management fees. The monthly rent will increase by 5% each year.
- (10) The monthly rent and fees were determined based on: (a) daily fees of RMB1/m² for the office, RMB0.6/m² for storage spaces, RMB0.4/m² for the logistics centre, RMB0.3/m² for the concourse and RMB0.05/m² for management fees; (b) a monthly system support fee of RMB40,000; and (c) a monthly telephone maintenance fee of RMB1,500. These will increase by 5% each year with effect from January 1 of that year during the tenure of the tenancy agreement (except if a full rent payment for the entire year is made in advance).
- (11) The monthly rent and fees were determined based on: (a) daily fees of RMB1.35/m² for the office, RMB0.8/m² for storage spaces, RMB0.55/m² for the logistics centre, RMB0.4/m² for the concourse and RMB0.06/m² for management fees; (b) a monthly system support fee of RMB50,000; and (c) a monthly telephone maintenance fee of RMB22,250. These will increase by 5% each year.

As shown in the table above, the estimated maximum aggregate rent and fees payable to Mr. Lin and Tiansheng Warehouse, on an aggregated basis, for each of the three years ending December 31, 2015 are:

Annual Cap (RMB'000)		
Year ending December 31,		
2013	2014	2015
28,127	29,499	30,997

These annual caps were determined with reference to the rent and fees payable under the relevant tenancy agreements between us and Mr. Lin or Tiansheng Warehouse (as appropriate) on an aggregated basis. The Property Valuer has confirmed that the rent and fees payable under the above tenancy agreements reflect prevailing market rates.

CONNECTED TRANSACTIONS

Listing Rules Implications

As Tiansheng Warehouse is connected with Mr. Lin, the continuing connected transactions under the above tenancy agreements have been aggregated pursuant to Rule 14A.25 of the Listing Rules.

Further, as at least one of the applicable percentage ratios (other than the profits ratio) under the Listing Rules in respect of these annual caps for all these leases is expected to be more than 0.1% but all such percentage ratios are expected to be less than 5%, the transactions under the above tenancy agreements, on an aggregated basis, will be subject to the reporting, annual review and announcement requirements but exempt from the independent shareholders' approval requirement under Rule 14A.34 of the Listing Rules.

2. *Purchase of goods from Mr. Lin's associates*

We purchase goods from some of Mr. Lin's associates (who are each our connected person) in the ordinary course of our business. To better regulate our relationship with them, each of Tenwow Group (on behalf of itself and its subsidiaries, excluding the Nanpu Group) or Nanpu (on behalf of the Nanpu Group) entered into a framework agreement with each relevant connected person on normal commercial terms. The principal terms of these framework agreements are:

Date:	August 1, 2013
Purchaser:	(1) Tenwow Group (on behalf of itself and its subsidiaries, excluding the Nanpu Group); or (2) Nanpu (on behalf of the Nanpu Group)
Seller:	See the connected persons listed in the table below
Term:	Three years upon Listing
Risk:	The risk of the goods is passed to the purchaser upon delivery to its warehouses
Pricing:	Prevailing market price of the goods
Payment terms:	Wire transfer upon delivery of the goods or monthly

CONNECTED TRANSACTIONS

(i) *Historical Transaction Amounts and Annual Caps*

The table below sets out, in relation to each relevant seller that is Mr. Lin's associate and our connected person, the historical transaction amounts paid by us during the Track Record Period, the expected maximum aggregate transaction amounts for each of the three years ending December 31, 2015 and the approximate projected annual growth rate used as the basis for calculating such expected maximum amounts:

Purchaser	Seller (Mr. Lin's associate and our connected person)	Goods	Historical Transaction Amount (RMB'000)				Annual Cap (RMB'000)			Projected Annual Growth Rate
			Year ended December 31,			Six months ended	Year ending December 31,			
			2010	2011	2012	June 30, 2013	2013	2014	2015	
Tenwow Group (on behalf of itself and its subsidiaries, excluding the Nanpu Group)	Jiangsu Linning Trading	Food	417	414	583	—	758	985	1,281	30% ⁽¹⁾
	Putian Xinghua Food	Packaging materials	44	87	158	87	316	632	822	30%-100% ⁽¹⁾⁽²⁾
	Tianpu Food	Food	374	1,119	22,562	15,237	46,582 ⁽³⁾	60,554	78,718	30%-50% ⁽³⁾
		Sub-total		835	1,620	23,303	15,324	47,656	62,171	80,821
Nanpu (on behalf of the Nanpu Group)	Putian Nanpu	Food	22	15	—	—	16	18	19	10% ⁽¹⁾
	Tianpu Food	Food	554	2,752	1,612	1,748	2,015	2,519	3,148	25% ⁽¹⁾
		Sub-total	576	2,767	1,612	1,748	2,031	2,537	3,167	
		Total	1,411	4,387	24,915	17,072	49,687	64,708	83,988	

Notes:

- (1) This transaction, on an individual basis, is a de minimis transaction under Chapter 14A of the Listing Rules.
- (2) Putian Xinghua Food is well established in the Fujian province and sells products that are, compared to other suppliers (including independent third parties), of a relatively high quality and at a more competitive price. The projected annual growth rate used to determine the annual caps for this framework agreement for each of the years ending December 31, 2013, 2014 and 2015 was 100%, 100% and 30%, respectively. The transaction amount incurred by us in relation to purchases from Putian Xinghua Food during the first half of 2013 was RMB87,000, representing approximately 27.53% of the annual cap for the year ending December 31, 2013.
- (3) Tianpu Food mainly sells to us cashews and also green beans. The quality and price of Tianpu Food's products are more competitive. For example, Tianpu Food sells cashews and green beans to us at a price that is generally cheaper than that offered by independent third parties. As such, in the fourth quarter of 2012, they became one of the major suppliers of such food products for Tenwow Group. We currently expect to purchase all our cashews and green beans from Tianpu Food. Nevertheless, we have in the past and will continue to seek quotations from alternative suppliers in order to select the most competitive supplier in terms of quality and price. Also, there has been a recent increase in the consumer demand for green beans,

CONNECTED TRANSACTIONS

which may be purchased from suppliers at a relatively low price. Therefore, purchases from Tianpu Food increased significantly for the year ended December 31, 2012 and are expected to increase for the years ending December 31, 2013, 2014 and 2015 at an annual growth rate of approximately 50%, 30% and 30%, respectively. Further, the annual cap for this framework agreement for the year ending December 31, 2013 was determined with reference to RMB31,041,000 (being the total purchases of cashews and green beans by Tenwow Group (on behalf of itself and its subsidiaries, excluding the Nanpu Group) from its suppliers, including Tianpu Food, for the year ended December 31, 2012). The transaction amount incurred by us in relation to purchases from Tianpu Food for cashews during the first half of 2013 was RMB15,237,000, representing approximately 32.71% of the annual cap for the year ending December 31, 2013.

As shown in the table above, the estimated maximum aggregate transaction amounts for each of the three years ending December 31, 2015, in relation to all of the above framework agreements on an aggregated basis, are:

Purchaser	Annual Cap (RMB'000)		
	Year ending December 31,		
	2013	2014	2015
Tenwow Group (on behalf of itself and its subsidiaries, excluding the Nanpu Group) . .	47,656	62,171	80,821
Nanpu (on behalf of the Nanpu Group)	<u>2,031</u>	<u>2,537</u>	<u>3,167</u>
Total	<u>49,687</u>	<u>64,708</u>	<u>83,988</u>

The above aggregated annual caps were calculated by aggregating the expected maximum transaction amounts in relation to the sale of goods between each of Mr. Lin's relevant associates and Tenwow Group (on behalf of itself and its subsidiaries, excluding the Nanpu Group) or Nanpu (on behalf of the Nanpu Group) for the three years ending December 31, 2015. Such individual annual caps were in turn determined with reference to the projected transaction volume for the three years ending December 31, 2015 based on the historical transaction amounts during the Track Record period and the estimated annual growth.

(ii) *Listing Rules Implications*

As Jiangsu Linning Trading, Putian Nanpu, Putian Xinghua Food and Tianpu Food are all Mr. Lin's associates, the continuing connected transactions under the above framework agreements have been aggregated pursuant to Rule 14A.25 of the Listing Rules for purpose of determining its compliance obligations under Chapter 14A of the Listing Rules.

Further, as at least one of the applicable percentage ratios (other than the profits ratio) under the Listing Rules in respect of these annual caps is expected to be more than 0.1% but all such percentage ratios are expected to be less than 5%, the transactions under the above framework agreements, on an aggregated basis, will be subject to the reporting, annual review and announcement requirements but exempt from the independent shareholders' approval requirement under Rule 14A.34 of the Listing Rules.

CONNECTED TRANSACTIONS

3. *Sales of goods to Mr. Lin's associates*

We sell goods to some of Mr. Lin's associates (who are each our connected person) in the ordinary course of our business. To better regulate our relationship with these connected persons, each of Tenwow Group (on behalf of itself and its subsidiaries, excluding the Nanpu Group) or Nanpu (on behalf of the Nanpu Group) entered into a framework agreement with each relevant connected person on normal commercial terms. The principal terms of these framework agreements are:

Date:	August 1, 2013
Seller:	(1) Tenwow Group (on behalf of itself and its subsidiaries, excluding the Nanpu Group); or (2) Nanpu (on behalf of the Nanpu Group)
Purchaser:	See the connected persons listed in the table below
Term:	Three years upon Listing
Risk:	The risk of the goods is passed to the purchaser upon delivery to its warehouses
Pricing:	Prevailing market price of the goods
Payment terms:	Wire transfer upon delivery of the goods or monthly

CONNECTED TRANSACTIONS

(i) *Historical Transaction Amounts and Annual Caps*

The table below sets out, in relation to each relevant purchaser that is Mr. Lin's associate and our connected person, the historical transaction amounts received by us during the Track Record Period, the expected maximum aggregate transaction amounts for each of the three years ending December 31, 2015 and the approximate projected annual growth rate used as the basis for calculating such expected maximum amounts:

Seller	Purchaser (Mr. Lin's associate and our connected person)	Goods	Historical Transaction Amount (RMB'000)				Annual Cap (RMB'000)			Projected Annual Growth Rate
			Year ended December 31,			Six months ended	Year ending December 31,			
			2010	2011	2012	June 30, 2013	2013	2014	2015	
Tenwow Group (on behalf of itself and its subsidiaries, excluding the Nanpu Group)	Tianpu Food	Packaging materials	91	88	300	104	620	806	1,048	30%-106% ⁽¹⁾⁽²⁾
		Sub-total	<u>91</u>	<u>88</u>	<u>300</u>	<u>104</u>	<u>620</u>	<u>806</u>	<u>1,048</u>	
Nanpu (on behalf of the Nanpu Group)	Putian Nanpu	Wine	—	147	—	—	154	162	170	5% ⁽¹⁾
	Shanghai Buy Well	Beverage; household chemicals	268	1,303	1,690	209	1,791	1,899	2,013	6% ⁽¹⁾
	Tianpu Food	Wine; food	92	257	6,853	1	7,196	7,555	7,933	5%
		Sub-total	<u>360</u>	<u>1,707</u>	<u>8,543</u>	<u>210</u>	<u>9,141</u>	<u>9,616</u>	<u>10,116</u>	
		Total	<u>451</u>	<u>1,795</u>	<u>8,843</u>	<u>314</u>	<u>9,761</u>	<u>10,422</u>	<u>11,164</u>	

Note:

(1) This transaction, on an individual basis, is a de minimis transaction under Chapter 14A of the Listing Rules.

(2) The annual cap for the year ending December 31, 2013 was calculated based on a 106% growth of the transaction amount with Tianpu Food for the year ended December 31, 2012. The annual caps for the years ending December 31, 2014 and 2015 are projected at an annual growth rate of 30% of the preceeding year.

CONNECTED TRANSACTIONS

As shown in the table above, the estimated maximum aggregate transaction amounts for each of the three years ending December 31, 2015, in relation to all of the above framework agreements on an aggregated basis, are:

Seller	Annual Cap (RMB'000)		
	Year ending December 31,		
	2013	2014	2015
Tenwow Group (on behalf of itself and its subsidiaries, excluding the Nanpu Group) . .	620	806	1,048
Nanpu (on behalf of the Nanpu Group)	9,141	9,616	10,116
Total	9,761	10,422	11,164

The above aggregated annual caps were calculated by aggregating the expected maximum transaction amounts in relation to the sale of goods between each of Mr. Lin's relevant associates and Tenwow Group (on behalf of itself and its subsidiaries, excluding the Nanpu Group) or Nanpu (on behalf of the Nanpu Group) for the three years ending December 31, 2015. Such individual annual caps were in turn determined with reference to the projected transaction volume for the three years ending December 31, 2015 based on the historical transaction amounts during the Track Record period and the estimated annual growth.

(ii) *Listing Rules Implications*

As Putian Nanpu, Shanghai Buy Well and Tianpu Food are all Mr. Lin's associates, the continuing connected transactions under the above framework agreements have been aggregated pursuant to Rule 14A.25 of the Listing Rules for purpose of determining its compliance obligations under Chapter 14A of the Listing Rules.

Further, as at least one of the applicable percentage ratios (other than the profits ratio) under the Listing Rules in respect of these annual caps is expected to be more than 0.1% but all such percentage ratios are expected to be less than 5%, the transactions under the above framework agreements will, on an aggregated basis, be subject to the reporting, annual review and announcement requirements but exempt from the independent shareholders' approval requirement under Rule 14A.34 of the Listing Rules.

CONNECTED TRANSACTIONS

(D) NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We set out below a summary of the continuing connected transactions for our Group, which are, under Rule 14A.35 of the Listing Rules, subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

1. *Purchase of goods from Shaowansheng Commerce and its associate*

We purchase goods from Shaowansheng Commerce and its associate, Shanghai Huanglongtai (who are both our connected persons), in the ordinary course of our business. To better regulate our relationship with these connected persons, each of Tenwow Group (on behalf of itself and its subsidiaries, excluding the Nanpu Group) or Nanpu (on behalf of the Nanpu Group) entered into a framework agreement with each relevant connected person on normal commercial terms. The principal terms of the framework agreement are:

Date:	August 1, 2013
Purchaser:	(1) Tenwow Group (on behalf of itself and its subsidiaries, excluding the Nanpu Group); or (2) Nanpu (on behalf of the Nanpu Group)
Seller:	(1) Shaowansheng Commerce; or (2) Shanghai Huanglongtai
Term:	Three years upon Listing
Risk of the goods:	Passes to the purchaser upon delivery to its warehouses
Pricing:	Prevailing market price of the goods
Payment terms:	Wire transfer upon delivery of the goods or monthly

CONNECTED TRANSACTIONS

(i) *Historical Transaction Amounts and Annual Caps*

The table below sets out, in relation to Shaowansheng Commerce or Shanghai Huanglongtai (each a seller and also our connected person), the historical transaction amounts paid by us during the Track Record Period, the expected maximum aggregate transaction amounts for each of the three years ending December 31, 2015 and the approximate projected annual growth rate used as the basis for calculating such expected maximum amounts:

Purchaser	Seller (connected person)	Goods	Historical Transaction Amount (RMB'000)				Annual Cap (RMB'000)			Projected Annual Growth Rate
			Year ended December 31,			Six months ended	Year ending December 31,			
			2010	2011	2012	June 30, 2013	2013	2014	2015	
Tenwow Group (on behalf of itself and its subsidiaries, excluding the Nanpu Group)	Shaowansheng Commerce	Wine	—	5,780	49,019	35,448	63,725	70,098	77,107	10%-30% ⁽¹⁾
		Sub-total	—	5,780	49,019	35,448	63,725	70,098	77,107	
Nanpu (on behalf of the Nanpu Group)	Shanghai Huanglongtai	Food	88	—	3	—	3	4	4	10% ⁽²⁾
	Shaowansheng Commerce	Wine	200,812	192,382	78,641	43,475	98,301	122,877	153,596	
		Sub-total	200,900	192,382	78,644	43,475	98,304	122,881	153,600	
		Total	200,900	198,162	127,663	78,923	162,029	192,979	230,707	

Note:

- (1) Shaowansheng Commerce sells products that are, compared to other suppliers (including independent third parties), of a relatively high quality and at a more competitive price. The projected annual growth rate used to determine the annual caps for the years ending December 31, 2013, 2014 and 2015 was 30%, 10% and 10%, respectively. The transaction amount incurred by us in relation to purchases from Shaowansheng Commerce during the first half of 2013 was RMB35,448,000, representing approximately 55.63% of the annual cap for the year ending December 31, 2013.
- (2) This transaction, on an individual basis, is a de minimis transaction under Chapter 14A of the Listing Rules.
- (3) Purchases by Nanpu (on behalf of the Nanpu Group) from Shaowansheng Commerce decreased substantially for the year ended December 31, 2012 due to shifts in the business strategies of Shaowansheng Commerce and its group companies. However, the senior management of Nanpu (on behalf of the Nanpu Group) and Shaowansheng Commerce have since, through a series of negotiations, agreed to increase their cooperation and to actively market and distribute each other's products. As such, it is expected that purchases by Nanpu (on behalf of the Nanpu Group) from Shaowansheng Commerce will increase steadily at an annual growth rate of 25% for the three years ending December 31, 2015.

CONNECTED TRANSACTIONS

As shown in the table above, the estimated maximum aggregate transaction amounts for each of the three years ending December 31, 2015, in relation to all of the above framework agreements on an aggregated basis, are:

Purchaser	Annual Cap (RMB'000)		
	Year ending December 31,		
	2013	2014	2015
Tenwow Group (on behalf of itself and its subsidiaries, excluding the Nanpu Group) . .	63,725	70,098	77,107
Nanpu (on behalf of the Nanpu Group)	98,304	122,881	153,600
Total	<u>162,029</u>	<u>192,979</u>	<u>230,707</u>

The above aggregated annual caps for the above framework agreements were calculated by aggregating the expected maximum transaction amounts in relation to the sale of goods between each of Shaowansheng Commerce or Shanghai Huanglongtai and Tenwow Group (on behalf of itself and its subsidiaries, excluding the Nanpu Group) or Nanpu (on behalf of the Nanpu Group) for the three years ending December 31, 2015. Such individual annual caps were in turn determined with reference to the projected transaction volume for the three years ending December 31, 2015 based on the historical transaction amounts during the Track Record period and the estimated annual growth.

(ii) *Listing Rules Implications*

As Shanghai Huanglongtai is wholly-owned by Shaowansheng Commerce, the continuing connected transactions under the above framework agreements have been aggregated pursuant to Rule 14A.25 of the Listing Rules for purpose of determining its compliance obligations under Chapter 14A of the Listing Rules.

Further, as at least one of the applicable percentage ratios (other than the profits ratio) under the Listing Rules in respect of these annual caps is expected to be more than 5%, the transactions under the above framework agreements will, on an aggregated basis, be subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Rule 14A.35 of the Listing Rules.

CONNECTED TRANSACTIONS

2. *Purchase of goods from the Shanghai Tangjiu Group*

We purchase goods from various members of the Shanghai Tangjiu Group (who are all our connected persons) in the ordinary course of our business. To better regulate our relationship with them, each of Tenwow Group (on behalf of itself and its subsidiaries, excluding the Nanpu Group) or Nanpu (on behalf of the Nanpu Group) entered into framework agreements with Bright Group (on behalf of itself and the Shanghai Tangjiu Group) on normal commercial terms. The principal terms of these two framework agreements are:

Date:	(1) July 5, 2013 (2) July 26, 2013
Purchaser:	(1) Tenwow Group (on behalf of itself and its subsidiaries, excluding the Nanpu Group); or (2) Nanpu (on behalf of the Nanpu Group)
Seller:	Bright Group (on behalf of itself and the Shanghai Tangjiu Group)
Term:	Three years upon Listing
Risk:	The risk of the goods is passed to the purchaser upon delivery to its warehouses
Pricing:	Prevailing market price of the goods
Payment terms:	Wire transfer upon delivery of the goods or monthly

CONNECTED TRANSACTIONS

(i) *Historical Transaction Amounts and Annual Caps*

The table below sets out, in relation to each relevant seller that is a member of the Shanghai Tangjiu Group and our connected person, the historical transaction amounts paid by us during the Track Record Period, the expected maximum aggregate transaction amounts for each of the three years ending December 31, 2015 and the approximate projected annual growth rate used as the basis for calculating such expected maximum amounts:

Purchaser	Seller (Member of the Shanghai Tangjiu Group and our connected person)	Goods	Historical Transaction Amount (RMB'000)				Annual Cap (RMB'000)			Projected Annual Growth Rate
			Year ended December 31,			Six months ended	Year ending December 31,			
			2010	2011	2012	June 30, 2013	2013	2014	2015	
Tenwow Group (on behalf of itself and its subsidiaries, excluding the Nanpu Group)	Oriental	Sugar	—	—	2,395	2,019	4,071	6,717	10,452	55%-70% ⁽¹⁾
	Pioneering Hubei									
	Oriental	Sugar	14,320	22,883	24,596	12,307	41,814	68,901	107,036	55%-70% ⁽¹⁾
	Pioneering Shanghai									
	Oriental	Sugar	668	131	—	—	263	433	672	55%-65% ⁽¹⁾
	Pioneering Sichuan									
	Oriental	Sugar	5,505	8,820	5,641	—	9,591	15,795	24,575	55%-70% ⁽¹⁾
	Pioneering Zhanjiang									
	Shanghai Bright Group Commerce	Wine	—	—	58	—	67	77	89	15%
	Shanghai Guanshengyuan	Food	—	—	—	17	200	230	265	15%
	Shanghai H.D.	Wine; food	—	14,434	—	—	5,740	6,601	7,614	15%
	Shanghai Jieqiang Chain	Wine; food	6,282	—	—	—	6,576	7,891	9,523	20%
	Shanghai Jieqiang Distribution	Wine; food	86,620	17,910	6,074	11,092	6,985	8,033	9,271	15%
Shanghai Juneng	Milk powder	—	—	1,309	2,788	2,225	3,687	5,743	55%-70% ⁽¹⁾	
Shanghai Newland	Wine; food	—	13,745	11,337	—	13,037	15,003	17,337	15%	
	Sub-total		<u>113,395</u>	<u>77,923</u>	<u>51,410</u>	<u>28,223</u>	<u>90,569</u>	<u>133,368</u>	<u>192,577</u>	

CONNECTED TRANSACTIONS

Purchaser	Seller (Member of the Shanghai Tangjiu Group and our connected person)	Goods	Historical Transaction Amount (RMB'000)				Annual Cap (RMB'000)			Projected Annual Growth Rate
			Year ended December 31,			Six months ended	Year ending December 31,			
			2010	2011	2012	June 30, 2013	2013	2014	2015	
Nanpu (on behalf of the Nanpu Group)	Shanghai H.D.	Wine; food	2,538	2,093	—	—	2,302	2,532	2,786	10%
	Shanghai Jieqiang Chain	Wine; food	—	8,547	—	—	10,256	12,307	14,768	20%
	Shanghai Jieqiang Distribution	Wine	29,616	67,286	41,319	37,457	51,649	64,561	80,701	25% ⁽²⁾
	Shanghai Jieqiang Group	Wine; food	11,913	—	36,136	9,831	45,170	56,463	70,578	25%
	Shanghai Newland	Wine; food	105,977	81,497	94,645	53,395	118,306	147,883	184,854	25%
	Shanghai Urban Life	Wine; household chemicals	—	48,218	70,272	83,437	87,840	109,800	137,250	25%
	Shanghai Wuyuan	Food	17,245	2,107	—	—	2,275	2,458	2,654	8%
		Sub-total	167,289	209,748	242,372	184,120	317,798	396,004	493,591	
		Total	280,684	287,671	293,782	212,343	408,367	529,372	686,168	

Notes:

- (1) The projected annual growth rates for the three years ending December 31, 2015 are 70%, 65% and 55%, respectively. We historically outsourced the production of some of our products (such as tea) to independent third party contract manufacturers for products sold in the western China region. However, as mentioned in the section “Business — Production — Production Expansion Plan”, we plan to establish a new production facility in Chengdu, Sichuan, which will allow us to produce more beverages and snacks ourselves to cover the western China region. As we commence production at our new facility in Chengdu, Sichuan, we expect the sales growth of our tea in the western China region to increase significantly as previously outsourced products will be produced by us instead. In addition, the utilization rates of our production capacities in Putian, Fujian and Wuhan, Hubei have substantially increased in 2013. Please refer to the section “Business — Production — Our Production Facilities” for further details. As such, we expect that the annual growth of our non-alcoholic beverages for the three years ended December 31, 2015 will be 70%, 65% and 55%, respectively. We expect our purchases of sugar and milk powder (being raw materials of tea) to grow at the same rates for such periods. Further, although our beverage production line in Shanghai was fully utilized in 2012, we expect to purchase an increasing amount of sugar from Oriental Pioneering Shanghai due to two additional reasons. First, we expect to provide an increasing amount of raw materials (including sugar for tea) to our relevant contract manufacturers (to whom we outsource the production of certain products). Second, our new beverage production line in Songjiang, Shanghai is expected to be completed in 2014.

The connected persons from whom we purchase sugar belongs to one of the largest sugar production groups in East China which also supplies sugar to well-known brands such as Uni-President (統一), Want Want (旺旺), Dali (達利), Perfetti Van Melle (不凡帝糖菓), and Coca-Cola (可口可樂). The sugar production industry is highly consolidated in the PRC which resulted in a small number of suppliers in the market. We have not experienced any defective quality issues regarding the sugar that we purchase from these

CONNECTED TRANSACTIONS

connected persons. Nevertheless, we generally obtain 2-3 quotations for the purchase of sugar and milk powder but have chosen to purchase from these connected persons as their price and quality of the products are more competitive. These connected persons sell sugar to us at a price that is generally cheaper than that offered by independent third parties, which is advantageous in light of our significant demand for sugar for our products. For the reasons set out above, we currently expect to purchase all our sugar needs from these connected persons.

- (2) Historical purchases by Nanpu (on behalf of the Nanpu Group) from Shanghai Jieqiang Distribution decreased during the year ended December 31, 2012 due to market conditions and due to shifts in the business strategies of the two parties. However, the senior management of Nanpu (on behalf of the Nanpu Group) and Shanghai Jieqiang Distribution have since, through a series of negotiations, agreed to increase their cooperation and to actively market and distribute each other's products. As such, it is expected that sales and purchases by and from Nanpu (on behalf of the Nanpu Group) to and from Shanghai Jieqiang Distribution will increase steadily at an annual growth rate of 25% for the three years ending December 31, 2015.

As shown in the table above, the estimated maximum aggregate transaction amounts for each of the three years ending December 31, 2015, in relation to both of the two framework agreements are:

Purchaser	Annual Cap (RMB'000)		
	Year ending December 31,		
	2013	2014	2015
Tenwow Group (on behalf of itself and its subsidiaries, excluding the Nanpu Group) . .	90,569	133,368	192,577
Nanpu (on behalf of the Nanpu Group)	<u>317,798</u>	<u>396,004</u>	<u>493,591</u>
Total	<u>408,367</u>	<u>529,372</u>	<u>686,168</u>

The above annual caps for these two framework agreements were calculated by aggregating the expected maximum transaction amounts in relation to the sale of goods between each of the members of the Shanghai Tangjiu Group and Tenwow Group (on behalf of itself and its subsidiaries, excluding the Nanpu Group) or Nanpu (on behalf of the Nanpu Group) for the three years ending December 31, 2015. Such individual annual caps were in turn determined with reference to the projected transaction volume for the three years ending December 31, 2015 based on the historical transaction amounts during the Track Record period and the estimated annual growth.

(ii) *Listing Rules Implications*

As at least one of the applicable percentage ratios (other than the profits ratio) under the Listing Rules in respect of these annual caps is expected to be more than 5%, the transactions under these two framework agreements will be subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Rule 14A.35 of the Listing Rules.

CONNECTED TRANSACTIONS

3. *Sales of goods to Shaowansheng Commerce and its associate*

We sell goods to Shaowansheng Commerce and its associate, Shaowansheng Food (who are both our connected persons), in the ordinary course of our business. To better regulate our relationship with Shaowansheng Commerce, each of Tenwow Group (on behalf of itself and its subsidiaries, excluding the Nanpu Group) or Nanpu (on behalf of the Nanpu Group) entered into a framework agreement with each relevant connected person on normal commercial terms. The principal terms of this framework agreement are:

Date:	August 1, 2013
Seller:	(1) Tenwow Group (on behalf of itself and its subsidiaries, excluding the Nanpu Group); or (2) Nanpu (on behalf of the Nanpu Group)
Purchaser:	(1) Shaowansheng Commerce; or (2) Shaowansheng Food
Term:	Three years upon Listing
Risk:	The risk of the goods is passed to the purchaser upon delivery to its warehouses
Pricing:	Prevailing market price of the goods
Payment terms:	Wire transfer upon delivery of the goods or monthly

CONNECTED TRANSACTIONS

(i) *Historical Transaction Amounts and Annual Caps*

The table below sets out, in relation to Shaowansheng Commerce, the historical transaction amounts received by us during the Track Record Period, the expected maximum aggregate transaction amounts for each of the three years ending December 31, 2015 and the approximate projected annual growth rate used as the basis for calculating such expected maximum amounts:

Seller	Purchaser (connected person)	Goods	Historical Transaction Amount (RMB'000)				Annual Cap (RMB'000)			Projected Annual Growth Rate
			Year ended December 31,			Six months ended	Year ending December 31,			
			2010	2011	2012	June 30, 2013	2013	2014	2015	
Tenwow Group (on behalf of itself and its subsidiaries, excluding the Nanpu Group)	Shaowansheng Commerce	Wine; food	86,129	102,777	102,460	56,535	117,829	135,503	155,828	15%
	Shaowansheng Food	Packaging materials	53	16	74	36	111	167	250	50% ⁽¹⁾
		Sub-total	86,182	102,793	102,534	56,571	117,940	135,670	156,078	
Nanpu (on behalf of the Nanpu Group)	Shaowansheng Commerce	Wine; beverages; food	89,170	136,143	44,210	67,507	176,838	221,048	276,309	25%-30% ⁽²⁾
		Sub-total	89,170	136,143	44,210	67,507	176,838	221,048	276,309	
Total			175,352	238,936	146,744	124,078	294,778	356,718	432,387	

Note:

- (1) This transaction, on an individual basis, is a de minimis transaction under Chapter 14A of the Listing Rules. The transaction amount recorded by us in relation to sales to Shaowansheng Food during the first half of 2013 was RMB36,000, representing approximately 32.43% of the annual cap for the year ending December 31, 2013.
- (2) Sales by Nanpu (on behalf of the Nanpu Group) to Shaowansheng Commerce decreased substantially for the year ended December 31, 2012 due to shifts in the business strategies of Shaowansheng Commerce and its group companies. However, the senior management of Nanpu (on behalf of the Nanpu Group) and Shaowansheng Commerce have since, through a series of negotiations, agreed to resume the previous level of cooperation (that existed in the year ended December 31, 2011) and to increase the marketing and distribution of each other's products. As such, it is expected that sales by Nanpu (on behalf of the Nanpu Group) to Shaowansheng Commerce will increase steadily at an annual growth rate of approximately 30%, 25% and 25%, respectively for the three years ending December 31, 2015 based on the historical transaction amount for the year ended December 31, 2011. The transaction amount recorded by Nanpu (on behalf of the Nanpu Group) in relation to sales to Shaowansheng Commerce during the first half of 2013 was RMB67,507,000, representing approximately 38.17% of the total annual cap for the year ending December 31, 2013.

CONNECTED TRANSACTIONS

As shown in the table above, the estimated maximum aggregate transaction amounts for each of the three years ending December 31, 2015, in relation to all of the above framework agreements, are:

Seller	Annual Cap (RMB'000)		
	Year ending December 31,		
	2013	2014	2015
Tenwow Group (on behalf of itself and its subsidiaries, excluding the Nanpu Group) . .	117,940	135,670	156,078
Nanpu (on behalf of the Nanpu Group)	<u>176,838</u>	<u>221,048</u>	<u>276,309</u>
Total	<u>294,778</u>	<u>356,718</u>	<u>432,387</u>

The above aggregated annual caps for the above framework agreements were calculated by aggregating the expected maximum transaction amounts in relation to the sale of goods between each of Shaowansheng Commerce or Shaowansheng Food and Tenwow Group (on behalf of itself and its subsidiaries, excluding the Nanpu Group) or Nanpu (on behalf of the Nanpu Group) for the three years ending December 31, 2015.

Such individual annual caps were in turn determined with reference to the projected transaction volume for the three years ending December 31, 2015 based on the historical transaction amounts during the Track Record Period and the estimated annual growth as set out in the table above.

(ii) *Listing Rules Implications*

As Shaowansheng Food is connected with Shaowansheng Commerce, the continuing connected transactions under the above framework agreement have been aggregated pursuant to Rule 14A.25 of the Listing Rules.

Further, as at least one of the applicable percentage ratios (other than the profits ratio) under the Listing Rules in respect of these annual caps is expected to be more than 5%, the transactions under this framework agreement will, on an aggregated basis, be subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Rule 14A.35 of the Listing Rules.

CONNECTED TRANSACTIONS

4. *Sale of goods to the Shanghai Tangjiu Group*

We sell goods to various members of the Shanghai Tangjiu Group in the ordinary course of our business. To better regulate our relationship with them, each of Tenwow Group (on behalf of itself and its subsidiaries, excluding the Nanpu Group) or Nanpu (on behalf of the Nanpu Group) each entered into a framework agreement with Bright Group (on behalf of itself and the Shanghai Tangjiu Group) on normal commercial terms. The principal terms of these two framework agreements are:

Date:	(1) July 5, 2013 (2) July 26, 2013
Seller:	(1) Tenwow Group (on behalf of itself and its subsidiaries, excluding the Nanpu Group); or (2) Nanpu (on behalf of the Nanpu Group)
Purchaser:	Bright Group (on behalf of itself and the Shanghai Tangjiu Group)
Term:	Three years upon Listing
Risk:	The risk of the goods is passed to the purchaser upon delivery to its warehouses
Pricing:	Prevailing market price of the goods
Payment terms:	Wire transfer upon delivery of the goods or monthly

CONNECTED TRANSACTIONS

(i) *Historical Transaction Amounts and Annual Caps*

The table below sets out, in relation to each relevant purchaser that is a member of the Shanghai Tangjiu Group and our connected person, the historical transaction amounts received by us during the Track Record Period, the expected maximum aggregate transaction amounts for each of the three years ending December 31, 2015 and the approximate projected annual growth rate used as the basis for calculating such expected maximum amounts:

Seller	Purchaser (Connected Person)	Goods	Historical Transaction Amount (RMB'000)				Annual Cap (RMB'000)			Projected Annual Growth Rate
			For the year ended December 31,		Six months ended June 30,	For the year ending December 31,				
			2010	2011	2012	2013	2013	2014	2015	
Tenwow Group (on behalf of itself and its subsidiaries, excluding the Nanpu Group)	First Food Chain	Wine	—	—	—	10,269	27,081	31,309	36,005	15% ⁽¹⁾
	Shanghai Jieqiang Group	Wine	19,728	34,587	59,087	35,120	76,813	96,016	115,219	20%-30% ⁽²⁾
	Shanghai Newland	Wine; food	—	—	11,190	1,113	14,547	18,184	21,821	20%-30% ⁽²⁾
	Shanghai Urban Life	Wine	—	34,208	97,201	37,655	126,361	157,951	189,541	20%-30% ⁽²⁾
	Shenzhen Jieqiang	Wine	3,737	17,711	1,272	19	1,654	2,068	2,481	20%-30% ⁽²⁾
	Sub-Total			23,465	86,506	168,750	84,176	246,456	305,528	365,067
Nanpu (on behalf of the the Nanpu Group)	Bright Group	Wine	57	2	63	40	66	69	73	5%
	First Food Chain	Wine; beverage; food	18,738	31,562	17,267	2,777	21,584	26,980	33,725	25%
	Nonggongshang Supermarket	Wine; beverage; food; household chemicals	128,160	127,578	123,231	74,002	147,877	177,452	212,943	20%
	Shanghai H.D.	Wine; beverage; food	76,654	59,622	34,069	17,674	42,586	53,233	66,541	25%
	Shanghai H.D. Convenience Store	Wine; beverage; food; household chemicals	19,439	25,916	23,142	8,178	27,770	33,324	39,989	20%
	Shanghai Jieqiang Chain	Wine; beverage; food; household chemicals	21,933	11,620	19,240	4,157	21,164	23,280	25,608	10%
	Shanghai Jieqiang Distribution	Wine	4,615	431	16,489	—	18,138	19,952	21,947	10%
	Shanghai Jieqiang Food	Wine; beverage	151	261	297	35	327	360	396	10%
	Shanghai Jieqiang Group	Wine; beverage; food	116,993	34,028	120,219	53,898	132,241	145,465	160,012	10%

CONNECTED TRANSACTIONS

Seller	Purchaser (Connected Person)	Goods	Historical Transaction Amount (RMB'000)				Annual Cap (RMB'000)			Projected Annual Growth Rate
			For the year ended December 31,			Six months ended June 30,	For the year ending December 31,			
			2010	2011	2012	2013	2013	2014	2015	
	Shanghai Jieqiang Kunshan Distribution	Food	27	35	35	16	38	41	44	8%
	Shanghai Kedi Convenience Store	Wine; beverage; food; household chemicals	14,068	19,486	20,419	5,304	24,503	29,403	35,284	20%
	Shanghai Newland	Wine; food	104,518	106,766	101,762	49,959	127,203	159,003	198,754	25%
	Shanghai Urban Life	Wine; household chemicals	18,442	38,278	195,572	124,279	244,465	305,581	381,977	25%
	Shanghai Wuyuan	Wine; beverage; food; household chemicals	13,226	12,312	26,429	8,754	28,543	30,826	33,293	8%
	Shenzhen Jieqiang	Wine	—	8,252	2,318	—	2,503	2,704	2,920	8%
		Sub-total	537,021	476,149	700,552	349,073	839,008	1,007,673	1,213,506	
		Total	560,486	562,655	869,302	433,249	1,085,464	1,313,201	1,578,573	

Note:

- (1) Tenwow Group (on behalf of itself and its subsidiaries, excluding the Nanpu Group) did not sell any goods to First Food Chain during the three years ended December 31, 2012 as the relevant framework agreement was only entered into in 2013.
- (2) Tenwow Group (on behalf of itself and its subsidiaries, excluding the Nanpu Group) and these purchasers are currently negotiating their cooperative development plans. It is expected that sales to these purchasers will increase during the three years ending December 31, 2015, though at a diminishing rate. The projected annual growth rate used to determine the annual caps for the years ending December 31, 2013, 2014 and 2015 was 30%, 25% and 20%, respectively. The transaction amount recorded by us in relation to sales to Shanghai Jieqiang Group and Shanghai Urban Life during the first half of 2013 was RMB35,120,000 and RMB37,655,000, representing approximately 45.7% and 29.8% of their respective individual annual cap for the year ending December 31, 2013, respectively.

CONNECTED TRANSACTIONS

As shown in the table above, the estimated maximum aggregate transaction amounts for each of the three years ending December 31, 2015, in relation to both of the two framework agreements on an aggregated basis, are:

Seller	Annual Cap (RMB'000)		
	Year ending December 31,		
	2013	2014	2015
Tenwow Group (on behalf of itself and its subsidiaries, excluding the Nanpu Group) . .	246,456	305,528	365,067
Nanpu (on behalf of the Nanpu Group)	839,008	1,007,673	1,213,506
Total	<u>1,085,464</u>	<u>1,313,201</u>	<u>1,578,573</u>

The above annual caps for these two framework agreements were calculated by aggregating the expected maximum transaction amounts in relation to the sale of goods between each of the members of the Shanghai Tangjiu Group and Tenwow Group (on behalf of itself and its subsidiaries, excluding the Nanpu Group) or Nanpu (on behalf of the Nanpu Group) for the three years ending December 31, 2015. Such individual annual caps were in turn determined with reference to the price list set out in the respective framework agreements and the projected transaction volume for the three years ending December 31, 2015 based on the historical transaction amounts during the Track Record Period and the estimated annual growth.

(ii) *Listing Rules implications*

As at least one of the applicable percentage ratios (other than the profits ratio) under the Listing Rules in respect of these annual caps is expected to be more than 5%, the transactions under these two framework agreements will be subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Rule 14A.35 of the Listing Rules.

5. *Sale of goods to Nanpu*

We sell Own Brand Products and Third Party Brand Products to Nanpu in the ordinary course of our business. Please refer to the section "Relationship with Nanpu" for further details. To better regulate our relationship, Tenwow Group (on behalf of itself and its subsidiaries, excluding Nanpu Group) and Nanpu (on behalf of the Nanpu Group) have entered into a framework agreement on normal commercial terms. The principal terms of the framework agreement are:

Date: August 1, 2013

Seller: Tenwow Group (on behalf of itself and its subsidiaries, excluding Nanpu Group)

Purchaser: Nanpu (on behalf of the Nanpu Group)

CONNECTED TRANSACTIONS

Term:	Three years upon Listing
Risk:	The risk of the goods is passed to the purchaser upon delivery to its warehouses
Pricing:	No less favourable than the terms offered by comparable distributors who are independent third parties, taking into account factors including the type of sales, the volume of sales, the channel of distribution and any other ancillary benefits as a whole.
Payment terms:	Wire transfer upon delivery of the goods or monthly

(i) *Historical Transaction Amounts and Annual Caps*

The table below sets out the historical transaction amounts received by us during the Track Record Period and the expected maximum aggregate transaction amounts for the year ending December 31, 2013 which was calculated based on the historical transaction amount for the year ended December 31, 2012:

Historical Transaction Amount (RMB'000)				Annual Cap (RMB'000)
Year ended December 31,			Six months ended June 30,	Year ending December 31,
2010	2011	2012	2013	2013
1,974,616	1,446,480	1,453,464	745,994	1,453,464

(ii) *Listing Rules Implications*

As at least one of the applicable percentage ratios (other than the profits ratio) under the Listing Rules in respect of these annual caps is expected to be more than 5%, the transaction under this framework agreement will be subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Rule 14A.35 of the Listing Rules.

As Mr. Lin is considered to have a material interest in the transactions between the Group and Nanpu, Mr. Lin and his associates will abstain from voting at the relevant general meetings in the future for purpose of approving the transactions between the Group and Nanpu pursuant to Rule 2.15 of the Listing Rules.

For the transactions to be entered into between the Group and Nanpu after December 31, 2013, the Company will comply with the relevant requirements under Chapter 14A of the Listing Rules.

6. *Purchase of goods from Nanpu*

We purchase Own Brand Products and Third Party Brand Products from Nanpu in the ordinary course of our business. Please refer to the section "Relationship with Nanpu" for further details.

CONNECTED TRANSACTIONS

To better regulate our relationship, Tenwow Group (on behalf of itself and its subsidiaries, excluding Nanpu Group) and Nanpu (on behalf of Nanpu Group) have entered into a framework agreement on normal commercial terms. The principal terms of the framework agreement are:

Date:	August 1, 2013
Purchaser:	Tenwow Group (on behalf of itself and its subsidiaries, excluding Nanpu Group)
Seller:	Nanpu (on behalf of the Nanpu Group)
Term:	Three years upon Listing
Risk:	The risk of the goods is passed to the purchaser upon delivery to its warehouses
Pricing:	No less favourable than the terms offered by comparable distributors who are independent third parties, taking into account factors including the type of sales, the volume of sales, the channel of distribution and any other ancillary benefits as a whole.
Payment terms:	Wire transfer upon delivery of the goods or monthly

(i) *Historical Transaction Amounts and Annual Caps*

The table below sets out the historical transaction amounts received by us during the Track Record Period and the expected maximum aggregate transaction amounts for the year ending December 31, 2013 which was calculated based on the historical transaction amount for the year ended December 31, 2012:

Historical Transaction Amount (RMB'000)				Annual Cap (RMB'000)
Year ended December 31,			Six months ended June 30,	Year ending December 31,
2010	2011	2012	2013	2013
1,782,646	1,314,716	1,156,140	402,144	1,156,140

(ii) *Listing Rules Implications*

As at least one of the applicable percentage ratios (other than the profits ratio) under the Listing Rules in respect of these annual caps is expected to be more than 5%, the transaction under this framework agreement will be subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Rule 14A.35 of the Listing Rules.

CONNECTED TRANSACTIONS

As Mr. Lin is considered to have a material interest in the transactions between the Group and Nanpu, Mr. Lin and his associates will abstain from voting at the relevant general meetings in the future for purpose of approving the transactions between the Group and Nanpu pursuant to Rule 2.15 of the Listing Rules.

For the transactions to be entered into between the Group and Nanpu after December 31, 2013, the Company will comply with the relevant requirements under Chapter 14A of the Listing Rules.

(E) WAIVERS

The transactions described under paragraph (C) above constitute our continuing connected transactions under Rule 14A.34 of the Listing Rules, which are subject to the reporting, annual review and announcement requirements but are exempt from the independent shareholders' approval requirement.

The transactions described under paragraph (D) above constitute our continuing connected transactions, which are subject to the reporting, annual review, announcement and independent shareholders' requirements.

In respect of these continuing connected transactions, pursuant to Rule 14A.42(3) of the Listing Rules, we have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the announcement and (where applicable) independent shareholders' approval requirements under Rule 14A.42(3) of the Listing Rules, subject to the condition that the annual transactions value shall not exceed their respective estimated annual cap (as stated above).

(F) PROPERTY VALUER'S VIEWS

The Property Valuer has confirmed that in view of the prevailing market conditions and rent level of similar types of properties in the vicinity, the premises under each of the tenancy agreements disclosed in this section are leased on normal commercial terms and the rent and management fees payable under each of these agreements are at market level and are fair and reasonable.

(G) JOINT SPONSORS' AND DIRECTORS' VIEWS

The Joint Sponsors and our Directors (including our independent non-executive Directors) consider that all the continuing connected transactions described under paragraphs (C) and (D) in this section have been entered into: (i) in the ordinary and usual course of our business; (ii) on normal commercial terms; and (iii) in accordance with the respective agreement governing them on terms that are fair and reasonable and in the interests of our Shareholders as a whole. The Joint Sponsors and our Directors (including our independent non-executive Directors) are also of the view that the annual caps of all of the continuing connected transactions under paragraphs (C) and (D) above are fair and reasonable and are in the interests of our Shareholders as a whole.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

The Board currently consists of nine Directors, comprising of five executive Directors, one non-executive Director and three independent non-executive Directors. The functions and duties of the Board include convening shareholders' meetings, reporting on the Board's work at these meetings, implementing the resolutions passed at these meetings, determining business and investment plans, formulating our annual budget and final accounts, and formulating our proposals for profit distributions and for the increase or reduction of registered capital. In addition, the Board is responsible for exercising other powers, functions and duties in accordance with the Articles of Association.

The table below contains certain information about each of our Directors.

Name	Age	Position and role	Responsibility	Appointment Date
LIN Jianhua (林建華) . .	54	Executive Director and Chairman	Overall strategic planning and business direction	August 25, 2011
WANG Juewei (王珏瑋)	43	Executive Director and chief executive officer	Day-to-day business and general management	May 31, 2012
LAM Hang Boris (林鏗)	42	Executive Director and chief financial officer	Overall financial operation, investor relations and company secretarial matters	May 31, 2012
YEUNG Yue Ming (楊瑜銘)	47	Executive Director and vice president	Overall sales	May 31, 2012
AU Lai Hang (區勵恒) .	44	Executive Director and vice president	Overall marketing and promotions	May 31, 2012
CHEN Shirley Shiyou (陳十游)	47	Non-executive Director	Provide expertise as non-executive Director	May 31, 2012
LIU Chang-Tzong (劉乾宗)	59	Independent Non-executive Director	Member of Audit, Remuneration and Nomination Committees; supervising and providing independent judgement to our Board	Listing Date
CHEUNG Yui Kai Warren (張睿佳)	46	Independent Non-executive Director	Chairman of Audit Committee; supervising and providing independent judgement to our Board	Listing Date

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position and role	Responsibility	Appointment Date
WANG Longgen (王龍根)	60	Independent Non-executive Director	Chairman of Remuneration Committee; member of Audit and Nomination Committees; supervising and providing independent judgement to our Board	Listing Date

Executive Directors

LIN Jianhua (林建華), aged 54, is the founder and chairman of our Group and was appointed as an executive Director of our Company in August 2011. Mr. Lin is responsible for the overall strategic planning and business direction of the Group. He has more than 20 years of experience in the food and beverage distribution industry. Mr. Lin worked at Putian Huanan Food Co., Ltd. (莆田市華南副食品有限公司) as a manager from September 1985 to September 1992. In October 1992, Mr. Lin founded Nanpu (previously known as Shanghai Nanpu Food Co., Ltd. (上海市南浦食品有限公司)) and is currently the general manager. In December 1999, Mr. Lin founded Tenwow Group (previously known as Shanghai Tenwow Food Co., Ltd. (上海天喔食品有限公司)), a wholly-owned subsidiary of the Company, and has since served as the chairman. Over the past three years, Mr. Lin has not been a director of any listed companies.

WANG Juewei (王珏瑋), aged 43, is the chief executive officer of our Group and was appointed as an executive Director of our Company in May 2012. He oversees the day-to-day business and the general management of the Group. Mr. Wang graduated from East China Normal University (華東師範大學) in 1991 with a bachelor's degree in English literature. From October 1991 to March 1997, Mr. Wang worked as a teacher at Shanghai Medical Workers' College (上海職工醫學院) and later at the School of Foreign Languages at East China Normal University (華東師範大學外語學院) from March 1997 to May 2003. Mr. Wang joined Nanpu in June 2003 and served as a brand manager until June 2006, where he was in charge of managing the distribution of products from several brands, including "Changyu" ("張裕"), "Great Wall" ("華夏長城") and "Horeca Select" ("廚選"). From July 2006 to June 2007, Mr. Wang was in charge of the human resource department of Nanpu. Mr. Wang joined our Group as the general manager of Tenwow Group, a wholly-owned subsidiary of the Company, in October 2007. Over the past three years, Mr. Wang has not been a director of any listed companies.

LAM Hang Boris (林鏗), aged 42, is the chief financial officer and company secretary of our Group and was appointed as an executive Director of our Company in May 2012. Mr. Lam is responsible for the overall financial operation of our Group, investor relations related matters and overall secretarial matters of our Company. He will also be in charge of communications with the Stock Exchange and other regulatory authorities. Mr. Lam graduated from the Hong Kong Polytechnic University with a bachelor's degree in accountancy in 1996. Mr. Lam has more than 15 years of audit and finance-related experience. He joined KPMG (畢馬威會計師事務所) at the Hong Kong office in

DIRECTORS AND SENIOR MANAGEMENT

September 1996 in their auditing division and transferred to KPMG Huazhen (畢馬威華振會計師事務所) in Guangzhou in January 2006. Mr. Lam then transferred to KPMG Advisory (China) Limited (畢馬威企業諮詢(中國)有限公司) in October 2009 where he worked until March 2011 as a senior manager. Mr. Lam has been an associate of the Hong Kong Institute of Certified Public Accountants since January 1999, a member of the Association of Chartered Certified Accountants since November 2000 and received a diploma in insolvency from the Hong Kong Institute of Certified Public Accountants in June 2010. Over the past three years, Mr. Lam has not been a director of any listed companies.

YEUNG Yue Ming (楊瑜銘), aged 47, is a vice president of the Group and was appointed as an executive Director of our Company in May 2012. Mr. Yeung is responsible for the Group's overall sales. Mr. Yeung received his bachelor's degree in social sciences (journalism and communications) from the Chinese University of Hong Kong in 1988. After graduation until March 1994, Mr. Yeung worked at Nestlé (China) Ltd. (雀巢(中國)有限公司). Mr. Yeung then worked as the senior regional manager in charge of the Beijing Region for Maxxium Shanghai Limited (寰盛洋酒貿易(上海)有限公司) from March 1994 to June 2006. From June 2006 to April 2012, Mr. Yeung worked at Nanpu as a vice general manager, overseeing Nanpu's marketing and sales activities. Mr. Yeung joined our Group as a vice general manager of Tenwow Group, an indirect wholly-owned subsidiary of the Company, in May 2012. Over the past three years, Mr. Yeung has not been a director of any listed companies.

AU Lai Hang (區勵恒), aged 44, is a vice-president of our Group and was appointed as an executive Director of our Company in May 2012. Ms. Au is responsible for the overall sales and marketing and promotions of the Group. Ms. Au graduated from the University of Hong Kong in 1989 with a bachelor's degree in social work. Ms. Au worked at Nestlé (China) Ltd. (雀巢(中國)有限公司) from graduation to May 1995, starting as a marketing executive trainee and rising to the position of senior product manager. Ms. Au then worked at A. S. Watson Group (屈臣氏集團) from May 1995 to August 2011 where she was the marketing director for water & beverages for Mainland China when she departed. While employed, Ms. Au continued her education and received a MBA degree from the Chinese University of Hong Kong in 1997. Ms. Au joined the Group in May 2012 as a vice president of Nanpu International, a wholly owned subsidiary of the Company. Over the past three years, Ms. Au has not been a director of any listed companies.

Non-executive Directors

CHEN Shirley Shiyong (陳十游), aged 47, is our non-executive Director. Ms. Chen was nominated by CICC pursuant to its right under the Investors Rights Agreement and appointed as a Director in May 2012. Ms. Chen has over 18 years of experience in investment banking. She has been working with China International Capital Corporation Limited (中國國際金融有限公司) since February 2003 and is now a managing director mainly responsible for strategy, business development and investment decisions of its private equity business. Ms. Chen is also the chairwoman of CICC Jia Cheng Investment Management Co., Ltd. (中金佳成投資管理有限公司), a wholly-owned subsidiary of China International Capital Corporation Limited. Prior to joining China International Capital Corporation Limited, she was a director in the investment banking department of Credit Suisse First Boston in New York and Hong Kong from August 1995 to March 2002. Ms. Chen obtained a MBA degree in 1995 from Yale University. From August 2009 to September 2012, Ms. Chen has been a director of Zhejiang

DIRECTORS AND SENIOR MANAGEMENT

Beingmate Scientific Industrial Trade Share Co., Ltd. (浙江貝因美科工貿股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002570). Since December 2010, Ms. Chen has been a director of GI Technologies (Beijing) Co., Ltd. (吉艾科技(北京)股份公司), a company listed on the growth enterprise market of the Shenzhen Stock Exchange (stock code: 300309).

Independent Non-executive Directors

LIU Chang-Tzong (劉乾宗), aged 59, was appointed as an independent non-executive Director of our Company taking effect on the Listing Date. Mr. Liu graduated from Chien-Hsing Industrial College (now known as Chien-Hsing University of Science and Technology) with a degree in engineering in 1975. Mr. Liu served as a distribution manager at Taiwan Coca-Cola Ltd. (台灣可口可樂股份有限公司) from May 1988 to July 1990, and then as a national sales manager at Taiwan Nestlé Ltd. (台灣雀巢股份有限公司) from August 1990 to October 1995. Mr. Liu subsequently worked at Nestlé China Ltd. (雀巢(中國)有限公司) as the director of national sales from November 1995 to June 2002, and then at Nestlé Purina (China) (雀巢普瑞納(中國)) as executive general manager and director from July 2002 to May 2006. Mr. Liu was last employed by Tingyi (Cayman Islands) Holding Corporation from July 2006 to February 2012, and served as executive vice president of the convenient food division and ended as chairman of North China. Over the past three years, Mr. Liu has not been a director of any listed companies.

CHEUNG Yui Kai Warren (張睿佳), aged 46, was appointed as an independent non-executive Director of our Company taking effect on the Listing Date. Mr. Cheung graduated from University of Southern Queensland with a bachelor's degree in business in 1992. Mr. Cheung has more than 20 years of corporate finance experience, having held corporate finance related positions in several financial corporations. After graduation, Mr. Cheung joined Standard Chartered Asia Limited in June 1992, where he left his position as a senior manager in September 1995. In between, he was seconded to Standard Chartered Australia Limited for a short period of time. From September 1995 to April 2000, Mr. Cheung was employed by ABN AMRO Asia Corporate Finance Limited in the corporate finance department and left his position as an assistant director. From April 2011 to January 2012, Mr. Cheung was employed by SMBC Nikko Securities (Hong Kong) Limited as an executive director in the mergers and acquisitions department. From August 2012 onwards, Mr. Cheung works at Ping An of China Capital (Hong Kong) Company Limited as the head of corporate advisory. From April 2013 onwards, he also worked at Ping An of China Securities (Hong Kong) Company Limited as the head of equity capital markets. Mr. Cheung is a member of the Hong Kong Institute of CPAs. From May 2003 to November 2007, Mr. Cheung served as an independent non-executive director of Mei Ah Entertainment Group Limited (stock code: 391.HK), a company listed on the Stock Exchange. From June 2006 to July 2011, Mr. Cheung served as an independent non-executive director of Hisense Kelon Electrical Holdings Company Limited (stock code: 00921.HK and 000921.SZ), a company listed on both the Stock Exchange and the Shenzhen Stock Exchange.

WANG Longgen (王龍根), aged 60, was appointed as an independent non-executive Director of our Company taking effect on the Listing Date. Mr. Wang was qualified as a senior economist by the Shanghai Economics (Circulation) Senior Professional and Technical Title Qualification Evaluation Committee in 1995. Mr. Wang graduated from Air Force Political College of the People's Liberation Army of China in economic management in 1999. Mr. Wang also received a master's degree in economics from Shanghai University of Finance and Economics in 1999. From May 1979 to June

DIRECTORS AND SENIOR MANAGEMENT

1989, Mr. Wang worked at Huangpu District Tobacco & Wine Co., Ltd. (黃浦區煙酒公司) and Huangpu District Commerce Commission (黃浦區商業委員會). From June 1989 to March 1991, Mr. Wang served as the deputy director-general of Huangpu District Industrial and Commercial Administration Bureau (黃浦區工商行政管理局). Subsequently, from March 1991 to October 1996, Mr. Wang served as the deputy director-general, director-general and then deputy secretary of the Chinese Communist Party Committee of Huangpu District Industrial and Commercial Administration Bureau (黃浦區工商行政管理局). From October 1996 to June 1999, Mr. Wang was the director-general and then deputy secretary of the Chinese Communist Party Committee of Huangpu District Economic and Trade Commission (黃浦區經濟貿易委員會). From June 1999 to April 2011, Mr. Wang served as vice chairman, president and deputy secretary of the party committee in Shanghai New World (Group) Co., Ltd., and chairman and secretary of the party committee from April 2011 onwards. Over the past three years, Mr. Wang has not been a director of any listed companies.

Save as disclosed herein (and their respective interests or short positions (if any) as set out in the section “Statutory and General Information — C. Further Information About Our Directors and Substantial Shareholders” of Appendix IV), there are no other matters in respect of each of our Directors that is required to be disclosed pursuant to Rule 13.51(2)(a) to (v) of the Listing Rules and there is no other material matter relating to our Directors that needs to be brought to the attention of our Shareholders.

SENIOR MANAGEMENT

The senior management team of our Group, in addition to the executive Directors listed above, is comprised of the following:

Name	Age	Position and role
CHEN Lei (陳磊)	39	Vice-president (administration and human resources)
LU Ying (陸影)	43	Vice-president (financial operations)
DONG Chen (董晨)	39	Vice-president (marketing and sales of non-alcoholic beverages)
CHENG Jiliang (程繼良)	50	Vice-president (administration and human resources)
ZHOU Yanwen (周延文)	37	Vice-president (marketing and sales of food and snacks)
YANG Xuyi (楊旭怡)	32	Vice-president (legal and compliance and investments)

CHEN Lei (陳磊), aged 39, is a vice president of the Group and is in charge of the Group’s administration and human resources. Mr. Chen received a certificate in foreign affairs secretary in 1995 and graduated from Shanghai International Studies University (上海外國語大學) in 2001 with a bachelor’s degree in English language and literature. Mr. Chen received an MBA degree in 2004 from the MBA program jointly run by the Shanghai Maritime University and the Maastricht School of Management of the Netherlands (上海海事大學-馬斯特里赫特管理學院). Mr. Chen worked at Shanghai Huili Group Company Limited (上海匯麗(集團)公司) from July 1995 and joined Nanpu as

DIRECTORS AND SENIOR MANAGEMENT

an assistant to the general manager in May 2000. Mr. Chen was promoted to the position of vice general manager of Nanpu in March 2009, where he was in charge of human resources and office administration matters. Mr. Chen was appointed to his current position in our Group in January 2013.

LU Ying (陸影), aged 43, is a vice-president of the Group and is primarily responsible for the Group's financial operations. Ms. Lu received a bachelor's degree in accounting in 1994 from Changchun Taxation College (長春稅務學院). Ms. Lu received her accounting qualifications in 1996 and became a non-practising member of the Shanghai Institute of Certified Public Accountants in 2009. From July 1989 to December 2000, Ms. Lu worked at Jilin Chemical Industrial Co. Ltd. (吉林化工股份有限公司) in the accounts department, rising to the position of chief accountant at the time of her departure. Ms. Lu then served as the financial manager at PetroChina East China Refining & Marketing Taicang Company (中國石油華東化工與銷售太倉公司) from December 2000 to March 2002. Ms. Lu has served as a financial manager at East China Taicang and Marketing Co., Ltd. of PetroChina Co., Ltd. (中國石油股份有限公司化工與銷售華東太倉有限責任公司) and then as a deputy general manager in charge of finance and administration at Shanghai Miaoshi Dairy Co., Ltd. (上海妙士乳業有限公司) from January 2003 to October 2008. Ms. Lu joined the Group in November 2008 as the financial controller for Tenwow Group, an indirect wholly-owned subsidiary of the Company. She was appointed to her current position in August 2010.

DONG Chen (董晨), aged 39, is a vice president of the Group and is responsible for the marketing and sales of the Group's non-alcoholic beverages. Mr. Dong graduated from Shanghai Jiao Tong University (上海交通大學) in 1994 with a bachelor's degree in nuclear reactor engineering. Mr. Dong served as the general manager of Shanghai Tropicana Beverages Co., Ltd. (上海純品都樂飲料有限公司) from January 2000 to March 2009. Mr. Dong joined the Group in January 2010 as the chairman of Shanghai Tenwow Tea Co., Ltd. (上海天喔茶莊飲料有限公司), a wholly-owned subsidiary of the Company. Mr. Dong also became a vice general manager at Nanpu in April 2011. He was appointed to his present position in January 2013.

CHENG Jiliang (程繼良), aged 50, is a vice president of the Group and is responsible for the Group's overall administration and human resources. Mr. Cheng graduated from Shanghai Television University (上海電視大學) with an associate degree in auditing in 1989. Mr. Cheng also studied operations management at Shanghai University of Finance and Economics (上海財經大學) between May and August 1992. Mr. Cheng served as the assistant to the general manager of Shanghai Hongkou District Fruit and Groceries (上海市虹口區果品雜貨公司) (later known as Shanghai Yedachang (Group) Holding Company (上海葉大昌集團)) from August 1989 to October 2000. Mr. Cheng joined the Group in February 2001 as a plant manager of Shanghai Tenwow Food Co., Ltd. (上海天喔食品有限公司) (now known as Tenwow Food (Group) Co., Ltd. (天喔食品(集團)有限公司)), a wholly-owned subsidiary of the Company. He then served as the chairman of Tenwow (Fujian) Food, a wholly-owned subsidiary of the Company, from June 2005 to March 2011 before becoming the vice-president of Tenwow Group, an indirect wholly-owned subsidiary of the Company, in April 2011.

ZHOU Yanwen (周延文), aged 37, is a vice-president of the Group and is primarily responsible for the marketing and sales of the Group's food and snacks. Mr. Zhou graduated from the Wuhan University of Technology (武漢工業大學, now known as 武漢理工大學) with a bachelor's degree in management engineering in 1999. Mr. Zhou received an executive MBA degree from Wuhan

DIRECTORS AND SENIOR MANAGEMENT

University (武漢大學) in 2008. Mr. Zhou joined the Group in March 2000 as the general manager of Wuhan Nanpu. Mr. Zhou also serves as the general manager of several other of the Company's jointly-owned subsidiaries, including Tenwow (Wuhan) Food Co., Ltd. (天喔(武漢)食品有限公司) since June 2009, Wuhan Tenwow Drinks Co., Ltd. (武漢天喔茶莊飲料有限公司) since August 2010, Tenwow (Chongqing) Food Co., Ltd. (重慶市天喔食品有限公司) since December 2010 and Xiangyang Nanpu Food LLC (襄陽市南浦食品有限責任公司) since November 2011, overseeing the operations and management of each company. Mr. Zhou was appointed to his present position in January 2013.

YANG Xuyi (楊旭怡), aged 32, is a vice president of the Group and is primarily responsible for the Group's legal and compliance and investments matters. Ms. Yang received her bachelor's degree in law from the East China Institute of Politics and Law (華東政法學院) (now known as the East China University of Political Science and Law (華東政法大學)) in 2003 and obtained the PRC legal practicing certificate in 2006. Ms. Yang worked from July 2003 to February 2004 as a legal assistant at Shanghai Tong He Law Offices (上海市通和律師事務所) (now known as Shanghai Jiuzhou Tong He Law Offices (上海九州通和律師事務所)). Ms. Yang then worked as a special assistant to the chief operating officer of Project Solutions International Group (Shanghai) Ltd. (博鋸盛項目管理諮詢(上海)有限公司) from February 2004 to July 2005. Ms. Yang joined Nanpu in April 2006 as a legal manager, overseeing legal and compliance and investment matters. Ms. Yang was appointed to her current position in our Group in January 2013.

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The audit committee consists of three members, namely Cheung Yui Kai Warren, Wang Longgen and Liu Chang-Tzong, all being our independent non-executive Directors. Cheung Yui Kai Warren has been appointed as the chairman of the audit committee and is our independent non-executive Director with the appropriate professional qualifications. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group, oversee the audit process and perform other duties and responsibilities as assigned by our Board.

REMUNERATION COMMITTEE

The Company established a remuneration committee with written terms of reference in compliance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The remuneration committee has three members, namely Wang Longgen, Wang Juwei and Liu Chang-Tzong. Wang Longgen, our independent non-executive Director, has been appointed as the chairman of the remuneration committee. The primary duties of the remuneration committee are to establish and review the policy and structure of the remuneration for the Directors and senior management and make recommendations on employee benefit arrangement.

DIRECTORS AND SENIOR MANAGEMENT

NOMINATION COMMITTEE

The Company established a nomination committee with written terms of reference in compliance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The nomination committee consists of two independent non-executive Directors, being Liu Chang-Tzong and Wang Longgen, and one executive Director, being Mr. Lin. Mr. Lin has been appointed as the chairman of the nomination committee. The primary duties of the nomination committee are to make recommendations to our Board on the appointment and removal of Directors of our Company.

COMPLIANCE ADVISER

We have appointed Guotai Junan Capital Limited as our compliance adviser (the “**Compliance Adviser**”) upon Listing in compliance with Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Adviser will provide advice to us when consulted by us in the following circumstances:

- the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;
- where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where its business activities, developments or results deviate from any forecast, estimate, or other information in this prospectus; and
- where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of the Shares of our Company.

The term of the appointment shall commence on the Listing Date and end on the date on which our Company distributes its annual report in respect of its financial results for the first full financial year commencing after the Listing Date and this appointment may be subject to extension by mutual agreement.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

The aggregate amount of remuneration our Directors have received (including fees, salaries, contributions to pension schemes, discretionary bonuses, housing and other allowances and other benefits in kind) for the years ended December 31, 2010, 2011 and 2012, and the six months ended June 30, 2013 was approximately RMB0.8 million, RMB0.4 million, RMB1.6 million and RMB1.3 million, respectively.

The aggregate amount of fees, salaries, contributions to pension schemes, discretionary bonuses, housing and other allowances and other benefits in kind paid to our five highest paid individuals of our Company, including Directors, during each of the years ended December 31, 2010, 2011 and 2012, and the six months ended June 30, 2013, was approximately RMB1.0 million, RMB1.0 million, RMB1.6 million and RMB1.3 million, respectively.

DIRECTORS AND SENIOR MANAGEMENT

Under the arrangements currently in force, the aggregate amount of remuneration, excluding discretionary bonuses, payable to our Directors for the year ending December 31, 2013 is estimated to be approximately RMB4.2 million.

No remuneration was paid by us to our Directors or the five highest paid individuals as an inducement to join or upon joining us or as a compensation for loss of office in respect of the three years ended December 31, 2010, 2011 and 2012, and the six months ended June 30, 2013. Further, none of our Directors had waived or agreed to waive any remuneration during the same period.

Save as disclosed above, no other payments have been made or are payable in respect of each of the three years ended December 31, 2010, 2011 and 2012, and the six months ended in June 30, 2013 by the Group to the Directors.

Our Board will review and determine the remuneration and compensation packages of our Directors and senior management which, following the Listing, will receive recommendation from the Remuneration Committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of the Directors and performance of our Group.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the Global Offering and the Capitalization Issue and taking no account of the Shares which may be issued pursuant to the exercise of the options granted under the Pre-IPO Share Option Scheme or may be granted under the Post-IPO Share Option Scheme, the following persons will have an interest in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of shareholder	Nature of interest	Shares held immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised) ⁽²⁾		Shares held immediately following the completion of the Global Offering (assuming the Over-allotment Option is exercised) ⁽²⁾	
		Number	Percentage	Number	Percentage
Mr. Lin ⁽¹⁾ . . .	Interest of a controlled corporation	1,405,320,000	70.27%	1,405,320,000	67.73%
Zhi Qun ⁽¹⁾ . . .	Beneficial interest	1,405,320,000	70.27%	1,405,320,000	67.73%

Notes:

⁽¹⁾ Mr. Lin owns Zhi Qun as to 100% and is deemed to be interested in 1,405,320,000 Shares.

⁽²⁾ It is assumed that the options granted under the Pre-IPO Share Option Scheme and the options that may be granted under the Post-IPO Share Option Scheme are not exercised.

Save as disclosed above and in the section “Statutory and General Information — C. Further Information About Directors and Substantial Shareholders” in Appendix IV, our Directors are not aware of any person who will, immediately following the completion of the Global Offering and the Capitalization Issue and assuming that the Over-allotment Option is not exercised and taking no account of Shares which may be issued upon the exercise of any options which were granted under the Pre-IPO Share Option Scheme or may be granted under the Post-IPO Share Option Scheme, have an interest in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

CORNERSTONE INVESTORS

THE CORPORATE PLACING

We have entered into cornerstone placing agreements with a number of investors (the “**Cornerstone Investors**”), who have agreed to subscribe at the Offer Price for such number of Shares that may be purchased with an aggregate amount of US\$92.3 million, subject to adjustments. Assuming an Offer Price of HK\$3.08, the mid-point of the Offer Price range, and on the basis of adjustments which may be required under Rule 8.08(3) of the Listing Rules, the total number of Shares to be subscribed for by the Cornerstone Investors would be 227,855,000 Shares, representing 11.4% of the Shares after the Global Offering (assuming that the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme and may be granted under the Post-IPO Share Option Scheme are not exercised). Each of the Cornerstone Investors is independent from our Company, our connected persons and their respective associates. The Cornerstone Investors will not subscribe for any Shares under the Global Offering other than pursuant to the relevant cornerstone placing agreements. Immediately following the completion of the Global Offering, the Cornerstone Investors will not have any board representation in our Company, nor will any of the Cornerstone Investors become a Substantial Shareholder of our Company. The shareholdings of the Cornerstone Investors will be counted towards the public float of our Shares.

The cornerstone placing forms part of the International Offering. The Shares to be purchased by the Cornerstone Investors will not be affected by any reallocation of the Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in the section “Structure of the Global Offering — The Hong Kong Public Offering”. Details of the allocations to the Cornerstone Investors will be disclosed in the announcement of results of allocations in the Hong Kong Public Offering to be published on September 16, 2013.

OUR CORNERSTONE INVESTORS

Our Cornerstone Investors are set out below:

China FNB Investment Holdings Limited

China FNB Investment Holdings Limited has agreed to subscribe for such number of Shares (rounded down to the nearest whole board lot of 1,000 Shares) which may be purchased with an aggregate amount of US\$47,122,100 at the Offer Price. The Company and the Joint Bookrunners are entitled to reduce the number of Shares which may be subscribed for by China FNB Investment Holdings Limited to enable the Company to comply with Rule 8.08(3) of the Listing Rules. Therefore, it is expected that, based on the applicable exchange rate as at the Latest Practicable Date, at the Offer Price of HK\$3.00, HK\$3.08 and HK\$3.15 (being the low end, mid-point and high end of the Offer Price range), the number of Shares China FNB Investment Holdings Limited will subscribe for will be adjusted to be approximately 116,200,000 Shares, representing approximately 5.81% of the issued share capital of the Company upon completion of the Capitalization Issue and the Global Offering (assuming that the Over-allotment Option, options granted under the Pre-IPO Share Option Scheme and options that may be granted under the Post-IPO Share Option Scheme are not exercised).

CORNERSTONE INVESTORS

China FNB Investment Holdings Limited is an investment entity jointly owned by Carlyle Asia Growth Partners IV, L.P. (“CAGP IV”) and CAGP IV Co-Investment, L.P. (“CAGP IV Coinvest”), both exempted limited partnerships established under the laws of the Cayman Islands. CAGP IV and CAGP IV Coinvest are investment funds advised and managed by their general partner entity CAGP IV, Ltd., which is an affiliated company of The Carlyle Group L.P. (NASDAQ:CG), and are principally engaged in investments across a broad range of sectors with exclusive geographical focus on China, India and South Korea. The Carlyle Group is a global alternative asset manager with \$180 billion of assets under management in 118 funds and 81 fund of funds vehicles as of June 30, 2013. The Carlyle Group invests across four segments — Corporate Private Equity, Global Market Strategies, Real Assets and Solutions — in Africa, Asia, Australia, Europe, the Middle East, North America and South America. The Carlyle Group has expertise in various industries, including aerospace, defense and government services, consumer and retail, energy, financial services, healthcare, industrial, technology and business services, telecommunications & media and transportation. The Carlyle Group employs more than 1,400 people in 34 offices across six continents.

Milestone F&B II Limited

Milestone F&B II Limited has agreed to subscribe for such number of Shares (rounded down to the nearest whole board lot of 1,000 Shares) which may be purchased with an aggregate amount of US\$35,170,000 at the Offer Price. The Company and the Joint Bookrunners are entitled to reduce the number of Shares which may be subscribed for by Milestone F&B II Limited to enable the Company to comply with Rule 8.08(3) of the Listing Rules. Therefore it is expected that, based on the applicable exchange rate as at the Latest Practicable Date at the Offer Price of HK\$3.00, HK\$3.08 and HK\$3.15 (being the low end, mid-point and high end of the Offer Price range), the number of Shares that Milestone F&B II Limited will subscribe for will be adjusted to be approximately 86,420,000 Shares, representing approximately 4.32% of the issued share capital of the Company after adjustments and upon completion of the Capitalization Issue and the Global Offering assuming that the Over-allotment Option, options granted under the Pre-IPO Share Option Scheme and options that may be granted under the Post-IPO Share Option Scheme are not exercised.

Milestone F&B II Limited is a limited liability company organized under the laws of the BVI with investment as its main business. Milestone F&B II Limited is wholly owned by Milestone China Opportunities Fund III, L.P., an exempted limited partnership formed under the laws of the Cayman Islands focused on investments in high-growth enterprises in China. The general partner of Milestone China Opportunities Fund III, L.P. is Milestone Capital Partners III Limited, a limited liability company incorporated under the laws of the Cayman Islands. Milestone China Opportunities Fund III, L.P., along with Milestone China Opportunities Fund I, L.P. and Milestone China Opportunities Fund II, L.P., (collectively, the “Milestone China Funds”) are managed by the same management team of Milestone Capital Partners III Limited. The Milestone China Funds have made investments in a number of growth industries in China, such as consumer and retail, healthcare, clean technology and alternative energy. Some of Milestone China Funds’ investments include Focus Media Holdings Limited (“Focus Media”, Ticker: FMCN), listed on the NASDAQ; Trina Solar Limited (“Trina”, Ticker: TSL), listed on the New York Stock Exchange; VisionChina Media Inc. (“VisionChina”, Ticker: VISON), listed on the NASDAQ; GCL Silicon Technology Holdings Inc. (“GCL Silicon”),

CORNERSTONE INVESTORS

which was acquired by a listed company GCL-Poly Energy Holdings Limited (listed on the Stock Exchange, Ticker: 3800.HK), Dehaier Medical Systems Limited (“Dehaier”, Ticker: DHRM), listed on the NASDAQ, and Xiao Nan Guo Restaurants Holdings Limited (listed on the Stock Exchange, Ticker: 3666.HK).

Orchid Asia V, L.P.

Orchid Asia V, L.P. has agreed to subscribe for such number of Shares (rounded down to the nearest whole board lot of 1,000 Shares) which may be purchased with an aggregate amount of US\$9,900,000 at the Offer Price. Assuming an Offer Price of HK\$3.08 being the mid-point of the Offer Price range, Orchid Asia V, L.P. will subscribe for approximately 24,943,000 Shares, representing approximately 1.2% of the Shares upon completion of the Capitalization Issue and the Global Offering (assuming that the Over-allotment Option, options granted under the Pre-IPO Share Option Scheme and options that may be granted under the Post-IPO Share Option Scheme are not exercised).

Orchid Asia V, L.P. is an exempted limited partnership registered under the laws of Cayman Islands whose registered address is at P.O. Box 309GT, Ugland House, 115 South Church St., George Town, Grand Cayman, Cayman Islands. Orchid Asia V, L.P. is an affiliate and part of the investment group of Orchid Asia Group Management, Limited (“Orchid Asia”), which assists corporate executives of companies in the consumer services and products sector with high growth prospects to formulate strategies to finance and expand their business enterprises. The investment group focuses in particular on companies in Asia and China. Orchid Asia V, L.P. is an investment partnership that has capital commitments from institutional investors and high net worth individuals.

Orchid Asia V Co-Investment, Limited

Orchid Asia V Co-Investment, Limited has agreed to subscribe for such number of Shares (rounded down to the nearest whole board lot of 1,000 Shares) which may be purchased with an aggregate amount of US\$100,000 at the Offer Price. Assuming an Offer Price of HK\$3.08 (being the mid-point of the Offer Price range), Orchid Asia V Co-Investment, Limited will subscribe for approximately 252,000 Shares, representing approximately 0.0% of the issued share capital of the Company upon completion of the Capitalization Issue and the Global Offering (assuming that the Over-allotment Option, options granted under the Pre-IPO Share Option Scheme and options that may be granted under the Post-IPO Share Option Scheme are not exercised).

Orchid Asia V Co-Investment, Limited is a limited liability company incorporated under the laws of Cayman Islands whose registered address is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1- 1111, Cayman Islands. Orchid Asia V Co-Investment, Limited is also an affiliate and part of the investment group of Orchid Asia. Orchid Asia V Co-Investment, Limited is an investment special purpose vehicle which may invest outside of and alongside with group members of Orchid Asia in any portfolio investment.

CORNERSTONE INVESTORS

CONDITIONS PRECEDENT

The subscription obligation of each of the Cornerstone Investors is subject to, among other things, the following conditions precedent:

- (1) the Hong Kong Underwriting Agreement and the International Underwriting Agreement having been entered into and having become unconditional and not having been terminated (in accordance with their respective original terms, as subsequently varied by agreement of the parties thereto or waived, to the extent it may be waived, by the relevant parties) by no later than the time and date as specified in such agreements;
- (2) the Listing Committee granted the listing of, and permission to deal in, the Shares and such approval or permission not having been revoked;
- (3) that the respective representation, warranties undertakings and acknowledgments of the relevant Cornerstone Investors and the Company under the relevant cornerstone investment agreement are accurate and true in all material respects and not misleading and that there is no material breach of the relevant cornerstone investment agreement on the part of the relevant Cornerstone Investor; and
- (4) no law having been enacted or promulgated by any governmental, regulatory or administrative authority, agency or commission or any court, tribunal or judicial body of Hong Kong, Bermuda, the Cayman Islands, BVI, the United Kingdom, the United States or any other relevant jurisdiction, which prohibit the consummation of the subscription and no order or injunction of a court of competent jurisdiction in effect precluding or prohibiting consummation of the subscription.

RESTRICTIONS ON THE CORNERSTONE INVESTORS' INVESTMENT

Each of the Cornerstone Investors has agreed that, without the prior written consent of our Company and the Joint Bookrunners, it will not, whether directly or indirectly, at any time during the period of six months following the Listing Date, dispose of (as defined in the relevant cornerstone investment agreements) any of the Shares subscribed for by it pursuant to the relevant cornerstone investment agreement, other than transfers to any wholly-owned subsidiary of such Cornerstone Investor provided that such wholly-owned subsidiary undertakes in writing to, and such Cornerstone Investor undertakes to procure that such wholly-owned subsidiary will, abide by the restrictions on disposals imposed on such Cornerstone Investor.

SHARE CAPITAL

AUTHORIZED AND ISSUED SHARE CAPITAL

The following is a description of the authorized and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid prior to and immediately following the completion of the Global Offering:

	<u>HK\$</u>
<i>Authorised share capital:</i>	
10,000,000,000 Shares	1,000,000,000
<i>Issued and to be issued, fully paid or credited as fully paid:</i>	
100,000 Shares in issue as of the date of this prospectus	10,000
1,499,900,000 Shares to be issued pursuant to the Capitalization Issue	149,990,000
<u>500,000,000 Shares to be issued pursuant to the Global Offering</u>	<u>50,000,000</u>
<u>2,000,000,000 Total</u>	<u>200,000,000</u>

ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional and the Shares are issued pursuant to the Global Offering. The above does not take into account any Shares to be issued upon the exercise of the options which were granted under the Pre-IPO Share Option Scheme or may be granted under the Post-IPO Share Option Scheme or any shares which may be issued pursuant to the exercise of the Over-allotment Option or any Shares which may be issued or repurchased by our Company pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below.

RANKING

The Shares are ordinary shares in the share capital of our Company and rank equally with all Shares currently in issue or to be issued and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus except for any entitlement to the Capitalization Issue.

SHARE OPTION SCHEMES

We have adopted the Share Option Schemes. The principal terms of the Share Option Schemes are summarized in Appendix IV.

SHARE CAPITAL

GENERAL MANDATE TO ISSUE SHARES

Subject to the conditions stated in the section “Structure of the Global Offering — Conditions of the Global Offering”, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares and to make or grant offers, agreements or options which might require such Shares to be allotted and issued or dealt with at any time subject to the requirement that the aggregate nominal value of the Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued, shall not exceed 20% of the aggregate nominal value of the share capital of our Company in issue immediately following the completion of the Capitalization Issue and the Global Offering.

This mandate does not cover Shares to be allotted, issued, or dealt with under a rights issue or scrip dividend scheme or similar arrangements or a specific authority granted by our Shareholders or upon the exercise of the Over-allotment Option or the options granted under the Share Option Schemes.

This mandate to issue Shares will remain in effect until:

- (1) at the conclusion of our next annual general meeting; or
- (2) the expiration of the period within which our Company’s next annual general meeting is required to be held under any applicable laws or the Articles; or
- (3) it is varied or revoked by an ordinary resolution of our Shareholders at a general meeting,

whichever is the earliest.

For further details of this general mandate, please see the section “Statutory and General Information — A. Further Information About Our Company and Our Subsidiaries — 3. Resolutions in writing of all our Shareholders passed on August 19, 2013” in Appendix IV.

SHARE CAPITAL

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the conditions stated in the section “Structure of the Global Offering — Conditions of the Global Offering”, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares with an aggregate nominal value of not more than 10% of the aggregate nominal value of our share capital in issue immediately following the Capitalization Issue and the Global Offering (excluding Shares which may be issued pursuant to the exercise of the Over-allotment Option or options granted under the Pre-IPO Share Option Scheme or may be granted under the Post-IPO Share Option Scheme).

This mandate relates to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares may be listed (and which is recognized by the SFC and the Stock Exchange for this purpose), and made in accordance with all applicable laws and regulations and the requirements of the Listing Rules. A summary of the relevant Listing Rules is set out in the section “Statutory and General Information — Further Information About Our Company and Our Subsidiaries — 7. Repurchase of Shares by our Company” in Appendix IV.

This general mandate to repurchase Shares will remain in effect until:

- (i) at the conclusion of our next annual general meeting; or
- (ii) at the end of the period within which the next annual general meeting of our Company is required to be held under any applicable laws or the Articles; or
- (iii) when varied or revoked by an ordinary resolution of our Shareholders at a general meeting,

whichever is the earliest.

For further details of this general mandate, please see the section “Statutory and General Information — A. Further Information About Our Company and Our Subsidiaries — 3. Resolutions in writing of all our Shareholders passed on August 19, 2013” in Appendix IV.

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You should read the following discussion and analysis with our audited consolidated financial information, including the notes to it as of and for the years ended December 31, 2010, 2011 and 2012, and the six months ended June 30, 2013, included in the Accountant's Report set out in Appendix I. The Accountant's Report has been prepared in accordance with HKFRS. The following discussion and analysis and other parts of this prospectus contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. In evaluating our business, you should carefully consider the information provided in the section "Risk Factors".

BUSINESS OVERVIEW

We are a leading packaged food and beverage producer and one of the largest distributors of packaged food and beverages in China, according to Frost & Sullivan. We operate a unique business model of producing and distributing a comprehensive range of products through a well-established distribution network across China. We produce and distribute high-quality Own Brand Products as well as distribute well-known Third Party Brand Products which are generally complementary in nature, which span a broad range of consumer markets and command leading market positions in many of their respective product segments. In 2012, we were the largest producer in the pistachio and almond markets in China in terms of retail value, and we were among the top three producers of dried pork slices and fruit flavored ready-to-drink tea markets in China in terms of retail value, according to Frost & Sullivan. Our unique business model of producing and distributing Own Brand Products and distributing complementary Third Party Brand Products increases our operating efficiency and gives us greater bargaining power with, and influence over, distributors and retailers who purchase both Own Brand Products and Third Party Brand Products. We also believe that the competitive advantage of our distribution network and our unique business model help us broaden Own Brand Products' target markets.

The product offerings of Own Brand Products and Third Party Brand Products are generally complementary in nature and offer consumers a wide spectrum of product coverage, ranging from alcoholic beverages, food and snacks and non-alcoholic beverages to other fast moving consumer goods. Our broad range of products satisfies the needs of different consumer demographics for a variety of packaged food and beverage consumption occasions throughout the day and we believe this enhances sales and the profitability of our operations.

We have an extensive, nationwide sales and distribution network in China consisting of distribution channels operated by us, Nanpu (our jointly controlled entity in which we have a 51% equity interest) and third party distributors, consisting of more than 1,000 distributors (including more than 400 distributors under Nanpu's distribution network) as of June 30, 2013. We believe we are able to leverage the strength of our extensive distribution channels to efficiently deliver Own Brand Products and Third Party Brand Products to retailers across China in a cost-competitive and timely manner. As of June 30, 2013, we had access to 43 sales offices and 12 principal distribution centers and warehouse facilities (this includes Nanpu's network), covering over 120,000 sales points in 30

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provinces, municipalities and autonomous regions. Our comprehensive sales points cover various formats, such as hypermarkets, supermarket chains, convenience stores, hotels, restaurant chains, bars, karaoke lounges, wholesale centers, different retail stores and group purchases. We believe that our extensive network not only provides a strong platform for growth, but also serves as a responsive channel that provides feedback on the latest market dynamics to our management for efficient adjustments of our product development and marketing efforts.

We have a strong track record of consistent growth and profitability, with net profit increasing from approximately RMB134.1 million for the year ended December 31, 2010 to approximately RMB230.3 million for the year ended December 31, 2012, representing a CAGR of 31.0% during those periods. This was due to the growth of Own Brand Products and the success of our strategy of increasing the margin of Third Party Brand Products.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

We believe our results of operations have been and will continue to be primarily affected by the following factors, many of which are beyond our control.

Consumer Demand for Our Products

Our revenue and other results of operations are influenced by consumer spending on packaged food and beverages in China, which is largely affected by improvements in living standards in China. We expect that increased consumer purchasing power in China and growth of the Chinese economy will promote spending on packaged food and beverages, including our products, and that demand for packaged food and beverage products in China will continue to grow in the near future and drive growth in our revenue. We believe that changes in China's economic development may affect consumer spending on packaged food and beverages, which could in turn affect our results of operations.

Demand for our products is also influenced by consumer perceptions of the safety and quality of our products. Consumers' confidence in food safety in China will have an impact on our business and results of operations. Increasing food safety concerns in China and media coverage regarding the safety or quality of food and beverages, including the raw materials and additives used or processes involved in their production, may continue to influence consumer confidence in packaged food and beverage products. In order to address concerns regarding food safety, we have implemented stringent quality control procedures and will continue to enhance our internal control measures with respect to food safety. During the Track Record Period, we did not experience any consumer complaint that had a material adverse effect on our business or results of operations.

Pricing

The pricing of our products is affected by the competitive landscape of the packaged food and beverage industry in China. We expect that the competition we face in the packaged food and beverage industry in China will further intensify. As a result, our ability to maintain or increase the average

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selling price of Own Brand Products will largely depend on our ability to compete effectively by reacting rapidly to market trends and differentiating our products through strong brand recognition, product innovation, our nationwide sales and distribution network and our extensive product portfolio.

For Own Brand Products, factors that affect pricing include our promotion and marketing strategy, our ability to differentiate our products from those of our competitors' and competitors' pricing and other strategies. From time to time, we were able to increase the selling prices of certain Own Brand Products, such as products under our Tenwow brands, due to our enhanced brand recognition and market position. Our ability to continue to price Own Brand Products at desired levels has been, and will continue to be, important to our results of operations.

For Third Party Brand Products, factors affecting pricing include the prices expected by our suppliers and the margins we expect to realize when we sell these products to our distributors and retailers.

Product Portfolio

We have a diverse product portfolio of complementary Own Brand Products and Third Party Brand Products, comprising of a broad range of products across four key segments, namely food and snacks, non-alcoholic beverages, alcoholic beverages and others. We believe our diverse product offerings enable us to capitalize on changing market trends and consumer preferences in China. The mix of products in our portfolio will affect our financial performance as different products generate different gross profit margins depending on factors such as the cost of raw materials or finished goods, production costs, product pricing and marketing strategy.

Our financial performance has varied due to changes in our product portfolio and may continue to vary as our product portfolio changes. As we believe our Own Brand Products generally enjoy higher margins than those of Third Party Brand Products, we expect to continue to focus on increasing the percentage of Own Brand Products in our product portfolio. At the same time, we expect to continue to sell Third Party Brand products, and expect to continue to adjust the product mix in each category of Third Party Brands to increase existing and new Third Party Brand Products that yield higher profit margins while reducing those that yield low profit margins, as we believe that our portfolio of Third Party Brand Products enhances our bargaining power with our distributors and retailers.

Distributor Relationship

Our results of operations are affected by the volume of transactions with our distributors. We recognize revenue and the associated cost of sales for the goods we sell to our distributors for their distribution when the goods are delivered to, and accepted by, the distributors. In the case of our sales to Nanpu, however, 51% of the recognized revenue and the associated cost of sales in an accounting period will be deducted for the goods that we deliver to Nanpu but are not sold by Nanpu to retailers or other third parties by the end of such accounting period. The risk of loss associated with our products sold to third parties, including our distributors, is passed to those third parties when the goods are delivered to, and accepted by, them. After delivery, the write-off and other accounting policies of the third parties will apply to those products. We recognized revenue of RMB1,697.1

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million, RMB1,262.0 million, RMB1,336.3 million and RMB624.8 million in 2010, 2011 and 2012, and the six months ended June 30, 2013, respectively, from our sales of products to Nanpu. In addition, our cost of sales was RMB1,534.0 million, RMB1,057.7 million, RMB1,138.8 million and RMB511.8 million, respectively, in the same periods for sales to Nanpu.

From time to time, Nanpu sells products for which it has distribution rights to us to take advantage of our own distribution network in regions where we have a presence and they do not. Such products include Own Brand Products which we sell to Nanpu for distribution, such as our “Tenwow Tea” products for which Nanpu has distribution rights in China. Such products are on-sold to our operating subsidiaries engaged in the distribution business, including Wuhan Nanpu, Tenwow Fujian Food and Shenzhen Nanpu Industrial. Before we resell those products to third parties, we do not recognize any revenue but still incur cost of sales. The cost of sales incurred is the difference between the price at which we sell such products to Nanpu and the price at which Nanpu resells the same products back to us. During the Track Record Period, the amounts of such cost of sales are immaterial to our results of operations. We also work closely with Nanpu with respect to the marketing and promotion of Own Brands Products for which Nanpu has distribution rights. We conduct certain marketing and promotion activities through third party distributors based on our requirements and strategies. We believe that such an approach allows us to benefit from our distributors’ understanding of their regional markets and rely on their local relationships to implement marketing and promotion activities effectively.

Results of Operations of Nanpu

Due to our equity interest in Nanpu, our results of operations are affected by Nanpu’s results of operations. Although we own 51% of Nanpu, we do not consolidate the financial results of Nanpu because we jointly control the management and operations of Nanpu. We recorded the results of operations of Nanpu using equity method of accounting. Our proportionate share of profit attributable to our equity interest in Nanpu throughout the Track Record Period was RMB15.6 million, RMB19.8 million, RMB25.6 million and RMB6.9 million in 2010, 2011 and 2012, and the six months ended June 30, 2013, respectively.

Cost of Supplies

We purchase raw materials for the production of Own Brand Products. We also purchase finished products, comprising mainly Third Party Brand Products, which can be immediately sold to distributors or retailers.

Raw Materials

The primary raw materials that we use in the production of Own Brand Products include nuts, fruits, meat, raw seeds, oats, sugar, fruit juice concentrate, tea concentrate, rice, wine essence and water, as well as packaging materials. Raw materials (including packaging materials and consumables) constituted 80.3%, 78.9%, 62.4% and 67.9% of our cost of sales for Own Brand Products in 2010, 2011, 2012 and the six months ended June 30, 2013, respectively.

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The price of raw materials, including packaging materials, are determined principally by market forces such as commodity price fluctuations and changes in governmental policies, as well as our bargaining power with our suppliers. Over the Track Record Period, costs of several of our major raw materials, such as sugar and PET packaging materials, experienced fluctuation. We monitor supply and cost trends of these raw materials and take appropriate action to obtain the ingredients we need for production. We do not purchase any hedging contracts in relation to commodity prices. However, we have implemented a number of cost-cutting measures with respect to our raw material procurement in order to mitigate the impact of rising commodity prices and offset to a certain extent increases in labor costs, energy costs and depreciation expenses. These measures include identifying less expensive alternatives to raw materials that have increased in price and using less packaging materials to the extent possible without leading to a decrease in product quality. We have also introduced a number of measures, such as optimization of production procedures and use of raw materials, to monitor the use of raw materials. While these measures can mitigate the effect of rises in the prices of raw materials on our cost of sales, we expect fluctuations in the cost of raw materials to continue to affect our margins.

All of the raw materials we procure, including packaging materials, are purchased from a number of suppliers to ensure adequate supply and efficient delivery to our production facilities.

Finished Products

We outsource the production of a portion of Own Brand Products, such as our ready-to-drink teas, which are packaged in Tetra Paks, wines and meat snacks. We account for the purchase costs of wines and meat snacks under “Outsourced Products” in our cost of sales, and processing fees of ready-to-drink teas under “outsourcing fees” in our cost of sales, in the period in which these Own Brand Products are sold. Outsourced Products constituted 2.1%, 2.9%, 6.5% and 4.7% of our total cost of sales in 2010, 2011 and 2012, and the six months ended June 30, 2013, respectively. The increase from 2011 to 2012 was principally due to the introduction of two new wine products and an increase in sales of our existing wine products, and the decrease from RMB131.0 million to RMB94.0 million for the six months ended June 30, 2012 to the six months ended June 30, 2013 respectively was principally due to a decrease in imports of our wine products. Outsourcing fees constituted 0.1%, 0.2%, 0.4% and 0.5% of our total cost of sales in 2010, 2011 and 2012, and the six months ended June 30, 2013, respectively. In addition, we purchase Third Party Brand Products which are either sold directly by us to retailers or on-sold to third-party distributors for distribution. We account for these purchases as our cost of sales in the period in which these products are sold. Our cost of sales in relation to Third Party Brand Products constituted 80.4%, 75.1%, 75.0% and 74.6% of our total cost of sales in 2010, 2011 and 2012, and the six months ended June 30, 2013, respectively.

Seasonality

Our sales for different products and interim profits are subject to different seasonal fluctuations. Historically, we have experienced higher retail sales of our food and snacks, gift boxes and wines ahead of holiday seasons, such as Chinese New Year, which usually occurs in the first quarter of our financial year. As a result, we experience higher sales in the fourth quarter of a year when our retailers

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begin to stock their inventories of our products in anticipation of the upcoming Chinese New Year season. Sales can also fluctuate during the course of a financial year due to other reasons, including the timing of new product launches and advertising and promotional campaigns. Therefore, our results of operations fluctuate and our interim results may not be indicative of our annual results.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Critical accounting policies are those that require our management to exercise judgment in applying assumptions and making estimates that would yield materially different results if our management applied different assumptions or made different estimates. Estimates and judgments are continually re-evaluated and are based on historical experience and other factors, including industry practices and expectations of future events that are believed to be reasonable under the circumstances. We have not changed our assumptions or estimates in the past and have not noticed any material errors regarding our assumptions or estimates. Under current circumstances, we do not expect that our assumptions or estimates are likely to change significantly in the future. We believe the following critical accounting policies involve the most significant judgments in the preparation of our consolidated financial statements.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivables for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

- (i) Revenue from the sales of goods is recognized when the risk and reward of the goods has been transferred to the customer, which is usually at the date when a group entity has delivered products to the customer and the customer has accepted the products, the collectability of the related receivables is reasonably assumed and there is no unfulfilled obligation that could affect the customer's acceptance of the products.
- (ii) Rental income from properties is recognized on a straight-line basis over the periods of the respective leases.
- (iii) Interest income is recognized on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues to unwind the discount as interest income. Interest income on impaired loans is recognized using the original effective interest rate.

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(iv) Dividend income is recognized when the right to receive payment is established.

Associated companies and jointly controlled entities

Associated companies are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associated companies are accounted for using the equity method of accounting and are initially recognized at cost.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

Jointly controlled entities are joint ventures that involve the establishment of corporation in which the Group and other ventures have their respective interests. The jointly controlled entities operate in the same way as other entities, except that a contractual agreement between the Group and other ventures established joint control and none of the participating parties has unilateral control over the economic activity of the jointly controlled entities.

The Group's share of its associated companies and jointly controlled entities' post-acquisition profits or losses is recognized in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company and jointly controlled entity equals or exceeds its interest in the associated company and jointly controlled entity, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associated company and jointly controlled entity.

Unrealized gains on transactions between the Group and its associated companies and jointly controlled entities are eliminated to the extent of the Group's interest in the associated companies and jointly controlled entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associated companies and jointly controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associated companies and jointly controlled entities are recognized in the statement of comprehensive income.

Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services provided in the ordinary course of business. If collection of trade and other receivables is expected within one year, they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

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Impairment of trade and other receivables

The Group's management estimates the provision of impairment of trade and other receivables by assessing their recoverability. Provisions are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible and require the use of estimates. Where the expectation is different from the original estimate, such difference will impact carrying value of trade and other receivable and impairment charge in the period in which such estimate has been changed.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Estimated write-downs of inventories

The Group writes down inventories to net realizable value based on an assessment of the realizability of inventories. Write-downs on inventories are recorded where events or changes in circumstances that the balances may not be realized. The identification of write-downs requires the use of judgment and estimates. Where the expectation is different from the original estimate, such difference will impact carrying values of inventories and write-downs of inventories in the period in which such estimate has been changed.

Property, plant and equipment

Construction-in-progress ("CIP") represents buildings, plant and machinery under construction or pending installation and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction and acquisition and capitalized borrowing costs. No depreciation is made on CIP until such time as the relevant assets are completed and ready for intended use. When the assets concerned are available for use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated below.

Property, plant and equipment include buildings, machinery and equipment, vehicles and other equipments. All property, plant and equipment is stated at historical cost less depreciation and impairment (if any). Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the consolidated statements of comprehensive income during the financial period in which they are incurred.

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Depreciation on assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Buildings: 16-30 years
- Machinery and equipment: 5-10 years
- Vehicles: 3-10 years
- Other equipment: 2-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "Other gains/(losses) — net" in the consolidated statements of comprehensive income.

(i) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(ii) Impairment of property, plant and equipment

Property, plant and equipment and land use rights are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or market valuations. These calculations require the use of judgments and estimates.

Management judgment is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset value may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell or net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections,

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could materially affect the net present value in the impairment test and as a result affect the Group's financial condition and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the consolidated statements of comprehensive income.

Current and deferred income tax — income statement items

The tax expense for the period comprises current and deferred tax. Tax is recognized in the consolidated statements of comprehensive income, except to the extent that it relates to items recognized directly in equity. In this case, the tax is also recognized in equity.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the group companies operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred income tax

(a) Inside basis differences

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

(b) Outside basis differences

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

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(iii) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Current tax and deferred tax — balance sheet items

The Group is subject to income taxes in the PRC and in Hong Kong. Significant judgment is required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and provisions in the period in which such determination is made.

Deferred income tax assets and liabilities are determined using tax rates that are expected to apply when the related deferred income tax assets are realized or the deferred income tax liabilities are settled. The expected applicable tax rate is determined based on the enacted tax laws and regulations and the actual situation of the Group. The management of the Group will revise the expectation where the intending tax rate is different from the original expectation.

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RESULTS OF OPERATIONS

The table below includes, for the periods indicated, selected financial data derived from our consolidated statements of comprehensive income, the details of which are set out in the Accountant's Report in Appendix I.

	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
	(in RMB thousands)				
Revenue	3,785,853	3,790,323	4,252,081	1,902,154	2,302,719
Cost of sales	<u>(3,439,350)</u>	<u>(3,328,699)</u>	<u>(3,708,888)</u>	<u>(1,693,944)</u>	<u>(1,991,560)</u>
Gross profit	346,503	461,624	543,193	208,210	311,159
Distribution costs	(96,236)	(133,239)	(121,635)	(54,698)	(87,226)
Administrative expenses	(69,032)	(79,948)	(93,815)	(47,889)	(63,973)
Other income - net	26,628	10,016	9,550	3,189	4,907
Other losses	<u>(14,438)</u>	<u>(103)</u>	<u>(2,817)</u>	<u>(548)</u>	<u>(1,442)</u>
Operating profit	193,425	258,350	334,476	108,264	163,425
Finance income	6,272	6,274	7,655	2,361	2,885
Finance costs	<u>(31,676)</u>	<u>(48,017)</u>	<u>(67,374)</u>	<u>(31,117)</u>	<u>(41,845)</u>
Finance costs - net	(25,404)	(41,743)	(59,719)	(28,756)	(38,960)
Share of (loss)/profit of associates	(3)	93	1,057	495	520
Share of profit of a jointly controlled entity	<u>15,612</u>	<u>19,826</u>	<u>25,613</u>	<u>7,852</u>	<u>6,914</u>
Profit before income tax	183,630	236,526	301,427	87,855	131,899
Income tax expense	<u>(49,564)</u>	<u>(62,610)</u>	<u>(71,082)</u>	<u>(22,066)</u>	<u>(34,599)</u>
Profit for the year/period	134,066	173,916	230,345	65,789	97,300
Other comprehensive income ..	<u>(4,988)</u>	<u>3,077</u>	<u>(3,112)</u>	<u>(1,415)</u>	<u>(1,816)</u>
Total comprehensive income for the year/period	<u><u>129,078</u></u>	<u><u>176,993</u></u>	<u><u>227,233</u></u>	<u><u>64,374</u></u>	<u><u>95,484</u></u>

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DESCRIPTION OF SELECTED INCOME STATEMENT ITEMS

Revenue

Our revenue represents income from the sale of Own Brand Products and Third Party Brand Products. Our revenue is generally affected by fluctuations in sales volume of our existing products, the introduction of new products and changes in average selling prices of our products. During the Track Record Period, we experienced increases in the sales of Own Brand Products and relatively stable sales of Third Party Brand Products as we continued to place more emphasis on the sales of Own Brand Products. We expect to continue to adjust the product mix of our product portfolio and sell a higher volume of products that command higher margins. Please see “— Gross profit and gross margin” below for more details.

The table below sets forth our revenue contribution by product segments and main product categories for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2010		2011		2012		2012		2013	
(in RMB thousands, except percentages)										
Own Brand Products										
Food and snacks	564,031	14.9%	665,473	17.6%	571,218	13.4%	212,452	11.1%	319,140	13.9%
Non-alcoholic beverages	101,186	2.7%	192,943	5.1%	256,286	6.0%	133,188	7.0%	199,089	8.6%
Alcoholic beverages	137,588	3.6%	152,932	4.0%	334,929	7.9%	172,575	9.1%	138,397	6.0%
Others ⁽¹⁾	55,986	1.5%	42,124	1.1%	37,496	0.9%	12,795	0.7%	18,011	0.8%
	<u>858,791</u>	<u>22.7%</u>	<u>1,053,472</u>	<u>27.8%</u>	<u>1,199,929</u>	<u>28.2%</u>	<u>531,010</u>	<u>27.9%</u>	<u>674,637</u>	<u>29.3%</u>
Third Party Brand Products										
Alcoholic beverages	2,272,258	60.0%	2,101,363	55.4%	2,169,940	51.1%	1,023,564	53.8%	1,148,688	50.0%
Food and snacks	493,514	13.0%	585,119	15.4%	775,941	18.2%	317,604	16.7%	415,157	18.0%
Non-alcoholic beverages	122,432	3.2%	43,595	1.2%	44,498	1.0%	13,337	0.7%	28,604	1.2%
Others ⁽²⁾	38,858	1.1%	6,774	0.2%	61,773	1.5%	16,639	0.9%	35,633	1.5%
	<u>2,927,062</u>	<u>77.3%</u>	<u>2,736,851</u>	<u>72.2%</u>	<u>3,052,152</u>	<u>71.8%</u>	<u>1,371,144</u>	<u>72.1%</u>	<u>1,628,082</u>	<u>70.7%</u>
Total	<u>3,785,853</u>	<u>100.0%</u>	<u>3,790,323</u>	<u>100.0%</u>	<u>4,252,081</u>	<u>100.0%</u>	<u>1,902,154</u>	<u>100%</u>	<u>2,302,719</u>	<u>100%</u>

Notes:

- (1) Includes, among other things, “Chuan Xiang” Chinese seasoning and packaging materials.
- (2) Includes, among other things, health products, household products and cooking oil.

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The table below sets forth our revenue contribution by retail sales channels for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2010		2011		2012		2012		2013	
(in RMB thousands, except percentages)										
Direct sales										
On-premise channels										
(即飲渠道) ⁽¹⁾ . . .	467,926	12.4%	478,920	12.6%	348,621	8.2%	203,484	10.7%	285,120	12.4%
Modern retail channels										
(現代渠道) ⁽²⁾ . . .	721,700	19.1%	736,089	19.4%	737,459	17.3%	302,371	15.9%	382,249	16.5%
Small business channels										
(流通渠道) ⁽³⁾ . . .	149,058	3.9%	255,760	6.7%	430,734	10.1%	192,894	10.1%	305,196	13.3%
Other channels										
(其他渠道) ⁽⁴⁾ . . .	20,622	0.5%	32,597	1.0%	43,195	1.1%	14,798	0.8%	33,695	1.5%
Sub-total	<u>1,359,306</u>	<u>35.9%</u>	<u>1,503,366</u>	<u>39.7%</u>	<u>1,560,009</u>	<u>36.7%</u>	<u>713,547</u>	<u>37.5%</u>	<u>1,006,260</u>	<u>43.7%</u>
Distributors										
Nanpu	1,697,077	44.8%	1,261,973	33.3%	1,336,306	31.4%	553,923	29.1%	624,760	27.1%
Third party distributors	729,470	19.3%	1,024,984	27.0%	1,355,766	31.9%	634,684	33.4%	671,699	29.2%
Sub-total	<u>2,426,547</u>	<u>64.1%</u>	<u>2,286,957</u>	<u>60.3%</u>	<u>2,692,072</u>	<u>63.3%</u>	<u>1,188,607</u>	<u>62.5%</u>	<u>1,296,459</u>	<u>56.3%</u>
Total	<u><u>3,785,853</u></u>	<u><u>100.0%</u></u>	<u><u>3,790,323</u></u>	<u><u>100.0%</u></u>	<u><u>4,252,081</u></u>	<u><u>100.0%</u></u>	<u><u>1,902,154</u></u>	<u><u>100%</u></u>	<u><u>2,302,719</u></u>	<u><u>100%</u></u>

Notes:

- (1) Includes restaurant chains, hotels and other leisure and entertainment venues where our products are consumed on premises.
- (2) Includes hypermarket chains, supermarket chains and convenience stores.
- (3) Includes wholesale centers and different retail stores.
- (4) Includes mainly group purchases.

As part of our strategy to diversify our distribution network and expand the number of third party distributors, we have continued to focus on developing our direct sales channels and other third party distribution channels. We have expanded our third party distribution network that included 359, 460, 499 and 657 distributors as of December 31, 2010, 2011 and 2012, and June 30, 2013, respectively. We expect to continue to expand this network in the future. In addition, we have focused on sales through small business channels, which serve a larger consumer base in China, and we are generally able to charge small business channel retailers higher prices given their lower bargaining power. Consistent with this strategy, sales of our products to Nanpu have generally decreased over the Track Record Period, amounting to RMB1,697.1 million, RMB1,262.0 million, RMB1,336.3 million and RMB624.8 million in 2010, 2011 and 2012, and the six months ended June 30, 2013, respectively. As a percentage of our total revenue, these sales fell from 44.8% in 2010 to 31.4% in 2012, and from 29.1% for the six months ended June 30, 2012 to 27.1% for the six months ended June 30, 2013.

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Cost of sales

The table below sets forth a breakdown of our cost of sales by product segments and main product categories for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2010		2011		2012		2012		2013	
(in RMB thousands, except percentages)										
Own Brand Products										
Food and snacks	433,954	12.6%	512,353	15.4%	411,221	11.1%	169,600	10.0%	229,377	11.5%
Non-alcoholic beverages	73,647	2.1%	153,213	4.6%	202,764	5.5%	101,756	6.0%	147,070	7.4%
Alcoholic beverages	121,302	3.5%	128,296	3.9%	283,135	7.6%	147,697	8.7%	114,083	5.7%
Others ⁽¹⁾	43,969	1.4%	33,778	1.0%	28,917	0.8%	9,689	0.6%	14,955	0.8%
	<u>672,872</u>	<u>19.6%</u>	<u>827,640</u>	<u>24.9%</u>	<u>926,037</u>	<u>25.0%</u>	<u>428,742</u>	<u>25.3%</u>	<u>505,485</u>	<u>25.4%</u>
Third Party Brand Products										
Alcoholic beverages	2,152,190	62.6%	1,915,682	57.6%	1,957,939	52.8%	954,317	56.3%	1,037,618	52.1%
Food and snacks	465,388	13.5%	541,324	16.3%	731,056	19.7%	284,047	16.8%	387,937	19.5%
Non-alcoholic beverages	110,879	3.2%	38,327	1.1%	39,249	1.1%	13,031	0.8%	26,438	1.3%
Others ⁽²⁾	38,021	1.1%	5,726	0.1%	54,607	1.4%	13,807	0.8%	34,082	1.7%
	<u>2,766,478</u>	<u>80.4%</u>	<u>2,501,059</u>	<u>75.1%</u>	<u>2,782,851</u>	<u>75.0%</u>	<u>1,265,202</u>	<u>74.7%</u>	<u>1,486,075</u>	<u>74.6%</u>
Total	<u>3,439,350</u>	<u>100.0%</u>	<u>3,328,699</u>	<u>100.0%</u>	<u>3,708,888</u>	<u>100.0%</u>	<u>1,693,944</u>	<u>100%</u>	<u>1,991,560</u>	<u>100%</u>

Notes:

(1) Includes, among other things, “Chuan Xiang” Chinese seasoning and packaging materials.

(2) Includes, among other things, health products, household products and cooking oil.

Cost of sales for Own Brand Products consists primarily of the cost of raw materials (including cost of packaging materials), the cost of the Outsourced Products, and to a lesser extent depreciation and amortization charges, direct labor costs, utility expenses, outsourcing fees and others. Our cost of sales for Own Brand Products represented 19.6%, 24.9%, 25.0% and 25.4% of our total cost of sales in 2010, 2011 and 2012, and the six months ended June 30, 2013, respectively.

Cost of sales for Third Party Brand Products consists mainly of the purchase cost of Third Party Brand Products, which constituted 80.4%, 75.1%, 75.0% and 74.6% of our total cost of sales in 2010, 2011 and 2012, and the six months ended June 30, 2013, respectively.

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The table below sets forth a breakdown of our cost of sales of Own Brand Products for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2010		2011		2012		2012		2013	
(in RMB thousands, except percentages)										
Raw materials ⁽¹⁾	540,357	80.3%	652,918	78.9%	577,041	62.4%	252,203	58.8%	343,307	67.9%
Outsourced Products ⁽²⁾	72,366	10.8%	95,590	11.5%	241,092	26.0%	131,016	30.6%	93,993	18.6%
Depreciation and amortization	21,864	3.2%	21,342	2.6%	25,901	2.8%	11,228	2.6%	14,991	3.0%
Direct labor cost	15,452	2.3%	18,040	2.2%	24,079	2.6%	11,077	2.6%	14,579	2.9%
Utilities	9,136	1.4%	11,716	1.4%	15,930	1.7%	8,993	2.1%	10,846	2.1%
Outsourcing fee ⁽³⁾	4,382	0.7%	6,979	0.8%	13,936	1.5%	6,157	1.4%	9,418	1.9%
Others ⁽⁴⁾	9,315	1.3%	21,055	2.6%	28,058	3.0%	8,068	1.9%	18,351	3.6%
Total	672,872	100.0%	827,640	100.0%	926,037	100.0%	428,742	100.0%	505,485	100.0%

Notes:

- (1) Raw materials include raw materials used, changes in inventory of finished goods and work in progress, which is mainly the cost of raw materials contained in the cost of finished goods (excluding Outsourced Products) sold.
- (2) Represents costs of certain Outsourced Products, such as our own brand wines and meat products.
- (3) Represents processing fees of certain materials used in the production of Own Brand Products, such as Tetra Pak used in the production of our ready-to-drink teas.
- (4) Includes, among other things, repair and maintenance costs.

The cost of our raw materials as a percentage of total cost of sales of Own Brand Products fell from 80.3% in 2010 to 78.9% in 2011 and to 62.4% in 2012, but increased to 67.9% in the six months ended June 30, 2013. The cost of our raw materials has generally declined during these periods because we have been able to rely on our strong bargaining position to obtain better pricing from our suppliers, and this reflects our efforts to control costs of raw materials (including packaging materials). Cost of Outsourced Products as a percentage of total cost of sales of Own Brand Products increased from 11.5% in 2011 to 26.0% in 2012 due to the introduction of two new wine products, “約翰馬仕” and “凌致”, and increases in sales of our existing wine products, but fell to 18.6% in the six months ended June 30, 2013 because we adjusted our promotion strategy and reduced our promotional activities (such as providing promotional materials to our customers) for certain wines under Own Brand Products in the first half of 2013 in order to assess current market acceptance of these products. This reduction in promotional activities led to a decrease in sales of these wine products.

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The table below sets forth a breakdown of the purchase cost and the weighted average unit price of the major raw materials for Own Brand Products during the periods indicated.

	Year ended December 31,						Six months ended June 30,	
	2010		2011		2012		2013	
	(Cost in RMB thousands, Average unit price in RMB)							
	Cost	Average unit price	Cost	Average unit price	Cost	Average unit price	Cost	Average unit price
Food and snacks								
Pistachios	82,551	46.15	84,658	50.96	97,025	52.56	32,055	54.34
Walnuts	23,777	110.14	18,783	141.31	33,789	157.90	802	140.91
Almonds	21,530	32.41	37,261	37.99	47,850	39.52	12,000	39.76
Cashews	17,878	52.02	34,929	63.13	27,493	52.53	10,276	50.62
Raw melon seeds .	24,585	9.39	19,931	10.03	14,645	9.30	3,683	13.66
Meat	25,826	28.39	17,680	25.85	23,133	24.20	11,006	28.2
Oat	15,269	5.01	10,486	5.70	16,065	6.31	2,583	5.76
Non-alcoholic beverages								
White sugar	19,295	5.39	35,880	6.46	33,682	5.71	22,264	5.08
Fruit juice								
concentrate	1,758	13.06	2,170	18.64	3,148	16.13	2,648	18.02
Tea concentrate . .	1,947	21.55	3,007	25.78	3,030	21.70	1,549	17.96
Alcoholic beverage								
Rice	3,296	3.55	3,592	4.04	3,628	3.75	2,185	4.77
Base liquor	20,393	2.55	11,872	2.98	20,166	2.81	10,429	3.01
PET polyester chips .	12,525	8.86	32,859	11.90	29,909	9.38	21,320	9.23

Although there have been some fluctuations in the weighted average unit price of our major raw materials during the Track Record Period, our gross profit margin for Own Brand Products remained relatively stable from 2010 to 2011, and increased in 2012 and further increased in the six months ended June 30, 2013, as we have generally been able to transfer increases in the cost of raw materials to our customers and end consumers.

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Gross profit and gross margin

Our gross profit margin for a particular period represents the amount of gross profit divided by the amount of our total revenue during the period. Our gross profit margins in 2010, 2011 and 2012, and the six months ended June 30, 2013 were 9.2%, 12.2%, 12.8% and 13.5%, respectively. Our gross profit margins are affected by the change in the level of cost of sales in relation to the revenue we generate during the same period. During the Track Record Period, our gross profit margins were positively affected by the increased sales of Own Brand Products, which in general generate higher profit margins, and our adjustment of the product mix of Third Party Brand Products to focus on sales of Third Party Brand Products that generate higher profit margins. On the other hand, during the same period, our gross profit margins were negatively affected by a number of factors, including, in the case of Own Brand Products, increased purchase costs of certain raw materials, such as sugar and PET, due to increases in the purchase prices of these raw materials, and increased depreciation and amortization and, in the case of Third Party Brand Products, an increase in the sales of certain high profile Third Party Brand Products that generate lower profit margins compared to the rest of our Third Party Brand Products.

The table below sets forth a breakdown of our gross profit and gross profit margin by product segment and main product category for the periods indicated.

	Year ended December 31,						Six months ended June 30,				
	2010		2011		2012		2012		2013		
	Gross profit margin (%)	Gross profit margin (%)	Gross profit margin (%)	Gross profit margin (%)	Gross profit margin (%)	Gross profit margin (%)	Gross profit margin (%)	Gross profit margin (%)	Gross profit margin (%)	Gross profit margin (%)	
	(in RMB thousands except percentages)										
Own Brand											
Products											
Food and snacks . . .	130,077	23.1	153,120	23.0	159,997	28.0	42,852	20.2	89,763	28.1	
Non-alcoholic											
beverages	27,539	27.2	39,730	20.6	53,522	20.9	31,432	23.6	52,019	26.1	
Alcoholic											
beverages	16,286	11.8	24,636	16.1	51,794	15.5	24,878	14.4	24,314	17.6	
Others	12,017	21.5	8,346	19.8	8,579	22.9	3,106	24.3	3,056	17.0	
	<u>185,919</u>	<u>21.6</u>	<u>225,832</u>	<u>21.4</u>	<u>273,892</u>	<u>22.8</u>	<u>102,268</u>	<u>19.3</u>	<u>169,152</u>	<u>25.1</u>	
Third Party											
Brand Products											
Alcoholic											
beverages	120,068	5.3	185,681	8.8	212,001	9.8	69,247	6.8	111,070	9.7	
Food and snacks . . .	28,126	5.7	43,795	7.5	44,885	5.8	33,557	10.6	27,220	6.6	
Non-alcoholic											
beverages	11,553	9.4	5,268	12.1	5,249	11.8	306	2.3	2,166	7.6	
Others	837	2.2	1,048	15.5	7,166	11.6	2,832	17.0	1,551	4.4	
	<u>160,584</u>	<u>5.5</u>	<u>235,792</u>	<u>8.6</u>	<u>269,301</u>	<u>8.8</u>	<u>105,942</u>	<u>7.7</u>	<u>142,007</u>	<u>8.7</u>	
Total	<u><u>346,503</u></u>	<u><u>9.2</u></u>	<u><u>461,624</u></u>	<u><u>12.2</u></u>	<u><u>543,193</u></u>	<u><u>12.8</u></u>	<u><u>208,210</u></u>	<u><u>10.9</u></u>	<u><u>311,159</u></u>	<u><u>13.5</u></u>	

As we believe that the gross profit margins for Own Brand Products are generally higher than the gross profit margins for Third Party Brand Products, we expect to continue to focus on increasing the percentage, in terms of revenue, of Own Brand Products in our product portfolio. At the same time,

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we expect to continue to adjust the product mix in each category of Third Party Brands to increase the proportion of existing and new Third Party Brand Products that yield higher gross profit margins or enhance the profile of our overall product portfolio, as we believe that our portfolio of Third Party Brand Products improves our bargaining power with our distributors and retailers. We believe we are able to promote higher margin Own Brand Products and Third Party Brand Products to our distributors and retailers by virtue of our strong bargaining position in many instances, and also due to our ability to package products across different segments and price them together for sale, thereby increasing sales of Own Brand Products and Third Party Brand Products.

In the future, we expect our gross profit from Own Brand Products to increase as we continue to expand the sales of Own Brand Products while controlling the increase in our cost of sales. Although we expect to increase our gross profit from Own Brand Products, we expect that the overall gross profit margin for Own Brand Products will not deviate substantially from our historical gross profit margin levels. In addition, we expect the gross profit from Third Party Brand Products to increase as we increase the sales of Third Party Brand Products that command high profit margins, although we expect that the overall gross profit margin for Third Party Brand Products will not deviate substantially from our historical gross profit margin levels.

As can be seen from the gross profit margins for each category of Own Brand Products and Third Party Brand Products, products of different categories have very different gross profit margins, and differences in sales volume of each type of product within each category sold to Nanpu, third party distributors or direct sales customers in each year will affect the gross profit margins associated with each category of customers. It is therefore not meaningful to disclose and compare the gross profit margins of sales to Nanpu, third party distributors and direct sales customers, as the type and volume of products sold to each of them are very different. In addition, our management believes it would be extremely costly, time consuming and challenging from an accounting perspective to prepare a breakdown of gross profit margins for sales to Nanpu, third party distributors and direct sales customers, in light of the very large number and diversity of customers and products during the Track Record Period (for instance, we would have to allocate cost of sales and sales rebates attributable to each customer for each product sold). Moreover, a detailed breakdown of the gross profit margins of our sales through various channels (including Nanpu, third party distributors and the direct sales customers) is highly sensitive commercial information, which may affect our business relationship with each of these customers and may be detrimental to our business development and interests.

Distribution costs

Our distribution costs amounted to RMB96.2 million, RMB133.2 million, RMB121.6 million and RMB87.2 million in 2010, 2011 and 2012, and the six months ended June 30, 2013, respectively. Our distribution costs consist primarily of wages and benefits associated with distribution activities, advertising and promotion expenses, and travel, transportation and entertainment expenses. The largest components of our distribution costs include wages and benefits, travel and transportation and entertainment expenses, which represented in aggregate 48.6%, 49.1%, 56.5% and 46.3% of our total distribution costs in 2010, 2011 and 2012, and the six months ended June 30, 2013, respectively, and advertising and promotion expenses, which represented 24.5%, 32.1%, 36.8% and 46.8% of our total distribution costs in 2010, 2011 and 2012, and the six months ended June 30, 2013, respectively. Our

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distribution costs decreased from RMB133.2 million in 2011 to RMB121.6 million in 2012 because of improved cost control and increased from RMB54.7 million for the six months ended June 30, 2012 to RMB87.2 million for the six months ended June 30, 2013 because of the increase in our advertising and promotion expenses.

We expect our distribution costs to increase in the future as we expand our business into new areas. However, we expect that these increases in our distribution costs will not materially affect our operating profit margin as the increased distribution costs are expected to be offset by higher sales prices that we are able to generate from direct sales.

Administrative expenses

Our administrative expenses amounted to RMB69.0 million, RMB79.9 million, RMB93.8 million and RMB64.0 million in 2010, 2011 and 2012, and the six months ended June 30, 2013, respectively. Our administrative expenses consist primarily of wages and benefits for our management and administrative staff, and depreciation expenses associated with our property, facilities and equipment for administrative purposes. We expect our administrative expenses to increase as we expand our operations and require additional administrative staff; however, we do not expect such increase to materially affect our operating profit margins.

Other income — net

Our other income amounted to RMB26.6 million, RMB10.0 million, RMB9.6 million and RMB4.9 million in 2010, 2011 and 2012, and the six months ended June 30, 2013, respectively. Our other income consists primarily of government grants and rental income. Government grants are mainly received from certain municipal governments as an encouragement for our contributions to the development of the local economies in these municipalities, which are expected to continue after the Listing.

Other losses

Our other losses amounted to RMB14.4 million, RMB0.1 million, RMB2.8 million and RMB1.4 million in 2010, 2011 and 2012, and the six months ended June 30, 2013, respectively. Our other losses are affected by our disposal or dissolution of our subsidiaries, donations, disposal of property, plant and equipment, and foreign exchange gains and losses.

Finance income

Our finance income consists primarily of interest income on bank deposits. Our finance income was approximately RMB6.3 million in 2010 and 2011, and amounted to approximately RMB7.7 million and RMB2.9 million in 2012 and the six months ended June 30, 2013, respectively.

Finance costs

Our finance costs was approximately RMB31.7 million, RMB48.0 million, RMB67.4 million and RMB41.8 million in 2010, 2011 and 2012, and the six months ended June 30, 2013, and consist primarily of interest expense on bank borrowings.

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Net profit and net profit margin

Our net profit was RMB134.1 million, RMB173.9 million, RMB230.3 million and RMB97.3 million in 2010, 2011 and 2012, and the six months ended June 30, 2013, respectively. Our net profit margin for a particular period represents the amount of net profit divided by the amount of our total revenue during the period. Our net profit margins were 3.5%, 4.6%, 5.4% and 4.2% in 2010, 2011 and 2012, and the six months ended June 30, 2013, respectively. Our net profit margins are affected by factors such as our gross profit and the changes in the levels of our operating expenses and finance cost. Our net profit and net profit margin increased during the Track Record Period due primarily to the increased gross profits of Own Brand Products, which were to some extent offset by increases in our administrative expenses.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six Months Ended June 30, 2013 Compared to Six Months Ended June 30, 2012

Revenue

Our revenue increased 21.1% from RMB1,902.2 million in the six months ended June 30, 2012 to RMB2,302.7 million in the six months ended June 30, 2013, mainly because of an increase in revenue from sales of both Own Brand Products and Third Party Brand Products.

Revenue from Own Brand Products increased 27.0% from RMB531.1 million in the six months ended June 30, 2012 to RMB674.6 million in the six months ended June 30, 2013. This increase was due primarily to the increase in sales revenue of non-alcoholic beverages and food and snacks. Revenue from non-alcoholic beverages increased 49.5% from RMB133.2 million in the six months ended June 30, 2012 to RMB199.1 million in the six months ended June 30, 2013 mainly because of our increased marketing and advertising efforts as well as the introduction of new products and expansion of new distribution channels. Revenue from food and snacks increased 50.2% from RMB212.5 million in the six months ended June 30, 2012 to RMB319.1 million in the six months ended June 30, 2013, primarily due to the seasonality of such products, which experienced higher sales in December 2011 because of the Chinese New Year season falling in January 2012 and higher sales in January 2013 because of the Chinese New Year season falling in February 2013. Sales in the Others category also increased by 40.6% from RMB12.8 million in the six months ended June 30, 2012 to RMB18.0 million in the six months ended June 30, 2013 because we started selling certain packaging materials to new customers. Revenue from our alcoholic beverages decreased 19.8% from RMB172.6 million in the six months ended June 30, 2012 to RMB138.4 million in the six months ended June 30, 2013 because of the decline in import of our wines, particularly “嘉誠莊園”, as we reduced our marketing and advertising efforts for these products in the first half year of 2013 as part of our strategy of reallocating our marketing and advertising efforts across different categories of Own Brand Products and Third Party Brand Products.

Revenue from Third Party Brand Products increased 18.7% from RMB1,371.1 million in the six months ended June 30, 2012 to RMB1,628.1 million in the six months ended June 30, 2013, as sales of all categories of Third Party Brand Products increased. Revenue from non-alcoholic beverages increased 115.0% from RMB13.3 million in the six months ended June 30, 2012 to RMB28.6 million

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in the six months ended June 30, 2013, as we added new products to our portfolio of Third Party Brand Products and also due to the improved sales of certain existing non-alcoholic beverages such as Red Bull. Revenue from alcoholic beverages increased 12.2% from RMB1,023.6 million in the six months ended June 30, 2012 to RMB1,148.7 million in the six months ended June 30, 2013, due to increase in sales through new direct sales channels and increase in sales through different distribution channels, and better sales of wines and certain liquors as we increased the promotion of Third Party Brand alcoholic beverages. Revenue from food and snacks increased 30.7% from RMB317.6 million in the six months ended June 30, 2012 to RMB415.2 million in the six months ended June 30, 2013, mainly due to the improved sales of Nestlé products as a result of increased sales points and the increase in the range of products offered by Nestlé, and also the improved sales of Wrigley products. Revenue from the Others category also increased substantially by 114.5% from RMB16.6 million in the six months ended June 30, 2012 to RMB35.6 million in the six months ended June 30, 2013, as a result of the continued impact of the addition of a wide range of household care products from Unilever to our product portfolio since early 2012.

Cost of sales

Cost of sales increased 17.6% from RMB1,693.9 million in the six months ended June 30, 2012 to RMB1,991.6 million in the six months ended June 30, 2013. This was mainly due to an increase in sales of Third Party Brand Products, which led to a corresponding increase in cost of sales of Third Party Brand Products by 17.5% from RMB1,265.2 million in the six months ended June 30, 2012 to RMB1,486.1 million in the six months ended June 30, 2013. Cost of sales of Third Party Brand Products constitutes a significant portion of our cost of sales.

The increases in sales of non-alcoholic beverages, food and snacks and others under Own Brand Products in the six months ended June 30, 2013 further contributed to the increase in cost of sales, causing cost of sales of Own Brand Products to increase 17.9% from RMB428.7 million in the six months ended June 30, 2012 to RMB505.5 million in the six months ended June 30, 2013. This was partly offset by the decrease in sales of alcoholic beverages under Own Brand Products, which led to a decrease in cost of sales of alcoholic beverages by 22.7% from RMB147.7 million in the six months ended June 30, 2012 to RMB114.1 million in the six months ended June 30, 2013. Outsourcing fees increased by 51.6% from RMB6.2 million in the six months ended June 30, 2012 to RMB9.4 million in the six months ended June 30, 2013, due to the introduction of new Tetra Pak beverage products and an increase in sales of our existing Tetra Pak ready-to-drink tea products, which are outsourced to contract manufacturers to which we pay outsourcing fees.

Gross profit and gross profit margin

Gross profit increased 49.5% from RMB208.2 million in the six months ended June 30, 2012 to RMB311.2 million in the six months ended June 30, 2013, mainly because we focused on increasing sales of Own Brand Products, which generally generate higher profit margins.

Gross profit margin for Own Brand Products increased from 19.3% in the six months ended June 30, 2012 to 25.1% in the six months ended June 30, 2013, due to increases in profit margins across all categories except Others. Gross profit margin for the Others category fell from 24.3% in the six months ended June 30, 2012 to 17.0% in the six months ended June 30, 2013, because of the increase

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in sales of packaging material, which generally generate lower gross profit margins compared to other products in the Others category. Our gross profit margin for non-alcoholic beverages increased from 23.6% in the six months ended June 30, 2012 to 26.1% in the six months ended June 30, 2013, due primarily to the overall increase in production volume of non-alcoholic beverages leading to a decrease in average cost of sales. Gross profit margin for alcoholic beverages also increased from 14.4% in the six months ended June 30, 2012 to 17.6% in the six months ended June 30, 2013, mainly due to our reduced promotional activities for our alcoholic beverages (such as reduced promotional materials given to our customers) in 2013 compared to 2012, while gross profit margin for food and snacks increased from 20.2% in the six months ended June 30, 2012 to 28.1% in the six months ended June 30, 2013 due primarily to our improved cost and inventory control measures.

Gross profit margin for Third Party Brand Products increased from 7.7% in the six months ended June 30, 2012 to 8.7% in the six months ended June 30, 2013, primarily as a result of the increases in gross profit margins for alcoholic beverages and non-alcoholic beverages. Gross profit margin for alcoholic beverages increased from 6.8% in the six months ended June 30, 2012 to 9.7% in the six months ended June 30, 2013, as a result of the increase in sales through new direct sales channels and the increase in sales through different distribution channels, which generates higher profit margins, and gross profit margin of non-alcoholic beverages increased from 2.3% in the six months ended June 30, 2012 to 7.6% in the six months ended June 30, 2013, as a result of the increase in sales of certain products, such as Red Bull, which generate higher profit margins. This was offset by the decline in gross profit margins for food and snacks from 10.6% in the six months ended June 30, 2012 to 6.6% in the six months ended June 30, 2013 as we began to sell additional Third Party Brand Products which generated lower profit margins, and the fall in gross profit margins in the Others category from 17.0% in the six months ended June 30, 2012 to 4.4% in the six months ended June 30, 2013, which was due mainly to the increase in the volume of sales of Unilever products, which generate lower profit margins compared to other products in this category.

Distribution costs

Distribution costs increased 59.4% from RMB54.7 million in the six months ended June 30, 2012 to RMB87.2 million in the six months ended June 30, 2013. This was mainly due to an increase in our advertising and promotion expenses, which increased from RMB20.7 million in the six months ended June 30, 2012 to RMB40.8 million in the six months ended June 30, 2013, attributable partly to the cost of engaging a well-known actress in the PRC to endorse our non-alcoholic beverages under Own Brand Products and to other promotional activities. Distribution-related wages and benefits also increased during the period. This is mainly the result of increased number of employees as well as rises in overall wages.

Administrative expenses

Administrative expenses increased 33.6% from RMB47.9 million in the six months ended June 30, 2012 to RMB64.0 million in the six months ended June 30, 2013, primarily due to increases in wages and benefits from RMB18.2 million in the six months ended June 30, 2012 to RMB26.7 million

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in the six months ended June 30, 2013 as a result of an increase in the number of our employees and overall wage increases, and an increase in expenses related to share issuance in connection with our listing, which increased from RMB0.9 million in the six months ended June 30, 2012 to RMB8.8 million in the six months ended June 30, 2013.

Other income — net

Other income — net increased 53.1% from RMB3.2 million in the six months ended June 30, 2012 to RMB4.9 million in the six months ended June 30, 2013, due to an increase in government grants from RMB2.2 million in the six months ended June 30, 2012 to RMB4.6 million in the six months ended June 30, 2013, which was partly offset by a fall in rental income from RMB1.0 million to RMB0.3 million over the same periods.

Other losses

Other losses increased significantly from RMB0.5 million in the six months ended June 30, 2012 to RMB1.4 million in the six months ended June 30, 2013, primarily due to various donations in the aggregate amount of RMB1.2 million to various charitable organizations in the six months ended June 30, 2013.

Finance income

Our finance income increased 20.8% from RMB2.4 million in the six months ended June 30, 2012 to RMB2.9 million in the six months ended June 30, 2013, due mainly to the increase in our cash and cash equivalents during the six months ended June 30, 2013.

Finance costs

Our finance costs increased 34.4% from RMB31.1 million in the six months ended June 30, 2012 to RMB41.8 million in the six months ended June 30, 2013, mainly because of an increase in interest expense on our bank borrowings.

Share of profit of a jointly controlled entity

Our share of profit of Nanpu decreased 12.7% from RMB7.9 million in the six months ended June 30, 2012 to RMB6.9 million in the six months ended June 30, 2013. Nanpu's profits in the six months ended June 30, 2013 fell as a result of the increase in its advertising and promotion expenses during this period as it expanded sales of our non-alcoholic beverages under Own Brand Products.

Year Ended December 31, 2012 Compared to Year Ended December 31, 2011

Revenue

Our revenue increased 12.2% from RMB3,790.3 million in 2011 to RMB4,252.1 million in 2012, due primarily to an increase in revenue from sales of both Own Brand Products and Third Party Brand Products.

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Revenue from Own Brand Products increased 13.9% from RMB1,053.4 million in 2011 to RMB1,199.9 million in 2012. This increase was due mainly to a greater revenue contribution from alcoholic beverages, which increased 119.0% from RMB152.9 million in 2011 to RMB334.9 million in 2012, primarily as a result of our increased marketing efforts and introduction of two new wine products, “約翰馬仕” and “凌致”, which led to an increase in sales volume of our wines. Revenue from our non-alcoholic beverages increased 32.8% from RMB192.9 million in 2011 to RMB256.3 million in 2012 as a result of an increase in sales volume of our “Tenwow Tea” products, in particular our fruit flavored ready-to-drink teas, which is a reflection of the continued strong demand for, and our continued efforts to promote, our “Tenwow Tea” products. Revenue from our food and snacks decreased 14.2% from RMB665.5 million in 2011 to RMB571.2 million in 2012, mainly because the majority of the purchases of food and snacks are made by our distributors and customers ahead of the Chinese New Year festival, which fell in January in 2012 and February in 2013, resulting in a substantial amount of sales of our food and snacks being made in December 2011 and January 2013, respectively. Revenue from the Others category decreased 10.9% from RMB42.1 million in 2011 to RMB37.5 million in 2012, mainly because of decreases in our sales of packaging materials.

Revenue from Third Party Brand Products increased 11.5% from RMB2,736.9 million in 2011 to RMB3,052.2 million in 2012, as sales of all categories of Third Party Brand Products increased in 2012. Revenue from alcoholic beverages increased 3.3% from RMB2,101.4 million in 2011 to RMB2,169.9 million in 2012, due primarily to increases in both sale prices and volume of certain categories of liquors, such as Hennessy and Martell, as we adjusted our portfolio to focus on higher margin alcoholic beverages. Revenue from food and snacks increased 32.6% from RMB585.1 million in 2011 to RMB775.9 million in 2012, mainly because our sales of certain third party brand snacks, such as Nestlé, Mars and Wrigley, increased due to our expansion into new distribution channels. Revenue from non-alcoholic beverages increased slightly by 2.1% from RMB43.6 million in 2011 to RMB44.5 million in 2012 due to our expansion into new distribution channels. Revenue from the Others category increased significantly from RMB6.8 million in 2011 to RMB61.9 million in 2012, due mainly to our addition of a range of Unilever household care products to this category of Third Party Brand Products since the first quarter of 2012.

Cost of sales

Cost of sales increased 11.4% from RMB3,328.7 million in 2011 to RMB3,708.9 million in 2012. This was due primarily to an increase in sales of Third Party Brand Products, which in turn led to a 11.3% increase in cost of sales of Third Party Brand Products from RMB2,501.1 million in 2011 to RMB2,782.9 million in 2012. Cost of sales of Third Party Brand Products constitutes a significant proportion of our cost of sales.

The increase in sales of alcoholic beverages and non-alcoholic beverages under Own Brand Products in 2012 further contributed to the increase in cost of sales, causing cost of sales of Own Brand Products to increase 11.9% from RMB827.6 million in 2011 to RMB926.0 million in 2012. This was offset slightly by the decrease in sales of food and snacks and the Others category under Own Brand Products. In particular, outsourcing fees increased 98.6% from RMB7.0 million in 2011 to RMB13.9 million in 2012, as a result of the increase in sales of our Tetra Pak ready-to-drink tea products, which are outsourced to contract manufacturers to which we pay outsourcing fees, as well as a 152.2% increase in the cost of Outsourced Products from RMB95.6 million in 2011 to RMB241.1

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million in 2012, as a result of increase in sales of our existing “嘉誠莊園” wine, and the introduction of new wine products, “約翰馬仕” and “凌致”. Our direct labor costs increased 33.9% from RMB18.0 million in 2011 to RMB24.1 million in 2012, due primarily to the expansion of our workforce to meet our increased production demand. Our utility expenses increased 35.9% from RMB11.7 million in 2011 to RMB15.9 million in 2012, due primarily to the increase in production. Our depreciation and amortization charges increased 21.6% from RMB21.3 million in 2011 to RMB25.9 million in 2012, mainly because depreciation expense associated with property, plant and equipment increased from RMB19.8 million to RMB25.4 million.

Gross profit and gross profit margin

Gross profit increased 17.7% from RMB461.6 million in 2011 to RMB543.2 million in 2012, due primarily to our continued focus on increasing sales of Own Brand Products, which in general generate higher profit margins, and our adjustment of the product mix of Third Party Brand Products to improve the profit margins of Third Party Brand Products.

Gross profit margin for Own Brand Products increased from 21.4% in 2011 to 22.8% in 2012, due to increases in profit margins across all product categories except alcoholic beverages. Gross profit margin for alcoholic beverages fell from 16.1% in 2011 to 15.5% in 2012 mainly because we introduced two new wines “約翰馬仕” and “凌致” in 2012 and because of an increase in sales of our existing wine products. Our wine products in general generate lower profit margins compared to our Chinese rice wine, therefore the increase in wine products as a proportion of our product mix caused our overall gross profit margin for alcoholic beverages to fall even though the gross profit margins for our wines remained stable. Our increased sales coupled with better control of cost of sales led to the increase in gross profit margins for food and snacks, non-alcoholic beverages and others to 28.0%, 20.9% and 22.9%, respectively, in 2012.

Gross profit margin for Third Party Brand Products increased slightly from 8.6% in 2011 to 8.8% in 2012, primarily because of the increase in gross profit margin for alcoholic beverages from 8.8% in 2011 to 9.8% in 2012, which accounted for more than 70% of our sales of Third Party Brand Products. Despite our strategy to focus on higher profit margin products, gross profit margins for food and snacks decreased to 5.8% in 2012 because we significantly increased the sales volume of high profile products with lower margins, as we believe such high profile products will enhance our overall product portfolio. The gross profit margin from non-alcoholic beverages fell as we continued to decrease sales of Wahaha beverages, which generates higher profit margins compared to other products in the non-alcoholic beverages category. Gross profit margin for the Others category also decreased to 11.6% due to the addition of a wide range of household care products from Unilever, each of which generates a different gross profit margin. We intend to continue adjusting our product portfolio to focus on sales of higher profit margin products or products from high profile brands which will enhance our overall product portfolio and overall profit margins.

Distribution costs

Distribution costs decreased 8.7% from RMB133.2 million in 2011 to RMB121.6 million in 2012, as our disposal of Tenwow Yijia in 2011 led to a decrease in distribution costs which were incurred by Tenwow Yijia and a decrease in transportation costs from RMB20.4 million in 2011 to RMB18.2 million in 2012, when some of our suppliers began to bear their own transportation costs.

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Administrative expenses

Administrative expenses increased 17.4% from RMB79.9 million in 2011 to RMB93.8 million in 2012, due to increases in wages and benefits from RMB34.2 million in 2011 to RMB40.2 million in 2012 as a result of increases in the number of employees and employee wages and benefits, and an increase in depreciation expenses for property, facilities and equipment associated with our administrative offices from RMB11.8 million in 2011 to RMB14.8 million in 2012.

Other income — net

Other income — net decreased 4.0% from RMB10.0 million in 2011 to RMB9.6 million in 2012, mainly due to the decrease in rental and other income, which was partially offset by an increase in government grants from RMB5.5 million in 2011 to RMB7.8 million in 2012.

Other losses

Other losses increased substantially from RMB0.1 million in 2011 to RMB2.8 million in 2012, primarily due to the loss of RMB2.5 million we recognized for the dissolution of Fujian Salty and Tasty Snacks in 2012.

Finance income

Our finance income increased 22.2% from RMB6.3 million in 2011 to RMB7.7 million in 2012, primarily because our cash and cash equivalents and restricted cash increased in 2012.

Finance costs

Our finance costs increased 40.4% from RMB48.0 million in 2011 to RMB67.4 million in 2012, primarily because of an increase in amounts of our short-term bank borrowings for working capital purposes of RMB289.7 million in 2012.

Share of profit of a jointly controlled entity

Our share of profit of Nanpu increased 29.3% from RMB19.8 million in 2011 to RMB25.6 million in 2012, due to an increase in Nanpu's distribution business leading to the increase in its net profits between these two periods.

Year Ended December 31, 2011 Compared to Year Ended December 31, 2010

Revenue

Our revenue increased slightly by 0.1% from RMB3,785.9 million in 2010 to RMB3,790.3 million in 2011, due primarily to an increase in revenue from the sale of Own Brand Products, which was largely offset by a decrease in revenue from the sale of Third Party Brand Products.

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Revenue from Own Brand Products increased 22.7% from RMB858.8 million in 2010 to RMB1,053.4 million in 2011. All of the product categories under Own Brand Products experienced revenue increases in 2011, except the Others category. An 18.0% increase in revenue from our food and snack products from RMB564.0 million in 2010 to RMB665.5 million in 2011 reflects primarily an increase in sales volume of roasted seeds and nuts and gift boxes as a result of the growing popularity of, and our increased efforts to promote, these products. These increases in sales volume were slightly offset by a decrease in sales of meat snacks. Revenue from our non-alcoholic beverages increased 90.6% from RMB101.2 million in 2010 to RMB192.9 million in 2011 as a result of the increase in sales volume of our “Tenwow Tea” products, in particular our fruit flavored ready-to-drink beverages. This increase in sales volume was due to stronger demand for, and our increased efforts to promote, such products, including the introduction of Tetra Pak packaging for fruit flavored ready-to-drink teas. Revenue from alcoholic beverages increased 11.1% from RMB137.6 million in 2010 to RMB152.9 million in 2011 due primarily to an increase in sales volume of wines, which was slightly offset by the decrease in sales volume of Chinese rice wines. Revenue from the Others category decreased 24.8% from RMB56.0 million in 2010 to RMB42.1 million in 2011 as sales of raw materials decreased.

Revenue from Third Party Brand Products decreased 6.5% from RMB2,927.1 million in 2010 to RMB2,736.9 million in 2011, as sales of all categories of Third Party Brand Products, except for food and snacks, decreased in 2011. Revenue generated from sales of alcoholic beverages decreased 7.5% from RMB2,272.3 million in 2010 to RMB2,101.4 million in 2011 as we focused on sales of alcoholic beverages with higher profit margin thereby leading to a decrease in the sales volume of a number of alcoholic beverages that generated lower profit margins which was not offset by the increase in sales volume of higher margin alcoholic beverages. Revenue generated from sales of food and snacks increased from RMB493.5 million in 2010 to RMB585.1 million in 2011 due to an increase in the sales volume of Nestlé, Wrigley and Dove products as we increased our efforts to promote these products. Revenue generated from sales of non-alcoholic beverages decreased significantly from RMB122.4 million in 2010 to RMB43.6 million in 2011 due primarily to decreased sales of Wahaha beverages. Sales of Wahaha beverages decreased because the manufacturer of Wahaha beverages changed its business model and started increasing direct sales of its products to retailers and reduced sales to third party distributors like our Group.

Cost of sales

Cost of sales decreased 3.2% from RMB3,439.4 million in 2010 to RMB3,328.7 million in 2011, due primarily to a decrease in sales of Third Party Brand Products which in turn led to a decrease in cost of sales of Third Party Brand Products, which constituted a significant proportion of our cost of sales, offset to a certain extent by an increase in the cost of sales of Own Brand Products as a result of the increased sales of these products.

Cost of sales for Own Brand Products increased 23.0% from RMB672.9 million in 2010 to RMB827.6 million in 2011, due primarily to an increase in cost of raw materials (including cost of packaging materials) from RMB540.4 million in 2010 to RMB652.9 million in 2011. Our direct labor costs increased 16.1% from RMB15.5 million in 2010 to RMB18.0 million in 2011, due primarily to the expansion in our production workforce to meet our increased production demand. Our utility

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expenses increased 28.6% from RMB9.1 million in 2010 to RMB11.7 million in 2011, due primarily to the increase in production. Our depreciation and amortization charges decreased 2.7% from RMB21.9 million in 2010 to RMB21.3 million in 2011, primarily because Tiansheng Warehouse was disposed by us in 2010 and ceased to generate depreciation and amortization charges.

Cost of sales for Third Party Brand Products decreased 9.6% from RMB2,766.5 million in 2010 to RMB2,501.1 million in 2011, due primarily to a decrease in sales of alcoholic products.

Gross profit and gross profit margin

Gross profit increased 33.2% from RMB346.5 million in 2010 to RMB461.6 million in 2011, due primarily to the adjustment of our product mix, with a focus on increasing the sale of Own Brand Products that generated higher margins in general, and decreasing the sale of certain categories of Third Party Brand Products that generated lower margins.

Gross profit margin for Own Brand Products declined slightly from 21.6% in 2010 to 21.4% in 2011. Although the gross profit margin for Own Brand Products was positively affected by an increase in the gross profit margin for alcoholic beverages from 11.8% in 2010 to 16.1% in 2011, such a positive effect was offset by a decrease in the gross profit margin for non-alcoholic beverages from 27.2% in 2010 to 20.6% in 2011. The decrease in the gross profit margin for non-alcoholic beverages was due primarily to the 20.8% increases in costs of raw materials, which includes sugar and PET used for the production of these products. It was also due to increases in depreciation and amortization costs resulting from our newly acquired production equipment. Gross profit margin for own brand alcoholic beverages increased from 11.8% in 2010 to 16.1% in 2011 as a result of a general increase in sale prices and lower purchase prices of our own brand wines which are Outsourced Products. Gross profit margin for food and snacks fell slightly from 23.1% in 2010 to 23.0% in 2011 primarily due to the increase in the cost of raw materials used for these products.

Gross profit margins for Third Party Brand Products, specifically alcoholic beverages, food and snacks, non-alcoholic beverages and others, increased from 5.3%, 5.7%, 9.4% and 2.2%, in 2010, to 8.8%, 7.5%, 12.1% and 15.5%, respectively, in 2011, primarily due to our successful efforts at adjusting our product mix to enable us to sell more Third Party Brand Products that generate higher profit margins.

Distribution costs

Distribution costs increased 38.5% from RMB96.2 million in 2010 to RMB133.2 million in 2011, due to increases in wages and benefits, advertising and promotion expenses and other travel and transportation expenses associated with expansion of our distribution network from RMB66.5 million in 2010 to RMB103.5 million in 2011, which was primarily a result of an increase in advertising and promotion efforts, primarily for Own Brand Products, from RMB23.6 million in 2010 to RMB42.7 million in 2011.

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Administrative expenses

Administrative expenses increased 15.8% from RMB69.0 million in 2010 to RMB79.9 million in 2011, due primarily to increases in wages and benefits from RMB27.5 million in 2010 to RMB34.2 million in 2011 resulting from increases in the number of employees and the amount of employee wages and benefits, and an increase in depreciation expenses associated with our property, facilities and equipment for administrative purpose from RMB8.1 million in 2010 to RMB11.8 million in 2011.

Other income — net

Other income — net decreased 62.4% from RMB26.6 million in 2010 to RMB10.0 million in 2011, primarily because we had rental income of RMB19.5 million in 2010 generated from Tiansheng Warehouse, and we ceased to generate such rental income after we disposed of our equity interest in such entity in 2010. We decided to dispose of Tiansheng Warehouse because its main business of warehousing was no longer part of our core business focus of manufacturing and distributing packaged food and beverage products.

Other gains/(losses) — net

Other losses — net decreased substantially from RMB14.4 million in 2010 to RMB0.1 million in 2011, mainly due to the loss of RMB2.5 million we recognized as a result of the sale of Tiansheng Warehouse and a donation of approximately RMB11.9 million in support of the humanitarian efforts following the drought in Yunnan province in 2010. Tiansheng Warehouse was disposed of at its investment value, and the loss of RMB2.5 million was due primarily to exchange rate losses.

Finance income

Our finance income was RMB6.3 million in both 2010 and 2011 as we did not substantially change our bank deposits between these two periods.

Finance costs

Our finance costs increased 51.4% from RMB31.7 million in 2010 to RMB48.0 million in 2011, due primarily to an increase of RMB104.3 million in amounts we borrowed for working capital purposes and increases in interest rates between these two periods.

Share of profit of a jointly controlled entity

Our share of profit of Nanpu increased 26.9% from RMB15.6 million in 2010 to RMB19.8 million in 2011, due to an increase in Nanpu's distribution business leading to the increase in its net profits between these two periods.

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INVENTORIES

The table below sets forth the summary of our inventories at the end of each reporting periods.

	As of December 31,			As of
	2010	2011	2012	June 30, 2013
	(RMB thousands)			
Finished goods	404,039	341,640	507,128	485,067
Raw materials and packaging materials	91,716	91,306	103,120	77,127
Work in progress	7,430	13,375	13,218	8,773
	503,185	446,321	623,466	570,967
Less: inventory provision	(195)	—	(475)	(364)
Total	<u>502,990</u>	<u>446,321</u>	<u>622,991</u>	<u>570,603</u>

Our inventories consist mainly of finished goods and, to a lesser extent, raw materials and packaging materials and work in progress.

The value of our net inventories decreased 11.3% from RMB503.0 million as of December 31, 2010 to RMB446.3 million as of December 31, 2011, due primarily to a decrease in finished goods as a result of a higher sale of our products in the last month of 2011 when our retailers and distributors began to stock their inventories with our products in anticipation of the Chinese New Year season in January 2012.

The value of our net inventories increased 39.7% from RMB446.3 million as of December 31, 2011 to RMB623.0 million as of December 31, 2012. This was primarily attributable to the Chinese New Year season in 2013 falling in February, resulting in sales of products occurring in January 2013, leading to a higher level of inventories at the end of 2012.

The value of our net inventories decreased 8.4% from RMB623.0 million as of December 31, 2012 to RMB570.6 million as of June 30, 2013, due primarily to the sales of products in January 2013 for the Chinese New Year season in February 2013 leading to a lower level of inventories as of June 30, 2013.

The following table sets forth an inventory turnover day analysis.

	Year ended December 31,			Six months
	2010	2011	2012	ended June 30, 2013
Inventory turnover days ⁽¹⁾	46	51	52	54

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Note:

- (1) Average inventory is the sum of inventory at the beginning of the period plus the inventory at the end of the period divided by two. Inventory turnover days is equal to the average inventory divided by cost of goods sold multiplied by 360 days for each of the three years ended December 31, 2010, 2011 and 2012, and by 180 days for the six months ended June 30, 2013.

Inventory turnover days increased slightly from 2010 to 2011 because, in anticipation of the increase in sales ahead of the Chinese New Year season in January 2012, we increased inventory, including raw materials, semi-finished goods and finished goods, one month ahead in December 2011, which lead to relatively higher net inventory levels in 2011 compared to 2010. As inventory turnover days are calculated based on the average inventory levels as of respective year's end, inventory turnover days increased in 2011 as a result of the increase in net inventory levels of raw materials. Inventory days increased by one day in 2012 and another two days in the six months ended June 30, 2013.

TRADE AND OTHER RECEIVABLES

	As of December 31,			As of
	2010	2011	2012	June 30, 2013
	(RMB thousands)			
Trade and bills receivables				
- due from third parties	415,359	695,351	832,633	745,985
- due from related parties	272,935	273,909	368,408	180,661
Less: provision for impairment of trade receivables	(287)	(1,100)	(517)	(1,167)
Trade and bills receivables — net	<u>688,007</u>	<u>968,160</u>	<u>1,200,524</u>	<u>925,479</u>
Prepayment for procurement of inventories . . .	109,531	162,305	223,020	196,857
Dividend receivables	4,355	—	—	—
Deferred expense	—	—	3,403	12,004
Other receivables				
- Loans to related parties	47,874	59,142	7,951	—
- Other amounts due from related parties . . .	99,575	—	385	1,436
- Amounts due from third parties	58,540	32,663	—	—
- Others	27,056	32,846	25,073	42,062
Less: provision	(77)	(132)	(137)	(171)
	<u>346,854</u>	<u>286,824</u>	<u>259,695</u>	<u>252,188</u>
	<u>1,034,861</u>	<u>1,254,984</u>	<u>1,460,219</u>	<u>1,177,667</u>

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We generally offer credit terms of 30 to 90 days to our distributors, including Nanpu, and retailers, such as hypermarkets, based on our assessment of their credit worthiness. In making such an assessment, we will consider (i) our distributors' past record of paying before expiry of the credit period; (ii) their past record of placing purchase orders within approved credit limit; (iii) their past record of providing approved trade bills which were not rejected; (iv) whether they had a stable operating history; (v) whether they have provided true and valid documentation; and (vi) whether they used to be engaged in the sale of fake products. In 2010, 2011 and 2012, and the six months ended June 30, 2013, we offered credit terms to approximately 87.2%, 85.7%, 83.5% and 78.1% (by total revenue), respectively, of our customers. This represented credit sales of RMB3,301.9 million, RMB3,248.0 million, RMB3,548.8 million and RMB1,797.6 million, respectively, in the same periods.

Our trade receivables due from related parties comprise mainly trade receivables due from Nanpu (Please see note 34 to the Accountant's Report in Appendix I for further details of our related party transactions). The table below sets forth our trade receivables due from Nanpu as of the dates indicated.

	As of December 31,			As of June 30,
	2010	2011	2012	2013
	(RMB thousands)			
Trade receivables	271,131	273,898	368,399	172,795
Other receivables	<u>1,462</u>	<u>3,179</u>	<u>385</u>	<u>1,436</u>
	<u>272,593</u>	<u>277,077</u>	<u>368,784</u>	<u>174,231</u>

Our trade receivables from Nanpu relates to the sales of our products to Nanpu. Our trade receivables due from Nanpu increased during the Track Record Period as sales of Own Brand Products increased over the same period. Other receivables from Nanpu in 2010 and 2011 relates mainly to borrowings from Nanpu, and other receivables in 2012 relates mainly to certain expenses paid by Nanpu for our Group. As at June 30, 2013, the subsequent settlement of our receivables due from Nanpu was RMB368.0 million, representing 100% settlement compared with the balance as at December 31, 2012. The turnover days of our receivables due from Nanpu increased from 44 days in 2010, to 78 days as of December 31, 2011, and to 87 days in 2012 mainly due to the high balance of account receivables at the end of the year due to seasonality. As a large amount of sales occurred at the end of each year due to customers' preparation of the coming Chinese New Year season, the year-end balance of account receivables increased significantly which in turn increased the average balance of account receivables for each year when calculating turnover days. The turnover days of our receivables due from Nanpu increased from 73 days for the six months ended June 30, 2012 to 78 days for the six months ended June 30, 2013 mainly due to the increase in sales to Nanpu in the six months ended June 30, 2013 compared to in the six months ended June 30, 2012 thereby leading to an increase in our average receivable from Nanpu for the six months ended June 30, 2013.

FINANCIAL INFORMATION

The table below sets forth an ageing analysis of our trade and bill receivables based on the invoice dates and as of the dates indicated.

	As of December 31,			As of June 30,
	2010	2011	2012	2013
	(RMB thousands)			
Up to 3 months	664,179	948,298	1,123,242	867,467
3 to 6 months	15,024	12,774	60,416	54,520
6 to 12 months	7,400	6,683	10,872	3,420
Over 12 months	<u>1,691</u>	<u>1,505</u>	<u>6,511</u>	<u>1,239</u>
	<u>688,294</u>	<u>969,260</u>	<u>1,201,041</u>	<u>926,646</u>

As of December 31, 2010, 2011 and 2012, and June 30, 2013, trade receivables of RMB25.2 million, RMB22.4 million, RMB77.3 million and RMB57.7 million, respectively, were past due but not impaired. These relate to a number of independent customers for whom there were no recent history of default.

Our trade and bills receivables increased significantly in 2012 primarily because purchases by existing customers with credit terms increased in 2012, and a portion of our customers with strong payment histories delayed payments at the end of 2012 due to their liquidity requirements (which was caused by their own customers who delayed payments as a result of economic conditions in 2012). The majority of these delayed payments were collected by June 30, 2013, as can be seen from the decrease in our trade and bills receivable as of June 30, 2013, which fell to RMB926.6 million. We decide whether to extend the credit terms of these customers based on the same factors we consider when assessing any other customers' credit worthiness. The table below sets forth the number of customers whose credit terms were extended and the amounts involved as of June 30, 2013.

Past due amount	Number of customers
Over RMB1.0 million	10
RMB0.5-1.0 million	8
RMB0.1-0.5 million	24
Less than RMB0.1 million	<u>43</u>
Total	<u>85</u>

None of the 85 customers whose credit terms were extended were our top ten customers, save for Nanpu.

As of December 31, 2010, 2011 and 2012, and June 30, 2013, RMB0.4 million, RMB1.2 million, RMB0.7 million and RMB1.3 million, respectively, of trade and other receivables were past due and impaired. These relate to a number of independent third party customers.

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The table below sets forth the turnover days of our average trade and bills receivables for the periods indicated.

	Year ended December 31,			Six months ended June 30,
	2010	2011	2012	2013
	(days)			
Turnover of average trade and bills receivables	56	79	92	83

Turnover days of our average trade and bills receivables increased from 56 days in 2010 to 79 days in 2011 primarily due to the Chinese New Year season in 2012 falling in January, resulting in our distributors stocking up their inventories with our products towards the end of 2011. This led to a significant increase in the aggregate amount of our trade and bills receivables as of December 31, 2011 resulting in the increase in turnover days of our average trade and bills receivables. Turnover days of our average trade and bills receivables increased from 79 days in 2011 to 92 days in 2012 primarily because purchases by existing customers with credit terms increased in 2012, and a portion of our customers with strong payment histories delayed payment at the end of 2012 due to their liquidity requirements. Turnover days of our average trade and bills receivables decreased to 83 days in the six months ended June 30, 2013. We have implemented certain procedures to strengthen our credit control and thereby control the turnover days of our average trade and bills receivables. For instance, we are actively monitoring the credit terms of our distributors and customers and follows up on collection regularly to ensure greater control over our trade and bills receivables. Our goal is to limit turnover days of our average trade and bills receivables to the credit periods we extend, and to increase the number of distributors who pay cash-on-delivery.

The table below sets forth the subsequent settlement of our trade and bills receivables and utilization of inventories.

	RMB (in millions)	Percentage settled compared to balance as at December 31, 2012
	Trade receivables balance as of December 31, 2012	1,201
Subsequent settlement as of June 30, 2013	1,196	99.6%
Inventory balance as of December 31, 2012	623	—
Subsequent settlement as of June 30, 2013	590	94.7%

	RMB (in millions)	Percentage settled compared to balance as of June 30, 2013
	Trade receivables balance as of June 30, 2013	927
Subsequent settlement as of July 31, 2013.	280	30.2%
Inventory balance as of June 30, 2013.	571	—
Subsequent settlement as of July 31, 2013.	265	46.4%

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We make provisions for impairment of trade and other receivables on a case by case basis, when there is clear evidence that we will not be able to collect all amounts due according to the original terms of the receivables. Our provisions for impairment increased significantly from RMB0.4 million in 2010 to RMB1.2 million in 2011 as a result of the cessation of business of a direct sales customer from whom RMB0.7 million was due. Our provisions for impairment of trade and other receivables increased to RMB1.3 million as at June 30, 2013 because we made new provisions for impairment for certain customers we deem to have higher risk of default based on our assessment of such customer's track record of making payment.

TRADE AND OTHER PAYABLES

	As of December 31,			As of
	2010	2011	2012	June 30,
	(RMB thousands)			
Trade and bills payables				
- due to third parties	575,816	726,568	712,202	613,021
- due to related parties	456,795	356,717	359,174	81,529
	1,032,611	1,083,285	1,071,376	694,550
Payables for property, plant and equipment . . .	21,676	15,660	9,189	27,619
Salary and social welfare payables	2,030	4,899	7,334	5,609
Value-added tax and other taxes payables	46,965	59,045	32,905	28,163
Advance from customers	23,563	31,527	49,492	51,811
Accrued expenses	3,985	6,176	3,434	17,740
Dividend payable to owner	—	—	100,283	67,923
Dividend payable to non-controlling interests . .	1,008	1,959	—	3,599
Borrowings from related parties	178,889	112,879	14,710	—
Other amounts due to related parties	—	9,331	5,555	2,068
Amounts due to third parties	26,887	22,707	—	—
Other payables	29,620	24,865	21,887	25,106
	<u>334,623</u>	<u>289,048</u>	<u>244,789</u>	<u>229,638</u>
	<u>1,367,234</u>	<u>1,372,333</u>	<u>1,316,165</u>	<u>924,188</u>

Our trade and bills payables consist primarily of amounts we owe to our suppliers of Third Party Brand Products, raw materials and Outsourced Products. Our supply contracts with our suppliers generally require us to pay within 30 to 60 days. Other payables relate mainly to other expenses such as utility expenses, office expenses and transportation fees, deposits received and expenses paid by other companies on behalf of our Company.

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Our trade and bills payables due to related parties comprise mainly our trade and bills payables due to Nanpu (please see note 34 to the Accountant's Report in Appendix I for further details of our related party transactions). The table below sets forth our trade payables due to Nanpu as of the dates indicated.

	As of December 31,			As of June 30,
	2010	2011	2012	2013
	(RMB thousands)			
Trade payables	456,748	356,221	348,087	79,529

Our trade payables due to Nanpu relate to our purchase of Third Party Brand Products from Nanpu. Our trade payables due to Nanpu decreased from RMB456.7 million as of December 31, 2010 to RMB356.2 million as of December 31, 2011, as we placed orders for Third Party Brand Products towards the end of the year in 2010, compared to orders being made earlier in the year in 2011, thereby leading to a decrease in trade payables due to Nanpu as of December 31, 2011. Our trade payables due to Nanpu further decreased to RMB79.5 million as of June 30, 2013 because we made payment for orders made in 2012 in the six months ended June 30, 2013.

As of June 30, 2013, the subsequent settlement of our trade payables due to Nanpu was RMB348 million, representing approximately 100% settlement compared with the balance as at December 31, 2012. The turnover days of our trade payables due to Nanpu increased from 73 days in 2010, to 111 days in 2011, and decreased slightly to 110 days in 2012. The turnover days of our trade payables due to Nanpu further decreased to 96 days in the six months ended June 30, 2013.

The table below sets forth an ageing analysis of our trade and bill payables based on invoice date.

	As of December 31,			As of June 30,
	2010	2011	2012	2013
	(RMB thousands)			
Up to 2 months	898,392	863,508	894,765	512,782
2 to 3 months	26,718	44,734	115,336	119,075
3 to 6 months	104,753	170,697	47,604	49,153
6 to 12 months	1,082	4,088	11,126	10,745
Over 12 months	1,666	258	2,545	2,795
	1,032,611	1,083,285	1,071,376	694,550

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The table below sets forth the turnover days of our average trade and bills payables for the periods indicated.

	Year ended December 31,			Six months ended June 30,
	2010	2011	2012	2013
	(days)			
Turnover of average trade and bills payables . .	92	114	105	80

Turnover days of our average trade and bills payables increased from 92 days in 2010 to 114 days in 2011 primarily due to increased stocks of raw materials and Third Party Brand Products towards the end of 2011 in anticipation of the Chinese New Year season in the first quarter of 2012 and our increased bargaining power with respect to our suppliers due to our larger purchases of raw materials and Third Party Brand Products. Turnover days of our average trade and bills payables decreased to 105 days in 2012 primarily because we started paying a small portion of our raw material suppliers in cash on-delivery, or prepaid for our raw materials, instead of taking delivery on credit, in order to secure better pricing or stable supply of raw materials. Turnover days of our average trade and bills payables decreased to 80 days in the six months ended June 30, 2013 because our total trade and bills payables fell significantly from RMB1,071.4 million as of December 31, 2012 to RMB694.6 million as of June 30, 2013.

The table below sets forth the subsequent settlement of our trade payables.

	RMB (in millions)	Percentage settled compared to balance as at December 31, 2012
Trade payable balance as of December 31, 2012	1,071	
Subsequent settlement as of June 30, 2013	1,058	99%

LIQUIDITY AND CAPITAL RESOURCES

We have historically met our working capital and other capital requirements principally from cash provided by operations, short-term and long-term borrowings from banks and shareholders' contributions. We expect to meet our working capital and other capital requirements in the twelve months following completion of the Global Offering principally from cash provided by operations, short-term and long-term borrowings from banks and the proceeds of the Global Offering.

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Cash flow

The table below is a summary of our consolidated statements of cash flow during the Track Record Period.

	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
	(RMB thousands)				
Net cash inflow/(outflow) from operating activities	180,173	74,813	(158,385)	48,314	97,713
Net cash inflow/(outflow) from investing activities	(238,999)	(59,611)	(15,320)	3,339	(7,520)
Net cash inflow/(outflow) from financing activities	82,824	(28,486)	278,950	99,940	22,437
Net increase/(decrease) in cash and cash equivalents	23,998	(13,284)	105,245	151,593	112,630
Cash and cash equivalents at end of the year/period	95,987	82,649	187,886	234,258	300,485

Net cash flow from operating activities

Our net cash generated by operating activities decreased from RMB180.2 million in 2010 to RMB74.8 million in 2011, due primarily to a decrease of RMB96.7 million generated from our operations and an increase of RMB8.5 million in income tax paid. The decrease in cash flow from operations was mainly because large amounts of sales orders were made and products delivered towards the end of 2011 by distributors and retailers in anticipation of the Chinese New Year holiday in 2012, which fell in January, but a portion of payment was not received from the distributors and retailers for such sales because they were granted credit, which extended into 2012. In addition, in view of the increased demand for our products in 2010, we purchased certain imported nut products at a pre-determined price in 2011 in order to secure the supply and purchase cost of these products, and we were thereby required to make advance payments to the supplier, which led to an increase in advances of RMB52.8 million from December 31, 2010 to December 31, 2011.

Our net cash generated by operating activities decreased from a net cash inflow of RMB74.8 million in 2011 to a net outflow of RMB158.4 million in 2012 due to the increase in our inventories and trade and bills receivables, which increased primarily because purchases by existing customers on credit terms increased in 2012, and some of our customers with strong payment histories delayed payment at the end of 2012 due to their liquidity requirements. The majority of these receivables were collected in the first quarter of 2013.

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Our net cash generated by operating activities increased from RMB48.3 million in the six months ended June 30, 2012 to RMB97.7 million in the six months ended June 30, 2013, due primarily to the increase in our profits before income tax and the decrease in inventories as a result of our increase in sales and decrease in trade and other receivables, which was attributable to the strengthening of our credit controls. This was partially offset by a decrease in trade and other payables.

Net cash flow from investing activities

Our net cash used in investing activities decreased from RMB239.0 million in 2010 to RMB59.6 million in 2011, due primarily to a decrease of RMB53.4 million in the purchase of property, plant and equipment between these two periods, and proceeds of RMB109.4 million from the disposals of subsidiaries in 2010, which were received in 2011.

Our net cash used in investing activities decreased from RMB59.6 million in 2011 to RMB15.3 million in 2012, due primarily to a decrease in capital expenditures in 2012.

Our net cash used in investing activities decreased from a net cash inflow of RMB3.3 million in the six months ended June 30, 2012 to a net cash outflow of RMB7.5 million in the six months ended June 30, 2013, due primarily to a decrease in the amount of loans collected from our related parties.

Net cash flow from financing activities

Our net cash generated from financing activities changed from a net cash inflow of RMB82.8 million in 2010 to a net cash outflow of RMB28.5 million in 2011 due primarily to a decrease of RMB42.5 million in net inflow of bank loans, an increase of RMB40.5 million in repayment of related party borrowing, and an increase of RMB17.2 million in interest payments.

Our net cash generated from financing activities increased from a net cash outflow of RMB28.5 million in 2011 to a net cash inflow of RMB279.0 million in 2012 due primarily to the proceeds from the issue of new shares to CICC and a net inflow of bank loans.

Our net cash generated from financing activities decreased from RMB99.9 million in the six months ended June 30, 2012 to RMB22.4 million in the six months ended June 30, 2013. This was primarily due to dividends of approximately RMB189.4 million paid in the first half of 2013 to our equity holders and share issuance costs of RMB9.7 million.

CAPITAL EXPENDITURES

Our capital expenditures and investments in 2010, 2011 and 2012, and the six months ended June 30, 2013 amounted to RMB215.9 million, RMB170.4 million, RMB63.4 million and RMB34.3 million, respectively, and primarily consisted of expenditures for land purchases for, and the construction of, new production facilities in Putian, Fujian, Shanghai and Wuhan, Hubei, and for purchases of production equipment and investments in two associates, namely Putian Tiansheng Small Loans Co., Ltd. and Shanghai Daoxiang Food Company Limited in 2011.

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Our committed capital expenditures in respect of our new production facilities in Putian, Fujian and Shanghai will amount to approximately RMB19.8 million as of June 30, 2013. We will also plan to expand the production capabilities at our existing production facilities and purchase land for new production facilities in Chengdu, Sichuan, as well as purchase new production equipment at that location after Listing. Please refer to the section “Business — Production Expansion Plan” for more information of our production expansion plans. We estimate our capital expenditures for the second half of 2013 and 2014 to be approximately RMB140 million and RMB355 million, respectively, which will be funded entirely out of the proceeds from the Global Offering, and for 2015 to be approximately RMB185 million, which will be funded out of the proceeds from the Global Offering, bank loans and working capital.

CONTRACTUAL AND CAPITAL COMMITMENTS

Capital Commitments

We have entered into contracts to purchase land use rights, property, plant and equipment for the expansion of our production facilities in Wuhan, Shanghai and Putian, Fujian, which will be financed using cash from our operations. The table below sets forth the total amount of our capital commitments as of the dates indicated.

	As of December 31,			As of June 30,
	2010	2011	2012	2013
	(RMB thousands)			
Land use rights, property, plant and equipment — contracted but not yet incurred . . .	103,295	41,481	46,538	41,032

Operating Lease Commitments

We lease a number of buildings under non-cancellable lease agreements. The table below sets forth the aggregate minimum lease payments under these non-cancellable lease agreements as of the dates indicated.

	As of December 31,			As of June 30,
	2010	2011	2012	2013
	(RMB thousands)			
No later than one year	8,814	5,304	9,136	5,866
Later than one year but no later than five years . . .	6,819	6,512	8,487	9,210
Later than five years	211	156	—	—
	15,844	11,972	17,623	15,076

FINANCIAL INFORMATION

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we have not entered into any material off-balance sheet transactions except as disclosed in “Contractual and Capital Commitments” above.

INDEBTEDNESS

Borrowings

The table below sets forth our borrowings as of the dates indicated.

	As of December 31,			As of	As of
	2010	2011	2012	June 30, 2013	July 31, 2013
	(unaudited)				
	(RMB thousands)				
Representing:					
Unsecured	243,598	256,874	544,090	555,650	619,650
Secured	212,397	223,225	226,000	523,574	518,000
Guaranteed	<u>147,240</u>	<u>227,440</u>	<u>226,600</u>	<u>234,380</u>	<u>208,550</u>
Total borrowings	<u><u>603,235</u></u>	<u><u>707,539</u></u>	<u><u>996,690</u></u>	<u><u>1,313,604</u></u>	<u><u>1,346,200</u></u>

Our total bank loans amounted to approximately RMB603.2 million, RMB707.5 million, RMB996.7 million and RMB1,313.6 million as of December 31, 2010, 2011 and 2012, and June 30, 2013, respectively. Our borrowings increased during the Track Record Period primarily due to our greater need for working capital to support our increased business and capital expenditures needed to expand our operations.

As of June 30, 2013, our total short-term bank borrowings and long-term bank borrowings were RMB1,216.0 million and RMB97.7 million, respectively. Our short-term bank borrowings were used mainly for working capital purposes and our long-term bank borrowings were used mainly for capital expenditures and working capital. There has been no material change to our indebtedness since June 30, 2013.

We did not record any delay or default in our bank borrowings during the Track Record Period. As of June 30, 2013, we had approximately RMB382.4 million in unutilized banking facilities that were unrestricted.

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The table below sets forth the amounts of our secured and guaranteed loans as of the dates indicated. Further details of our loans guaranteed by related parties are set out in note 34 of the Accountant's Report in Appendix I.

	As of December 31,			As of	As of
	2010	2011	2012	June 30, 2013	July 31, 2013 (unaudited)
(RMB thousands)					
Secured by:					
- Buildings and land use rights	120,847	194,225	226,000	287,574	282,000
- Bank deposits	49,550	10,000	—	19,000	19,000
- Trade and bills receivables	42,000	19,000	—	217,000	217,000
	<u>212,397</u>	<u>223,225</u>	<u>226,000</u>	<u>523,574</u>	<u>518,000</u>
Guaranteed by:					
- Related parties	111,090	185,090	165,000	155,000	114,000
- Third parties	18,150	22,350	61,600	79,380	94,550
- Related parties together with third parties	18,000	20,000	—	—	—
	<u>147,240</u>	<u>227,440</u>	<u>226,600</u>	<u>234,380</u>	<u>208,550</u>

The table below sets forth the maturities of our total borrowings as of the dates indicated.

	As of December 31,			As of	As of
	2010	2011	2012	June 30, 2013	July 31, 2013 (unaudited)
(RMB thousands)					
Within 1 year	543,235	609,289	898,990	1,215,954	1,248,550
Between 1 and 2 years	—	600	59,550	97,650	97,650
Between 2 and 5 years	60,000	97,650	38,150	—	—
	<u>603,235</u>	<u>707,539</u>	<u>996,690</u>	<u>1,313,604</u>	<u>1,346,200</u>

We used a significant amount of short-term bank borrowings during the Track Record Period to finance our operations as short-term bank borrowings for operation purposes are more commonly available, and the interest rates on such short-term bank borrowings are lower compared to longer term bank borrowings. In addition, we have been able to continuously renew our short-term bank borrowings as a result of our financial position and intend to continue to do so. We plan to repay part of our short-term borrowings when they fall due after the completion of the Listing, using a portion of the proceeds of the Global Offering. See “Future Plans and Use of Proceeds” for further details.

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As of July 31, 2013, our bank loans were all denominated in RMB. The table below sets forth the carrying amounts of our borrowings by currencies as of the dates indicated.

	As of December 31,			As of June 30	As of July 31,
	2010	2011	2012	2013	2013
	(unaudited)				
	(RMB thousands)				
RMB	592,028	688,289	996,690	1,313,604	1,346,200
HKD	11,207	19,250	—	—	—
	603,235	707,539	996,690	1,313,604	1,346,200

The weighted average effective interest rates (per annum) of our bank loans as of December 31, 2010, 2011 and 2012, and June 30, 2013 were 5.63%, 7.02%, 6.77% and 6.42% respectively.

Contingent liabilities and guarantees

As of December 31, 2010, 2011 and 2012, and June 30, 2013, we were in the process of reviewing the certificates for certain land use rights with net book values amounting to RMB3.7 million, RMB3.5 million, RMB1.5 million and RMB1.4 million, respectively. We may incur certain obligations in connection with these applications of land use rights certificates, but as the amount of the obligation cannot be measured with sufficient reliability, no provision was made. The applications for land use rights certificates relate to our properties at Jiu Gan Road, Sijing Town, Songjiang District, Shanghai which was previously state-owned land, and No. 1 Lian Xin Road, Lian Tang Town, Qingpu District, Shanghai, which is currently approved for collective use. As of December 31, 2012, we had completed the relevant procedures and converted the land use rights for our property at Jiu Gan Road, Sijing Town, Songjiang District, Shanghai. Please refer to the section “Business — Properties” for more information about the conversion of the land use rights for this property.

As of December 31, 2010, 2011 and 2012, and June 30, 2013, we had outstanding guarantees in respect of bank loans payable by Nanpu Group totalling RMB50.0 million, RMB50.0 million, RMB50.0 million and RMB50.0 million, respectively, which is expected to be settled prior to Listing. As of December 31, 2010 and 2011, we provided guarantees for the benefit of Ningbo Xinling Trading Co., Ltd. (寧波新菱商貿有限公司) (“**Ningbo Xinling**”), which became an independent third party on June 4, 2012, in respect of bank loans of RMB5.0 million and RMB8.0 million, respectively. Ningbo Xinling was previously considered our related party because its substantial shareholder, Mr. Wang Yuan Zhang, was a director of one of our subsidiaries, Ningbo Contemporary Trading, until he resigned on June 4, 2012. As at the Latest Practicable Date, the guarantee provided to Ningbo Xinling had been settled and released.

Our Directors confirmed that all non-trade balances and guarantees with related parties will be settled and released before Listing.

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Other outstanding indebtedness

Save as disclosed above and otherwise in this prospectus, as of July 31, 2013, we did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

Our Directors further confirm that there was no material default in payment of our trade and non-trade payables and bank borrowings, nor did we breach any relevant finance covenants, during the Track Record Period.

LISTING EXPENSES

We incurred listing expenses (excluding underwriting commissions) of RMB25.7 million during the Track Record Period, of which RMB13.7 million was recognized as administrative expenses and RMB12.0 million was capitalized as deferred expenses that are expected to be charged against equity upon successful listing under the relevant accounting standards. We expect to incur further listing expenses (excluding underwriting commissions) of approximately RMB3.4 million, which will be recognised as administrative expenses in the six months ending December 31, 2013. Our Directors do not expect these expenses to have a material adverse impact on our financial results for the year ending December 31, 2013.

NET CURRENT (LIABILITIES)/ASSETS

We had net current liabilities of approximately RMB186.0 million and RMB117.8 million as of December 31, 2010 and 2011, respectively, and net current assets of approximately RMB100.0 million and RMB9.6 million as of December 31, 2012 and June 30, 2013, respectively. The table below sets forth our current assets and current liabilities as of the dates indicated.

	As of December 31,			As of June 30,	As of July 31,
	2010	2011	2012	2013	2013
	(unaudited)				
	(RMB thousands)				
Current assets					
Inventories	502,990	446,321	622,991	570,603	731,090
Trade and other receivables	1,034,861	1,254,984	1,460,219	1,177,667	1,251,970
Cash and cash equivalents	95,987	82,649	187,886	300,485	148,782
Restricted cash	117,840	124,525	98,685	132,934	102,732
	<u>1,751,678</u>	<u>1,908,479</u>	<u>2,369,781</u>	<u>2,181,689</u>	<u>2,234,574</u>
Current liabilities					
Trade and other payables	1,367,234	1,372,333	1,316,165	924,188	944,495
Current income tax liabilities	25,896	42,197	51,685	28,997	20,587
Borrowings	543,235	609,289	898,990	1,215,954	1,248,550
Current portion of deferred income on government grants	1,313	2,425	2,990	2,990	2,990
	<u>1,937,678</u>	<u>2,026,244</u>	<u>2,269,830</u>	<u>2,172,129</u>	<u>2,216,622</u>
Net current (liabilities)/assets	<u>(186,000)</u>	<u>(117,765)</u>	<u>99,951</u>	<u>9,560</u>	<u>17,952</u>

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During the Track Record Period, the major components of our current liabilities were trade and other payables and bank borrowings. We expect to pay for our trade and other payables from our internal financial resources, including cash generated from operations, as and when they fall due. In addition, we had unutilized banking facilities of approximately RMB382.4 million as of June 30, 2013. These unutilized banking facilities do not contain any restrictive covenants. Based on the business and financial performance of our Company, we are not aware of any circumstances in which our ability to obtain external financing in the future may be affected by the recent global financial market volatility and credit tightening, and we expect most of our banking facilities to be renewed after Listing. Our net current assets fell from RMB100.0 million as of December 31, 2012 to RMB9.6 million as of June 30, 2013 mainly because we declared a Special Distribution of RMB157.0 million to our Controlling Shareholder on May 10, 2013.

WORKING CAPITAL

Taking into account the financial resources available to us, including the expected cash flow from our operations, present available banking facilities and estimated net proceeds from the Global Offering, our Directors confirm that we have sufficient working capital and other capital requirements for our present requirements for at least the next 12 months from the date of this prospectus.

KEY FINANCIAL RATIOS

The table below sets forth our key financial ratios as of the dates or for the periods indicated.

	As of December 31,			June 30,
	2010	2011	2012	2013
Current ratio ⁽¹⁾	0.90	0.94	1.04	1.00
Gearing ratio ⁽²⁾	79.0%	75.9%	76.9%	103.0%

⁽¹⁾ Current ratio represents current assets divided by current liabilities.

⁽²⁾ Gearing ratio is calculated by dividing net debt (all borrowings net of cash and cash equivalents) by total equity as of the end of each year.

	Year ended December 31,			June 30,
	2010	2011	2012	2013
Interest coverage ⁽¹⁾	6.79	5.93	5.47	4.16
Return on equity ⁽²⁾	27.2%	26.4%	24.9%	— ⁽⁴⁾
Return on assets ⁽³⁾	5.3%	6.1%	6.9%	— ⁽⁴⁾

⁽¹⁾ Interest coverage represents profit before interest and tax divided by interest recorded during the year.

⁽²⁾ Return on equity is calculated by dividing net profit for the year by total equity as of the end of the year.

⁽³⁾ Return on assets is calculated by dividing net profit for the year by total assets as of the end of the year.

⁽⁴⁾ Calculation of return on equity and return on assets is on a full year basis.

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Current ratio

Our current ratio improved to 0.94 as of December 31, 2011 from 0.90 as of December 31, 2010, because of the increase in our trade and other receivables from RMB1,034.9 million as of December 31, 2010 to RMB1,255.0 million as of December 31, 2011, as well as a slight increase in our trade and other payables from RMB1,367.2 million as of December 31, 2010 to RMB1,372.3 million as of December 31, 2011. Our current ratio further improved to 1.04 as of December 31, 2012 due to the strengthening of our balance sheet as a result of the investment by CICC, our pre-IPO investor, and growth in our business. Our current ratio fell slightly to 1.00 in the six months ended June 30, 2013 mainly because we declared a Special Distribution of RMB157.0 million to our Controlling Shareholder on May 10, 2013.

Gearing ratio

Our gearing ratio decreased from 79.0% as of December 31, 2010 to 75.9% as of December 31, 2011 mainly because retained earnings increased to a greater extent compared to the increase in net debts in 2011. Our gearing ratio increased to 76.9% as of December 31, 2012 mainly due to retained earnings increasing at a slower pace compared to the increase in net debt. Our gearing ratio increased significantly to 103.0% as of June 30, 2013 because our total bank borrowings increased from RMB996.7 million as of December 31, 2012 to RMB1,313.6 million as of June 30, 2013 mainly for the expansion of our distribution network. We expect our gearing ratio to fall following the Listing and after application of the proceeds from the Global Offering.

Interest coverage

Our interest coverage decreased from 6.79 as of December 31, 2010 to 5.93 as of December 31, 2011 mainly due to an increase in our bank borrowings and interest rates. Our interest coverage decreased to 5.47 as of December 31, 2012 and further to 4.16 as of June 30, 2013 also because of an increase in our bank borrowings. We expect our interest coverage to improve following the Listing and after application of the proceeds from the Global Offering.

Return on equity

Our return on equity decreased from 27.2% as of December 31, 2010 to 26.4% as of December 31, 2011 mainly due to increase in retained earnings from RMB297.0 million in 2010 to RMB442.2 million in 2011. Our return on equity further decreased to 24.9% as of December 31, 2012 mainly due to increase in total equity as a result of the investment by CICC, our pre-IPO investor. We expect our return on equity to fall following the Listing and after application of the proceeds from the Global Offering.

Return on assets

Our return on assets increased from 5.3% as of December 31, 2010 to 6.1% as of December 31, 2011 and further increased to 6.9% as of December 31, 2012 mainly due to the rate of the increase in profits being larger than that of the increase in assets between these two years. We expect our return on assets to fall following the Listing and after application of the proceeds from the Global Offering.

FINANCIAL INFORMATION

RELATED PARTY TRANSACTIONS

For a discussion of related party transactions, see note 34 to the Accountant's Report in Appendix I. Our Directors confirm that these transactions were conducted in the ordinary and usual course of business and on normal commercial terms, and that all non-trade balances and guarantees with related parties will be settled and released before Listing.

DIVIDEND POLICY

We may declare dividends in the future, at the discretion of our Directors, depending on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors deem relevant. Our shareholders in general meeting must approve any declaration of dividends, which must not exceed the amount recommended by our Board. In addition, our Directors may from time to time pay such interim dividends as appear to our Board to be justified by our profits, or special dividends of such amounts and no such dates as they deem fit. Our future declaration of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of the Board.

Future dividend payments will also depend upon the availability of dividends received from our subsidiaries in China. PRC laws require that dividends be paid only out of net profit calculated according to PRC accounting principles, which differ in many aspects from generally accepted accounting principles in other jurisdictions, including HKFRS. PRC laws also require foreign-invested enterprises, such as all of our subsidiaries in China, to set aside part of their net profit as statutory reserves, which are not available for distribution as cash dividends. Distributions from our subsidiaries may also be restricted if they incur debt or losses, or in accordance with any restrictive covenants in bank credit facilities or other agreements that we or our subsidiaries and associated companies may enter into in the future.

We declared dividends of RMB114.2 million on May 9, 2012, which has been fully paid and settled on April 2, 2013 using cash from operations. After completion of the Global Offering, our Shareholders will be entitled to receive dividends that we declare. Subject to the factors above, we intend to distribute regular dividends after listing on the Hong Kong Stock Exchange. We currently intend to pay dividends to our Shareholders approximately 30% of our profit available for distribution after the Global Offering. We intend to declare dividends, if any, in Hong Kong dollars with respect to shares on a per share basis and intend to pay such dividends in Hong Kong dollars. Our future declarations of dividends will be at the absolute discretion of our Directors, and we give no assurance that any dividends of any amount will be declared or distributed in any year.

SPECIAL DISTRIBUTION

We declared the Special Distribution on May 10, 2013 to our Controlling Shareholder, Mr. Lin, in an amount of RMB157.0 million, which is equal to 100% of our profit for the year ended December 31, 2011. The Special Distribution has been fully paid and settled using cash from operations. The Special Distribution was declared in recognition of Mr Lin's contributions to the historical performance of the Group and is based on the profits attributable to him for the financial year 2011. The Special Distribution is not expected to have any material adverse effect on the Group's

FINANCIAL INFORMATION

financial position and cash flow after the Listing. We expect to pay the Special Distribution before the Listing Date with cash generated from operating activities or other available internal cash resources. After taking into account our current cash balance and our anticipated cash flows from operation activities, our Directors are satisfied that we will have sufficient working capital to pay the Special Distribution and we will have sufficient working capital available for our working capital requirements for at least 12 months after the Listing Date.

Investors of Shares will not be entitled to the Special Distribution and any distributable profits available for distribution to shareholders after completion of the Global Offering will exclude the Special Distribution. The Special Distribution was a commercial decision and not an indication of our future dividend policy.

DISTRIBUTABLE RESERVES

Our reserves available for distribution to Shareholders consist of share premium and retained earnings. Under the Cayman Islands Companies Law, the share premium account may be applied by the Company for paying distributions or dividends to our Shareholders if immediately following the date on which we propose to distribute the dividend, we will be in a position to pay off our debts as they fall due in the ordinary course of business. As at June 30, 2013, we had share premium and retained earnings in the amount of RMB653,098,000 which are available for distribution to our Shareholders.

MARKET RISKS

We are in the normal course of our business exposed to various types of market risks, including the following.

Foreign exchange risk

We mainly operate in the PRC, with most of our transactions denominated and settled in RMB. However, we have certain trade receivables, cash and cash equivalents, trade payables and borrowings denominated in HK\$ and USD, which is exposed to foreign currency translation risk. Please refer to the Accountant's Report in Appendix I for details of our trade and other receivables, cash and cash equivalents, trade and other payables and borrowings.

During the Track Record Period, we have not hedged our foreign exchange risk because the exposure, after netting off our assets and liabilities subject to foreign exchange risk, is not significant.

Cash flow and fair value interest rate risk

Except for cash and cash equivalents and restricted cash, we have no other significant interest-bearing assets. Our income and operating cash flows are substantially independent of changes in market interest rates. We do not anticipate a significant impact on our interest-bearing assets resulting from changes in interest rates because the interest rates of cash and cash equivalents and restricted cash are not expected to change significantly.

FINANCIAL INFORMATION

Our interest-rate risk mainly arises from borrowings. Borrowings obtained at variable rates expose us to cash flow interest-rate risk. Borrowings obtained at fixed rates expose us to fair value interest-rate risk. We do not hedge our cash flow and fair value interest rate risks. The interest rates and terms of repayments of borrowings are disclosed in Note 21 to the Accountant's Report in Appendix I.

As of December 31, 2010, 2011 and 2012, and June 30, 2013, if interest rates on bank borrowings had been 10% higher/lower with all other variables held constant, the net profit for the year would have been approximately RMB2.5 million lower/higher, RMB3.9 million lower/higher, RMB4.6 million lower/higher and RMB3.1 million lower/higher respectively, as a result of higher/lower interest expenses on floating rate borrowings.

Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, restricted cash, trade and other receivables, as well as credit exposures to customers, including outstanding receivables and committed transactions. The majority of our sales are settled in cash by our customers on delivery of goods. Credit sales are made only to selected customers with good credit history. We have policies in place to ensure that trade receivables are followed up on a timely basis.

We have no significant concentrations of credit risk. The carrying amounts of cash and cash equivalents, restricted cash, trade and other receivables included in the consolidated financial statements represent our maximum exposure to credit risk in relation to its financial assets. As of December 31, 2010, 2011 and 2012, and June 30, 2013, all cash and cash equivalents and restricted cash were deposited with highly reputable and sizable banks and financial institutions without significant credit risk.

Liquidity risk

Cash flow is managed at group level by our finance department which monitors our liquidity requirements to ensure that we have sufficient cash to meet operational needs at all times and does not breach borrowing limits or covenants on any of its borrowing facilities.

Inflation risk

Inflation in the PRC has not had a material impact on our results of operations in recent years. According to the National Bureau of Statistic of the PRC, the change in Consumer Price Index in the PRC was (0.7)%, 3.3% and 5.4% in 2009, 2010 and 2011, respectively.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, there has been no material adverse change in our financial or trading position or prospects since June 30, 2013.

FINANCIAL INFORMATION

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors have confirmed that as of the date of this prospectus, there were no circumstances that would give rise to disclosure requirements under Listing Rules 13.13 to 13.19 had the Shares been listed on the Stock Exchange.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

See the section “Business — Our Strategies” for a detailed description of our future plans.

USE OF PROCEEDS

We estimate the net proceeds of the Global Offering which we will receive, assuming an Offer Price of HK\$3.08 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus), will be approximately HK\$1,434.9 million, after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering and assuming the Over-allotment Option is not exercised.

In the event the Over-allotment Option is exercised in full and assuming an Offer Price of HK\$3.08 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus), we will receive additional net proceeds of approximately HK\$222.9 million.

If the Offer Price is fixed at HK\$3.15 per Offer Share (being the high end of the Offer Price range stated in this prospectus) and assuming the Over-allotment Option is not exercised, we will receive additional net proceeds of approximately HK\$33.8 million.

If the Offer Price is fixed at HK\$3.00 per Offer Share (being the low end of the Offer Price range stated in this prospectus) and assuming the Over-allotment Option is not exercised, the net proceeds we receive will be reduced by approximately HK\$38.6 million.

We intend to use the net proceeds of the Global Offering for the following purposes:

- approximately 45% will be used to finance the capital expenditures required in connection with the expansion of production capacity at our existing production facilities (including a new beverage bottling line and two new Tetra Pak production lines at our existing facilities in Songjiang, Shanghai and a new Tetra Pak production line in Wuhan, Hubei) and the construction of new production facilities in Chengdu, Sichuan (which includes a new beverage bottling line, a new snack production line and the costs in connection with the construction of the production facilities);
- approximately 39% will be used to strengthen and expand our existing distribution network and expand into new regions as well as to finance research and development, and marketing and promotion activities of Own Brand Products. Based on prevailing market conditions, we currently contemplate using:
 - approximately 25% for strengthening and expanding our existing distribution network and expanding into new regions throughout China, in particular, northeastern and southwestern China, by establishing new sales offices and hiring the appropriate staff;

FUTURE PLANS AND USE OF PROCEEDS

- approximately 4% for research and development, such as purchasing research equipment and hiring qualified research and development personnel for new research and development projects; and
- approximately 10% for marketing and promotion activities, including TV and radio advertising, print and online advertising and promotional events at retail stores.

Such allocation is subject to change according to our assessment of factors such as changing market demands and consumer preferences;

- approximately 6% will be used to refinance our existing bank loans, details of which are set out below:

Bank Loan	Interest Rates	Maturity	Uses of Bank Loan
Bank of Communications Co., Ltd Putian Branch .	6.90%	December 3, 2013	Working capital liquidity loan
China Merchants Bank Shenzhen Futian Branch	7.80%	December 17, 2013	Working capital liquidity loan
Shanghai Rural Commercial Bank Qing Pu Branch	7.84%	November 7, 2013	Working capital liquidity loan

- the remaining amount of approximately not more than 10% will be used for our working capital and other general corporate purposes.

In the event that the Over-allotment Option is exercised in full, we intend to apply the additional net proceeds to the above uses in the proportions stated above.

The above allocation of the proceeds will be adjusted on a pro rata basis in the event that the Offer Price is fixed at a higher or lower level compared to the midpoint of the estimated offer price range.

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by applicable law and regulations, we intend to deposit the net proceeds into short-term demand deposits and/or money market instruments. We will make an appropriate announcement if there is any change to the above proposed use of proceeds or if any amount of the proceeds will be used for general corporate purpose.

UNDERWRITING

HONG KONG UNDERWRITERS

(in alphabetical order)

China International Capital Corporation Hong Kong Securities Limited
Deutsche Bank AG, Hong Kong Branch
The Hongkong and Shanghai Banking Corporation Limited

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters. If, for any reason, the Offer Price is not agreed between our Company and the Joint Bookrunners (on behalf of the Underwriters), the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 50,000,000 Hong Kong Offer Shares and the International Offering of initially 450,000,000 International Offer Shares, subject, in each case, to reallocation on the basis as described in the section “Structure of the Global Offering” as well as to the Over-allotment Option in the case of the International Offering.

UNDERWRITING ARRANGEMENTS AND EXPENSES

The Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares for subscription by the public in Hong Kong in accordance with the terms and conditions of this prospectus and the related Application Forms.

Subject to the Listing Committee granting listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus, and to certain other conditions set out in the Hong Kong Underwriting Agreement (including the Joint Bookrunners (on behalf of the Underwriters) and our Company agreeing upon the Offer Price), the Hong Kong Underwriters have agreed severally and not jointly to subscribe or procure subscribers for their respective applicable proportions of the Hong Kong Offer Shares now being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions of this prospectus and the related Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

UNDERWRITING

Grounds for Termination

If, at any time prior to 8:00 a.m. on the Listing Date:

(a) there has been a breach of any of the warranties or there has been a material breach by our Company or the Controlling Shareholders of any of the provisions of the Hong Kong Underwriting Agreement or the International Underwriting Agreement; or

(b) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, result in a material misstatement in, or constitute a material omission from, any of this prospectus, the Application Forms and/or in any announcements issued by our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto); or

(c) any statement contained in any of this prospectus, the Application Forms, the formal notice and/or in any announcements issued by our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was issued, or has become, untrue, incorrect or misleading in any material respect, or that any estimate, forecast, expression of opinion, intention or expectation contained in any of this Prospectus, the Application Forms and/or any announcements, issued by our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) is not fair, honest and based on reasonable assumptions; or

(d) there shall have occurred any event, act or omission which gives or is likely to give rise to any liability of any of our Company or the Controlling Shareholders pursuant to the indemnities referred to in the Hong Kong Underwriting Agreement; or

(e) there shall have been any adverse change or development involving a prospective adverse change in the assets, liabilities, conditions, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, condition or position, financial or otherwise, or performance, of our Company or our Group; or

(f) our Company withdraws this prospectus (and/or any other documents used in connection with the subscription or sale of any of the Offer Shares pursuant to the Global Offering) or the Global Offering;

(g) any non-compliance of this prospectus (or any other documents used in connection with the contemplated offering, allotment, issue, subscription or sale of any of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable law;

UNDERWRITING

(h) there is an order or petition for the winding up of any member of our Group (the “**Group Company**”) with substantive business operations or any composition or arrangement made by any such Group Company with its creditors or a scheme of arrangement entered into by any such Group Company or any resolution for the winding up of any such Group Company or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any such Group Company or anything analogous thereto occurring in respect of any such Group Company;

(i) any action, suit, claim (whether or not any such claim involves or results in any actions or proceedings), demand, investigation, judgment, award and proceeding, joint or several, from time to time instituted, made or brought or threatened or alleged to be instituted, made or brought against or otherwise involve (the “**Action**”) any third party being threatened or instigated against any Group Company;

(j) any Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company;

(k) any public, regulatory, tax, administrative or governmental, agency or authority (including, without limitation, the Stock Exchange, the SFC and the U.S. Securities and Exchange Commission), other authority and any court at the national, provincial, municipal or local level or political body or organization in any relevant jurisdiction commencing any Action, or announcing an intention to take any Action, against any Director;

(l) any prohibition on our Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares pursuant to the terms of the Global Offering;

(m) the chairman or chief executive officer of our Company or any Director vacating his office;

(n) any contravention by any Group Company of the Listing Rules or any applicable laws;

(o) our Company is required to produce or issue a supplement or amendment to this Prospectus (or to any other documents used in connection with the contemplated offer and sale of the Offer Shares) pursuant to the Companies Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC;

(p) the investment commitments by any Cornerstone Investors after signing of the cornerstone placing agreements with such Cornerstone Investors, having been withdrawn, terminated or cancelled;
or

(q) there shall have developed, occurred, happened or come into effect any event or series of events, matters or circumstances concerning or relating to:

(i) any change or development involving a prospective change, or any event or series of events likely to result in any change in, local, national or international financial, political, economic, military, industrial, fiscal, regulatory, currency or market conditions or equity securities or stock or other financial market conditions or any monetary or trading settlement system (including, without limitation, any change in the system under which the value of the

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Hong Kong currency is linked to that of the United States or a devaluation of the Renminbi against any foreign currencies) in or affecting Hong Kong, the Cayman Islands, the BVI, the US, the United Kingdom, the PRC, Singapore or any member of the European Union (each a “**Relevant Jurisdiction**”); or

(ii) any new law or any change or development involving a prospective change in existing laws or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting any Relevant Jurisdiction; or

(iii) any event or series of events, in the nature of force majeure affecting any Relevant Jurisdiction including, without limiting the generality thereof, any act of God, war, outbreak or escalation of hostilities (whether or not war is declared) or act of terrorism, or declaration of a national or international emergency or war, riot, public disorder, civil commotion, volcanic eruptions, earthquake, economic sanctions, fire, flood, explosion, epidemic, outbreak of an infectious disease, calamity, crisis, strike, lock-out (whether or not covered by insurance), accident or interruption or delay in transportation; or

(iv) the imposition of any moratorium, suspension or restriction on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the NASDAQ Global Market, the London Stock Exchange or the Tokyo Stock Exchange or any suspension of trading of any of the securities of the Company on any exchange or over-the-counter market or any major disruption of any securities settlement or clearing services in any Relevant Jurisdiction or on commercial banking activities in any Relevant Jurisdiction, due to exceptional financial circumstances or otherwise; or

(v) a change or development involving a prospective change in taxation, exchange control (or the implementation of any exchange control), currency exchange rates or foreign investment regulations (including without limitation a material devaluation of the Hong Kong dollar, the Renminbi, the United States dollar, the Euro or the British pound sterling against any foreign currencies and any disruptions in monetary, trading or securities settlement or clearance services, procedures or matters) in or affecting any Relevant Jurisdiction,

which, individually or in the aggregate, in the opinion of the Joint Bookrunners (for themselves and on behalf of the Hong Kong Underwriters):

- (A) is or will be, or is likely to result in a material adverse change, or any development involving a prospective material adverse change, in or affecting the assets, liabilities, business, general affairs, management, prospects, shareholders’ equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of our Company and the other members of our Group, taken as a whole; or
- (B) has or will have or is likely to have a material adverse impact on the success of the Global Offering or the level of Offer Shares applied for or accepted or subscribed for or purchased or the distribution of the Offer Shares; or

UNDERWRITING

- (C) makes it impracticable, inadvisable or inexpedient to proceed with the Hong Kong Public Offering and/or the International Offering and/or the placing to the cornerstone investors on the terms and in the manner contemplated in the Prospectus and the Application Forms; or
- (D) has or will or is likely to have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof,

then the Joint Bookrunners (for themselves and on behalf of the Hong Kong Underwriters) in their sole and absolute discretion, may, upon giving notice to our Company on or prior to 8:00 a.m. on the Listing Date, terminate the Hong Kong Underwriting Agreement with immediate effect.

Undertakings to the Stock Exchange Pursuant to the Listing Rules

(A) Undertakings by Our Company

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that we will not issue any further Shares or securities convertible into equity securities (whether or not of a class already listed) or enter into any agreement to such issue within six months from the date on which our securities first commence dealing on the Stock Exchange (whether or not such issue of Shares or securities will be completed within six months from the commencement of dealing), except pursuant to the Global Offering or any of the circumstances provided under Rule 10.08 of the Listing Rules.

(B) Undertakings by the Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and to our Company that except pursuant to any lending of Shares pursuant to a stock borrowing agreement and lending arrangement in connection with the Global Offering, it will not and will procure that the relevant registered holder(s) will not:

- (a) in the period commencing on the date by reference to which disclosure of its shareholding is made in this prospectus and ending on the date which is six months from the date on which dealings in the Shares commence on the Stock Exchange, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which it is shown by this prospectus to be the beneficial owner; and
- (b) in the period of six months commencing on the date on which the period referred to in paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be the controlling shareholder of our Company.

UNDERWRITING

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and to our Company that within the period commencing on the date by reference to which disclosure of its shareholding in our Company is made in this prospectus and ending on the date which is 12 months from the date on which dealings in the Shares commence on the Stock Exchange, it will:

- (i) when it pledges or charges any Shares beneficially owned by it in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform our Company of such pledge or charge together with the number of Shares so pledged or charged; and
- (ii) when it receives indications, either verbal or written, from the pledgee or chargee of any Shares that any of the pledged or charged Shares will be disposed of, immediately inform our Company of such indications.

Undertakings Pursuant to the Hong Kong Underwriting Agreement

(A) Undertakings by Our Company

We have undertaken to each of the Joint Global Coordinators, the Joint Bookrunners, the Joint Sponsors and the Hong Kong Underwriters that at any time during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on the expiry of six months from the Listing Date (the “**First Six-Month Period**”), except pursuant to the Capitalisation Issue and the Global Offering, the exercise of the Over-allotment Option and options granted under the Pre-IPO Share Option Scheme or may be granted under the Post-IPO Share Option Scheme, we will not without the prior written consent of the Joint Bookrunners (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, hedge, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, or otherwise transfer or dispose of or create an Encumbrance over, or contract or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or any other equity securities of our Company or any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to subscribe for or purchase, any Shares of the Company, or deposit any Shares or any other securities of the Company with a depositary in connection with the issue of depositary receipts or any interest in any of the foregoing;
- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares, any other equity securities of our Company or any interest in any of the foregoing (including, without limitation, any securities which are convertible into or exchangeable or exercisable for, or represent the right to receive, or any warrants or other rights to purchase, any Shares);

UNDERWRITING

- (c) enter into any transactions with the same economic effect as any transaction specified in paragraph (a) or (b) above; or
- (d) offer to or agree to, or announce any intention to enter into, any transaction specified in paragraph (a), (b) or (c) above,

in each case, whether any of the transactions specified in paragraph (a), (b) or (c) above is to be settled by delivery of Shares or such other equity securities of our Company, or in cash or otherwise (whether or not the issue of the Shares or such other securities will be completed within the aforesaid period).

In the event that, during the period of six months commencing on the date on which the First Six-Month Period expires (the “**Second Six-Month Period**”), we enter into any of the transactions specified in paragraph (a), (b) or (c) above or agree to or announce any intention to effect any such transaction, we have undertaken to take all reasonable steps to ensure that such transaction, agreement or, as the case may be, announcement will not create a disorderly or false market in the securities of our Company.

(B) Undertakings by the Controlling Shareholders

Each of the Controlling Shareholders has undertaken to each of the Joint Global Coordinators, the Joint Bookrunners, the Joint Sponsors and the Hong Kong Underwriters that, without the prior written consent of the Joint Bookrunners (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (a) it will not, at any time during the First Six-Month Period:
 - (i) sell, offer to sell, contract or agree to sell, lend, grant or sell any option, warrant, contract or right to purchase, purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares, any other equity securities of our Company or any interest in any of the foregoing (including, without limitation, any securities which are convertible into or exchangeable or exercisable for, or represent the right to receive, or any warrants or other rights to purchase, any Shares);
 - (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares, any other equity securities of our Company or any interest in any of the foregoing (including, without limitation, any securities which are convertible into or exchangeable or exercisable for, or represent the right to receive, or any warrants or other rights to purchase, any Shares), or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares, any other equity securities of our Company or any interest in any of the foregoing (including, without limitation, any securities which are convertible into or exchangeable or exercisable for, or represent the right to receive, or any warrants or other rights to purchase, any Shares);

UNDERWRITING

- (iii) enter into any transactions with the same economic effect as any transaction specified in sub-paragraph (i) or (ii) above; or
- (iv) agree to or publicly announce any intention to effect any transaction specified in sub-paragraph (i), (ii) or (iii) above,

in each case, whether any of the transactions specified in sub-paragraph (i), (ii) or (iii) above is to be settled by delivery of Shares or any other equity securities of our Company, or in cash or otherwise, provided that the foregoing restrictions shall not apply to (A) any lending of Shares pursuant to the Stock Borrowing Agreement or (B) any pledge or charge referred to below;

- (b) it will not, during the Second Six-Month Period, enter into any of the transactions specified in paragraphs (a)(i), (a)(ii) or (a)(iii) above or agree to or publicly announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or encumbrance pursuant to such transaction, it ceases to be a controlling shareholder of our Company; and
- (c) until the expiry of the Second Six-Month Period, in the event that it enters into any of the transactions specified in paragraph (a)(i), (a)(ii) or (a)(iii) above or agrees to or publicly announces any intention to effect any such transaction, it will take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company.

Each of the Controlling Shareholders has further undertaken to each of the Joint Global Coordinators, the Joint Bookrunners, the Joint Sponsors and the Hong Kong Underwriters that it will, at any time within the period commencing on the date of the Hong Kong Underwriting Agreement and ending on the date which is 12 months after the Listing Date:

- (I) upon any pledge or charge in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) of any Shares or other equity securities of our Company beneficially owned by it for a bona fide commercial loan, immediately inform our Company and Joint Bookrunners in writing of such pledge or charge together with the number of Shares or other equity securities of our Company which are so pledged or charged; and
- (II) upon any indication received by it, either verbal or written, from any pledgee or chargee that any of the pledged or charged Shares or other equity securities of our Company will be disposed of, immediately inform our Company and the Joint Bookrunners in writing of such indication.

We have agreed and undertaken to each of the Joint Global Coordinators, the Joint Bookrunners, the Joint Sponsors and the Hong Kong Underwriters that upon receiving such information in writing from either of the Controlling Shareholders, we will, as soon as possible, notify the Stock Exchange and make a public disclosure in relation to such information in accordance with the Listing Rules.

Indemnity

We have agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer, including losses arising from the performance of their obligations under the Hong Kong Underwriting Agreement and any breach by our Company of the Hong Kong Underwriting Agreement.

UNDERWRITING

Hong Kong Underwriters' Interests in Our Company

Except for its obligations under the Hong Kong Underwriting Agreement and save as disclosed in this prospectus, none of the Hong Kong Underwriters has any shareholding interest in our Company or any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities in our Company.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.

The International Offering

International Underwriting Agreement

In connection with the International Offering, it is expected that we will enter into the International Underwriting Agreement with, among others, the International Underwriters. Under the International Underwriting Agreement, subject to the conditions set out therein, the International Underwriters would severally agree to procure purchasers for, or to purchase, Offer Shares being offered pursuant to the International Offering (excluding, for the avoidance of doubt, the Offer Shares which are subject to the Over-allotment Option). It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors are reminded that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed.

Over-allotment Option

We expect to grant to the International Underwriters, exercisable by the Joint Bookrunners (on behalf of the International Underwriters), the Over-allotment Option, which will be exercisable from the Listing Date until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue up to an aggregate of 75,000,000 Shares, representing no more than 15% of the initial Offer Shares, at the same price per Offer Share under the International Offering, solely to cover over-allocations in the International Offering, if any.

Commissions and Expenses

The Underwriters will receive a commission of 2.5% of the aggregate Offer Price of all the Offer Shares, out of which they will pay any sub-underwriting commissions. In addition, the Company may at its discretion, pay an additional incentive fee of 1.0% of the Offer Price of all the Offer Shares.

For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, the underwriting commission will not be paid to the Hong Kong Underwriters but will instead be paid, at the rate applicable to the International Offering, to the Joint Bookrunners and the relevant International Underwriters.

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The aggregate commissions and fees, together with Stock Exchange listing fees, SFC transaction levy and Stock Exchange trading fee, legal and other professional fees and printing and all other expenses relating to the Global Offering, which are estimated to amount in aggregate to approximately HK\$105.1 million (assuming an Offer Price of HK\$3.08 per Offer Share (being the mid-point of the indicative Offer Price range stated in this prospectus), the full payment of the discretionary incentive fee and the Over-allotment Option is not exercised at all), are payable and borne by our Company.

INDEPENDENCE OF THE JOINT SPONSORS

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Global Offering (together, the “**Syndicate Members**”) and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In relation to the Shares, those activities could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in the Shares, and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares. All such activity could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in the section “Structure of the Global Offering”. Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

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It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

- (a) the Syndicate Members (other than the Stabilizing Manager or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and
- (b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

STRUCTURE OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

- (a) the Hong Kong Public Offering of 50,000,000 Shares (subject to adjustment as mentioned below) for subscription by the public in Hong Kong as described in the section “— The Hong Kong Public Offering” below; and
- (b) the International Offering of an aggregate of 450,000,000 Shares (subject to adjustment and the Over-allotment Option as mentioned below) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S and in the United States only to QIBs in reliance on Rule 144A or any other available exemption from registration under the U.S. Securities Act.

Deutsche Bank AG, Hong Kong Branch and The Hongkong and Shanghai Banking Corporation Limited are the Joint Global Coordinators, Deutsche Bank AG, Hong Kong Branch, The Hongkong and Shanghai Banking Corporation Limited and China International Capital Corporation Hong Kong Securities Limited are the Joint Bookrunners and Joint Lead Managers and Deutsche Securities Asia Limited and HSBC Corporate Finance (Hong Kong) Limited are the Joint Sponsors of the Global Offering.

Investors may apply for Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest for Offer Shares under the International Offering, but may not do both.

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

Number of Shares Initially Offered

We are initially offering 50,000,000 new Shares for subscription by the public in Hong Kong at the Offer Price, representing 10% of the total number of Shares initially available under the Global Offering. Subject to the reallocation of Shares between the International Offering and the Hong Kong Public Offering, the Hong Kong Offer Shares will represent 2.5% of the enlarged issued share capital of our Company immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised).

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set out in the section “— Conditions of the Global Offering” below.

STRUCTURE OF THE GLOBAL OFFERING

Allocation

Allocation of Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The total number of Offer Shares available under the Hong Kong Public Offering (after taking account of any reallocation) is to be divided into two pools for allocation purposes: Pool A and Pool B with any odd board lots being allocated to Pool A. The Hong Kong Offer Shares in Pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate subscription amount of HK\$5 million (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable) or less. The Hong Kong Offer Shares in Pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate subscription amount of more than HK\$5 million (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable) and up to the value of Pool B. Investors should be aware that applications in Pool A and applications in Pool B may receive different allocation ratios. If Hong Kong Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of this paragraph only, the “price” for Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either Pool A or Pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 25,000,000 Hong Kong Offer Shares (being 50% of the 50,000,000 Hong Kong Offer Shares initially available under the Hong Kong Public Offering) are liable to be rejected.

Reallocation

The allocation of Offer Shares between the Hong Kong Public Offering and the International Offering is subject to adjustment. Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering if certain prescribed total demand levels are reached as further described below:

- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents less than 15 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then no Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 50,000,000 Offer Shares, representing 10% of the Offer Shares initially available under the Global Offering;

STRUCTURE OF THE GLOBAL OFFERING

- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering so that the total number of Offer Shares available under the Hong Kong Public Offering will be 150,000,000 Offer Shares, representing 30% of the Offer Shares initially available under the Global Offering;
- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of Offer Shares available under the Hong Kong Public Offering will be 200,000,000 Offer Shares, representing 40% of the Offer Shares initially available under the Global Offering; and
- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of Offer Shares available under the Hong Kong Public Offering will be 250,000,000 Offer Shares, representing 50% of the Offer Shares initially available under the Global Offering.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between Pool A and Pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Joint Bookrunners deem appropriate. In addition, the Joint Bookrunners may reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

If the Hong Kong Public Offering is not fully subscribed, the Joint Bookrunners have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering in such proportions as the Joint Bookrunners deem appropriate.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the International Offering.

STRUCTURE OF THE GLOBAL OFFERING

Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK\$3.15 per Offer Share in addition to the brokerage, SFC transaction levy and Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the section “— Pricing and Allocation” below, is less than the maximum price of HK\$3.15 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out below in the section “How to Apply for Hong Kong Offer Shares”.

THE INTERNATIONAL OFFERING

Number of Offer Shares Offered

The International Offering will consist of an initial offering of 450,000,000 Offer Shares, representing approximately 90% of the total number of Offer Shares initially available under the Global Offering.

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the “book-building” process described in the section “— Pricing and Allocation” below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares, and/or hold or sell its Shares, after Listing. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and its shareholders as a whole.

The Joint Bookrunners (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Joint Bookrunners so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any application of Offer Shares under the Hong Kong Public Offering.

Over-allotment Option

We expect to grant to the International Underwriters, exercisable by the Joint Bookrunners (on behalf of the International Underwriters), the Over-allotment Option, which will be exercisable from the Listing Date until 30 days after the last day for the lodging of applications under the Hong Kong

STRUCTURE OF THE GLOBAL OFFERING

Public Offering, to require our Company to allot and issue up to an aggregate of 75,000,000 Shares, representing no more than 15% of the initial Offer Shares, at the same price per Offer Share under the International Offering, solely to cover over-allocations in the International Offering, if any. In the event that the Over-allotment Option is exercised, we will make an announcement.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent any decline in the market price of the securities below the offer price. In Hong Kong and a number of other jurisdictions, activity aimed at reducing the market price is prohibited, and the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilizing Manager, its affiliates or any person acting for it, as stabilizing manager, on behalf of the Underwriters, may effect transactions with a view to stabilizing or supporting the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilizing Manager, its affiliates or any persons acting for it, to conduct any such stabilizing action. Such stabilization action, if commenced, may be discontinued at any time, and is required to be brought to an end after a limited period. Should stabilizing transactions be effected in connection with the Global Offering, this will be at the absolute discretion of the Stabilizing Manager, its affiliates or any person acting for it.

Stabilization action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules, as amended, includes (i) over-allocating for the purpose of preventing or minimizing any reduction in the market price of the Shares, (ii) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the Shares, (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, the Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimizing any reduction in the market price of the Shares, (v) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases and (vi) offering or attempting to do anything as described in paragraph (ii), (iii), (iv) or (v).

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- the Stabilizing Manager, its affiliates or any person acting for it may, in connection with the stabilizing action, maintain a long position in the Shares;
- there is no certainty regarding the extent to which and the time or period for which the Stabilizing Manager, its affiliates or any person acting for it will maintain such a long position;

STRUCTURE OF THE GLOBAL OFFERING

- liquidation of any such long position by the Stabilizing Manager, its affiliates or any person acting for it may have an adverse impact on the market price of the Shares;
- no stabilizing action can be taken to support the price of the Shares for longer than the stabilizing period which will begin on the Listing Date, and is expected to expire on October 10, 2013, being the 30th day after the date of closing of the application lists under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;
- the price of the Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and
- stabilizing bids may be made or transactions effected in the course of the stabilizing action at any price at or below the Offer Price, which means that stabilizing bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the Shares.

Over-allocation

Following any over-allocation of Shares in connection with the Global Offering, the Joint Bookrunners, their affiliates or any person acting for them may cover such over-allocation by, among other methods, using Shares purchased by the Stabilizing Manager, its affiliates or any person acting for it in the secondary market, exercising the Over-allotment Option in full or in part, or through the stock borrowing arrangements mentioned below or by a combination of these means. Any such purchases will be made in accordance with the laws, rules and regulations in place in Hong Kong, including in relation to stabilization, the Securities and Futures (Price Stabilizing) Rules, as amended, made under the SFO. The number of Shares which can be over-allocated will not exceed the number of Shares which may be sold pursuant to the exercise in full of the Over-allotment Option, being 75,000,000 Shares, representing 15% of the Offer Shares initially available under the Global Offering.

STOCK BORROWING AGREEMENT

In order to facilitate the settlement of over-allocations in connection with the Global Offering, the Stabilizing Manager may choose to borrow up to 75,000,000 Shares from Zhi Qun pursuant to a stock borrowing agreement. The stock borrowing arrangements under the stock borrowing agreement will comply with the requirements set out in Listing Rule 10.07(3).

PRICING AND ALLOCATION

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building”, is expected to continue up to, and to cease on or about, the last day for lodging applications under the Hong Kong Public Offering.

STRUCTURE OF THE GLOBAL OFFERING

The Offer Price is expected to be fixed by agreement between our Company and the Joint Bookrunners (on behalf of the Underwriters) on the Price Determination Date, which is expected to be on or about Wednesday, September 11, 2013 and in any event no later than Sunday, September 15, 2013.

The Offer Price will not be more than HK\$3.15 per Offer Share and is expected to be not less than HK\$3.00 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

The Joint Bookrunners (on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with our consent, reduce the number of Offer Shares and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause there to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the website of our Company (ir.tenwow.com.hk) and the website of the Stock Exchange (www.hkexnews.hk) notices of the reduction. Upon issue of such a notice, the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by our Company and the Joint Bookrunners (on behalf of the Underwriters), will be fixed within such revised Offer Price range. Applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the indicative Offer Price range may not be made until the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of any such reduction. In the absence of any such notice so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon between our Company and the Joint Bookrunners (on behalf of the Underwriters), will under no circumstances be set outside the Offer Price range stated in this prospectus.

In the event of a reduction in the number of Offer Shares, the Joint Bookrunners may, at their discretion, reallocate the number of Offer Shares to be offered in the Hong Kong Public Offering and the International Offering, provided that the number of Offer Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares available under the Global Offering. The Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Offering may, in certain circumstances, be reallocated between these offerings at the discretion of the Joint Bookrunners.

The final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of and results of allocations of Offer

STRUCTURE OF THE GLOBAL OFFERING

Shares under the Hong Kong Public Offering are expected to be announced on Monday, September 16, 2013 in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the website of our Company (ir.tenwow.com.hk) and the website of the Stock Exchange (www.hkexnews.hk).

HONG KONG UNDERWRITING AGREEMENT

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to our Company and the Joint Bookrunners (on behalf of the Underwriters) agreeing on the Offer Price.

We expect to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date.

The underwriting arrangements under the Hong Kong Underwriting Agreement and the International Underwriting Agreement are summarized in the section “Underwriting”.

CONDITIONS OF THE GLOBAL OFFERING

Acceptances of all applications for Offer Shares will be conditional on:

- (a) the Listing Committee granting listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including pursuant to the exercise of the Over-allotment Option) and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;
- (b) the Offer Price having been duly agreed between our Company and the Joint Bookrunners (on behalf of the Underwriters) on the Price Determination Date;
- (c) the execution and delivery of the International Underwriting Agreement on the Price Determination Date; and
- (d) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements, in each case on or before the dates and times specified in the Hong Kong Underwriting Agreement or the International Underwriting Agreement (unless and to the extent such conditions are validly waived on or before such dates and times).

If, for any reason, the Offer Price is not agreed between our Company and the Joint Bookrunners (on behalf of the Underwriters) on or before Sunday, September 15, 2013, the Global Offering will not proceed and will lapse.

STRUCTURE OF THE GLOBAL OFFERING

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section “How to Apply for Hong Kong Offer Shares — Dispatch/Collection of Share Certificates and Refund Monies”. In the meantime, all application monies will be held in (a) separate bank account(s) with the receiving bankers or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

Share certificates issued in respect of the Hong Kong Offer Shares will only become valid at 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional in all respects (including the Underwriting Agreements not having been terminated in accordance with their terms) at any time prior to 8:00 a.m. on the Listing Date.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including pursuant to the exercise of the Over-allotment Option).

No part of our Company’s share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to deal is being or proposed to be sought in the near future.

SHARES WILL BE ELIGIBLE FOR CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

STRUCTURE OF THE GLOBAL OFFERING

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Tuesday, September 17, 2013, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Tuesday, September 17, 2013. Our Shares will be traded in board lots of 1,000 Shares and the stock code of our Shares is 1219.

HOW TO APPLY FOR HONG KONG OFFER SHARES

1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Offer Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **White Form eIPO** at www.eipo.com.hk; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application. The Company, the Joint Bookrunners, the White Form eIPO Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **White Form eIPO** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' name. If you are a body corporate, the application form must be signed by a duly authorized officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Joint Bookrunners may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

HOW TO APPLY FOR HONG KONG OFFER SHARES

The number of joint applicants may not exceed four and they may not apply by means of **White Form eIPO** for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of Shares in the Company and/or any its subsidiaries;
- a Director or chief executive officer of the Company and/or any of its subsidiaries;
- a connected person of the Company or will become a connected person of the Company immediately upon completion of the Global Offering;
- an associate of any of the above; and
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

3. APPLYING FOR HONG KONG OFFER SHARES

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **www.eipo.com.hk**.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and this prospectus during normal business hours from 9:00 a.m. on Thursday, September 5, 2013 until 12:00 noon on Tuesday, September 10, 2013 from:

(1) the following address of the Joint Bookrunners:

**Deutsche Bank AG,
Hong Kong Branch**
52/F, International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

**The Hongkong and Shanghai
Banking Corporation Limited**
1 Queen's Road Central
Hong Kong

**China International
Capital Corporation
Hong Kong
Securities Limited**
29/F, One International
Finance Centre
1 Harbour View Street
Central
Hong Kong

HOW TO APPLY FOR HONG KONG OFFER SHARES

(2) the following branches of the receiving banks:

The Hongkong and Shanghai Banking Corporation Limited

	Branch Name	Address
Hong Kong Island	Hong Kong Office	Level 3, 1 Queen's Road Central
	North Point Branch	G/F, Winner House, 306-316 King's Road, North Point
	Hopewell Centre Branch	Shop 2A, 2/F, Hopewell Centre, 183 Queen's Road East, Wan Chai
Kowloon	Mong Kok Branch	Basement & U/G, 673 Nathan Road, Mong Kok
	Tsim Sha Tsui Branch	Basement & 1/F, 82-84 Nathan Road, Tsim Sha Tsui
New Territories	Kwai Hing Branch	Shop 2, 3/F, Sun Kwai Hing Plaza, 166-174 Hing Fong Road, Kwai Chung
	Shatin Plaza Branch	Shop 49, Level 1, Shatin Plaza, 21-27 Sha Tin Centre Street, Sha Tin

Bank of Communications Co., Ltd. Hong Kong Branch

	Branch Name	Address
Hong Kong Island	Hong Kong Branch	20 Pedder Street, Central
	Quarry Bay Sub-Branch	G/F., 981C, King's Road, Quarry Bay
Kowloon	Cheung Sha Wan Plaza Sub-Branch	Unit G04, Cheung Sha Wan Plaza, 833 Cheung Sha Wan Road
	Kwun Tong Sub-Branch	Shop A, G/F., Hong Ning Court, 55 Hong Ning Road, Kwun Tong
New Territories	Sha Tsui Road Sub-Branch	122-124 Sha Tsui Road, Tsuen Wan

You can collect a **YELLOW** Application Form and this prospectus during normal business hours from 9:00 a.m. on Thursday, September 5, 2013 until 12:00 noon on Tuesday, September 10, 2013 from:

- the Depository Counter of HKSCC at 2nd Floor, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong; or
- your stockbroker.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "**HSBC Nominees (Hong Kong) Limited - Tenwow Public Offer**" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving banks listed above, at the following times:

Thursday, September 5, 2013 — 9:00 a.m. to 4:30 p.m.

Friday, September 6, 2013 — 9:00 a.m. to 4:30 p.m.

Saturday, September 7, 2013 — 9:00 a.m. to 1:00 p.m.

Monday, September 9, 2013 — 9:00 a.m. to 4:30 p.m.

Tuesday, September 10, 2013 — 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Tuesday, September 10, 2013, the last application day or such later time as described in "Effect of Bad Weather on the Opening of the Applications Lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **White Form eIPO** service, among other things, you:

- (i) undertake to execute all relevant documents and instruct and authorize the Company and/or the Joint Bookrunners (or their agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (ii) agree to comply with the Companies Ordinance and the Articles of Association;
- (iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;
- (iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;
- (v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (vi) agree that none of the Company, the Joint Bookrunners, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering nor participated in the International Offering;
- (viii) agree to disclose to the Company, our Hong Kong Share Registrar, receiving banks, the Joint Bookrunners, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- (ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of the Company, the Joint Bookrunners and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;
- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) authorize the Company to place your name(s) or the name of the HKSCC Nominees, on the Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and the Company and/or its agents to send any share certificate(s) and/or any e-Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the share certificate(s) and/or refund cheque(s) in person;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xvii) understand that the Company and the Joint Bookrunners will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through the White Form eIPO Service by you or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that
 - (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and
 - (ii) you have due authority to sign the Application Form or give electronic application instructions on behalf of that other person as their agent.

Additional Instructions for Yellow Application Form

You may refer to the Yellow Application Form for details.

5. APPLYING THROUGH WHITE FORM eIPO SERVICE

General

Individuals who meet the criteria in “Who can apply” section may apply through the **White Form eIPO** service for the Offer Shares to be allotted and registered in their own names through the designated website at www.eipo.com.hk.

Detailed instructions for application through the **White Form eIPO** service are on the designated website at www.eipo.com.hk. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website at www.eipo.com.hk, you authorize the White Form eIPO Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

Time for Submitting Application under the White Form eIPO Service

You may submit your application through the White Form eIPO Service at www.eipo.com.hk from 9:00 a.m. on Thursday, September 5, 2013 until 11:30 a.m. on Tuesday, September 10, 2013 (24 hours daily, except on the last application day) and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Tuesday, September 10, 2013, or such later time under the “Effects of Bad Weather on the Opening of the Applications Lists” in this section.

HOW TO APPLY FOR HONG KONG OFFER SHARES

No Multiple Applications

If you apply by means of **White Form eIPO**, once you complete payment in respect of any electronic application instruction given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made.

For the avoidance of doubt, giving an electronic application instruction under **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies Ordinance (as applied by Section 342E of the Companies Ordinance).

Environmental Protection

The obvious advantage of **White Form eIPO** is to save the use of papers via the self-serviced electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **White Form eIPO** Service Provider, will contribute HK\$2 per each “**TENWOW INTERNATIONAL HOLDINGS LIMITED**” **White Form eIPO** application submitted via www.eipo.com.hk to support the funding of “Source of DongJiang — Hong Kong Forest” project initiated by Friends of the Earth (HK).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If you are a **CCASS Investor Participant**, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre
2/F, Infinitus Plaza
199 Des Voeux Road Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are **not a CCASS Investor Participant**, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Joint Bookrunners and our Hong Kong Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given electronic application instructions to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
- (ii) HKSCC Nominees will do the following things on your behalf:
 - agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
 - agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;
 - undertake and confirm that that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- declare that only one set of **electronic application instructions** has been given for your benefit;
- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorized to give those instructions as agent;
- confirm that you understand that the Company, the Directors and the Joint Bookrunners will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;
- authorize the Company to place HKSCC Nominees' name on the Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- confirm that you have received and/or read a copy of this prospectus and have replied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- agree that none of the Company, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Joint Sponsors, the Underwriters, our and their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agrees to disclose your personal data to the Company, our Hong Kong Share Registrar, receiving banks, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Joint Sponsors, the Underwriters and any of our and their respective advisers and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees's application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day

HOW TO APPLY FOR HONG KONG OFFER SHARES

which is a Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the Company's announcement of the Hong Kong Public Offering results;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Offer Shares;
- agree with the Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Hong Kong Companies Ordinance and the Articles of Association; and
- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and

HOW TO APPLY FOR HONG KONG OFFER SHARES

- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 1,000 Hong Kong Offer Shares. Instructions for more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input electronic application instructions at the following times on the following dates:

Thursday, September 5, 2013 — 9:00 a.m. to 8:30 p.m.⁽¹⁾
Friday, September 6, 2013 — 8:00 a.m. to 8:30 p.m.⁽¹⁾
Saturday, September 7, 2013 — 8:00 a.m. to 1:00 p.m.⁽¹⁾
Monday, September 9, 2013 — 8:00 a.m. to 8:30 p.m.⁽¹⁾
Tuesday, September 10, 2013 — 8:00 a.m.⁽¹⁾ to 12:00 noon

Note:

- (1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input electronic application instructions from 9:00 a.m. on Thursday, September 5 until 12:00 noon on Tuesday, September 10, 2013 (24 hours daily, except on the last application day).

The latest time for inputting your electronic application instructions will be 12:00 noon on Tuesday, September 10, 2013, the last application day or such later time as described in “Effect of Bad Weather on the Opening of the Application Lists” in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any electronic application instructions to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Section 40 of the Companies Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies Ordinance (as applied by Section 342E of the Companies Ordinance).

Personal Data

The section of the Application Form headed “Personal Data” applies to any personal data held by the Company, the Hong Kong Share Registrar, the receiving bankers, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Manager, the Joint Sponsors, the Underwriters and any of our and their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7, WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the White Form eIPO service is also only a facility provided by the White Form eIPO Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. The Company, the Directors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Joint Sponsors and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **White Form eIPO** service will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System or the CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form or (ii) go to HKSCC’s Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Tuesday, September 10, 2013 or such later time under the “Effects of Bad Weather on the Opening of the Applications Lists” below.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked “For nominees” you must include:

- an account number; or

HOW TO APPLY FOR HONG KONG OFFER SHARES

- some other identification code

for **each** beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on one **WHITE** or **YELLOW** Application Form (whether individually or jointly) or by giving **electronic application instructions** to HKSCC or through **White Form eIPO** service, is made for your **benefit** (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

“**Unlisted company**” means a company with no equity securities listed on the Stock Exchange.

“**Statutory control**” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **White Form eIPO** service in respect of a minimum of 1,000 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at **www.eipo.com.hk**.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section “Structure of the Global Offering Pricing and Allocation”.

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on September 10, 2013. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Tuesday, September 10, 2013 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section “Expected Timetable”, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

The Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Monday, September 16, 2013 in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) on the Company’s website at ir.tenwow.com.hk and the website of the Stock Exchange at www.hkexnews.hk.

The results of allocations and the Hong Kong Identity Card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on the Company’s website at ir.tenwow.com.hk and the Stock Exchange’s website at www.hkexnews.hk by no later than 9:00 a.m. on Monday, September 16, 2013;
- from the designated results of allocations website at www.iporeresults.com.hk with a “search by ID” function on a 24-hour basis from 8:00 a.m. on Monday, September 16, 2013 to 12:00 midnight on Sunday, September 22, 2013;
- by telephone enquiry line by calling (852) 2862 8669 between 9:00 a.m. and 10:00 p.m. from Monday, September 16, 2013 to Thursday, September 19, 2013;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- in the special allocation results booklets which will be available for inspection during opening hours from Monday, September 16, 2013 to Wednesday, September 18, 2013 at all the receiving bank branches and sub-branches.

If the Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section “Structure of the Global Offering”.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions to HKSCC or through the White Form eIPO service**, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong.) This agreement will take effect as a collateral contract with the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies Ordinance (as applied by Section 342E of the Companies Ordinance) gives a public notice under that section which excludes or limits that person’s responsibility for this prospectus.

If any supplement to this prospectus is issued, applicant(s) who have already submitted an application will be notified that they are required to confirm their applications. If applicant(s) have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the announcement of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

HOW TO APPLY FOR HONG KONG OFFER SHARES

(ii) If the Company or its agents exercise their discretion to reject your application:

We, the Joint Bookrunners, the White Form eIPO Service Provider and our or their respective agents or nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant approval for the listing of, and permission to deal in the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies the Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying, have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your electronic application instructions through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website at www.eipo.com.hk;
- your payment is not made correctly or you pay by cheque or banker's cashier order paid by you is dishonored upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- we and the Joint Bookrunners believe that by accepting your application, we would violate the applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the 50,000,000 Hong Kong Offer Shares initially offered under the Hong Kong Public Offering;

HOW TO APPLY FOR HONG KONG OFFER SHARES

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK\$3.15 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with the section “Structure of the Global Offering — Conditions of the Hong Kong Public Offering” or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded without interest of the cheque or banker’s cashier order will not be cleared.

Any refund of your application monies will be made on September 16, 2013.

14. DISPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application.

If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- Share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, share certificate(s) will be deposited into CCASS as described below); and
- refund cheque(s) crossed “Account Payee Only” in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/ or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and Stock Exchange trading fee, but without interest).

Part of the Hong Kong Identity Card number/passport number, provided by you or, the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong Identity Card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong Identity Card number/passport number may invalidate or delay encashment of your refund cheque(s).

HOW TO APPLY FOR HONG KONG OFFER SHARES

Subject to arrangement on dispatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or around Monday, September 16, 2013. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on September 17, 2013 provided that the Global Offering has become unconditional and the right of termination described in the "Underwriting" section has not been exercised. Investors who trade shares prior to the receipt of share certificates or the share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) (where applicable) and/or Share certificate(s) (where applicable) from the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Monday, September 16, 2013, or any other place or date notified by our Company in the newspapers as the place or date of dispatch/collection of Share certificates/e-Refund payment instructions/refund cheques.

If you are an individual who is eligible for personal collection, you must not authorize any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to Computershare Hong Kong Investor Services Limited.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be dispatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) and/or share certificates will be sent to the address on the relevant Application Form on Monday, September 16, 2013 by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Monday, September 16, 2013 by ordinary post and at your own risk.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS participant's stock account as stated in your Application Form on Monday, September 16, 2013 or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- **If you apply through a designated CCASS Participant (other than a CCASS Investor Participant)**

For Hong Kong Offer Shares credited to your designated CCASS Participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allotted to you with that CCASS Participant.

- **If you apply as a CCASS Investor Participant**

The Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering on Monday, September 16, 2013 in the manner as described in the section "— Publication of Results" above. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, September 16, 2013 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and the CCASS Internet System.

(iii) If you apply through the White Form eIPO service

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your share certificate(s) (where applicable) in person from the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Monday, September 16, 2013, or any other date as notified by our Company in the newspapers as the date of dispatch/collection of share certificates/e-Refund payment instructions/refund cheques.

If you do not collect your share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Monday, September 16, 2013, by ordinary post and at your own risk.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If you apply through the **White Form eIPO** service and paid the application monies from a single bank account, refund monies (if any) will be dispatched to the your application payment bank account in the form of e-Refund payment instructions. If you apply through **White Form eIPO** service and paid the application monies from multiple bank accounts, refund monies (if any) will be dispatched to the address as specified in your **White Form eIPO** application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) If you apply via Electronic Application Instructions to HKSCC

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives electronic application instructions or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Monday, September 16, 2013, or, on any other date determined by HKSCC or HKSCC Nominees.
- We expect to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, we will include information relating to the relevant beneficial owner), your Hong Kong Identity Card number/passport/Hong Kong business registration number or other identification code (Hong Kong Business Registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in "Publication of Results" above on Monday, September 16, 2013. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, September 16, 2013 or such other date as determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give electronic application instructions on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Monday, September 16, 2013. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of the refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

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- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Monday, September 16, 2013.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangements as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Joint Sponsors pursuant to the requirements of Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the Hong Kong Institute of Certified Public Accountants.



羅兵咸永道

5 September 2013

The Directors
Tenwow International Holdings Limited

Deutsche Securities Asia Limited
HSBC Corporate Finance (Hong Kong) Limited

Dear Sirs,

We report on the financial information of Tenwow International Holdings Limited (the "Company") and its subsidiaries (together, the "Group"), which comprises the consolidated balance sheets as at 31 December 2010, 2011 and 2012 and 30 June 2013, the balance sheets of the Company as at 31 December 2011 and 2012 and 30 June 2013, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements for each of the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2013 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory information. This financial information has been prepared by the directors of the Company and is set out in section I to III below for inclusion in Appendix I to the prospectus of the Company dated 5 September 2013 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

The Company was incorporated in the Cayman Islands on 25 August 2011 as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands. Pursuant to a group reorganisation as described in Note 1.2 of Section II headed "Reorganisation" below, which was completed on 24 May 2012, the Company became the holding company of the subsidiaries now comprising the Group (the "Reorganisation").

As at the date of this report, the Company has direct and indirect interests in the subsidiaries as set out in Note 36 of Section II below. All of these companies are private companies or, if incorporated or established outside Hong Kong, have substantially the same characteristics as a Hong Kong incorporated private company.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

No audited financial statements have been prepared by the Company as it has not involved in any significant business transactions since its date of incorporation, other than the Reorganisation. The audited financial statements of other companies comprising the Group as at the date of this report for which there are statutory audit requirements have been prepared in accordance with the relevant accounting principles generally accepted in their place of incorporation. The details of the statutory auditors of these companies are set out in Note 36 of Section II.

The directors of the Company have prepared the consolidated financial statements of the Company and its subsidiaries comprising the Group for the Relevant Periods, in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) (the “Underlying Financial Statements”). The directors of the Company are responsible for the preparation of the Underlying Financial Statements that gives a true and fair view in accordance with HKFRS. We have audited the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing (the “HKSA”) issued by the HKICPA pursuant to separate terms of engagement with the Company.

The financial information has been prepared based on the Underlying Financial Statements, with no adjustment made thereon.

Directors’ Responsibility for the Financial Information

The directors of the Company are responsible for the preparation of the financial information that gives a true and fair view in accordance with HKFRS, and for such internal control as the directors determine is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

Reporting Accountant’s Responsibility

Our responsibility is to express an opinion on the financial information and to report our opinion to you. We carried out our procedures in accordance with the Auditing Guideline 3.340 “Prospectuses and the Reporting Accountant” issued by the HKICPA.

Opinion

In our opinion, the financial information gives, for the purpose of this report, a true and fair view of the state of affairs of the Company as at 31 December 2011, 2012 and 30 June 2013, and of the consolidated state of affairs of the Group as at 31 December 2010, 2011 and 2012 and 30 June 2013, and of the Group’s consolidated results and cash flows for the Relevant Periods then ended.

Review of Stub Period Comparative Financial Information

We have reviewed the stub period comparative financial information set out in Sections I to II below included in Appendix I to the Prospectus which comprises the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the six months ended 30 June 2012 and a summary of significant accounting policies and other explanatory information (the “Stub Period Comparative Financial Information”).

The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the accounting policies set out in Note 2 of Section II below.

Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of the Stub Period Comparative Financial Information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with HKSA and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purpose of this report, has not been prepared, in all material respects, in accordance with the accounting policies set out in Note 2 of Section II below.

I FINANCIAL INFORMATION OF THE GROUP

The following is the financial information of the Group prepared by the directors of the Company as at 31 December 2010, 2011 and 2012 and 30 June 2013 and for each of the years ended 31 December 2010, 2011 and 2012 and each of the six months ended 30 June 2012 and 2013 (the "Financial Information").

(a) Consolidated Balance Sheets

	Note	As at 31 December			As at 30 June
		2010	2011	2012	2013
		RMB'000	RMB'000	RMB'000	RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment . . .	6	381,431	484,897	501,842	510,701
Land use rights	7	74,141	73,107	75,446	74,583
Intangible assets	8	8,918	8,552	8,843	9,068
Investments in associates	10	2,077	25,568	26,625	27,145
Investments in a jointly controlled entity	11	299,923	320,398	340,177	351,570
Deferred income tax assets	22	5,362	9,925	10,940	9,890
		<u>771,852</u>	<u>922,447</u>	<u>963,873</u>	<u>982,957</u>
Current assets					
Inventories	13	502,990	446,321	622,991	570,603
Trade and other receivables	14	1,034,861	1,254,984	1,460,219	1,177,667
Restricted cash	15	117,840	124,525	98,685	132,934
Cash and cash equivalents	15	95,987	82,649	187,886	300,485
		<u>1,751,678</u>	<u>1,908,479</u>	<u>2,369,781</u>	<u>2,181,689</u>
Total assets		<u>2,523,530</u>	<u>2,830,926</u>	<u>3,333,654</u>	<u>3,164,646</u>
EQUITY					
Share capital	16	—	—	8	8
Share premium	16	—	—	189,534	189,534
Other reserves	18	121,789	137,437	165,045	163,229
Retained earnings	17	296,960	442,159	526,345	463,564
		<u>418,749</u>	<u>579,596</u>	<u>880,932</u>	<u>816,335</u>
Non-controlling interests		<u>73,872</u>	<u>79,379</u>	<u>43,054</u>	<u>38,262</u>
Total equity		<u>492,621</u>	<u>658,975</u>	<u>923,986</u>	<u>854,597</u>

	Note	As at 31 December			As at
		2010	2011	2012	30 June
		RMB'000	RMB'000	RMB'000	2013
				RMB'000	
LIABILITIES					
Non-current liabilities					
Borrowings	21	60,000	98,250	97,700	97,650
Deferred income tax liabilities . . .	22	12,292	20,494	14,481	14,481
Deferred income on government grants	19	20,939	26,963	27,657	25,789
		<u>93,231</u>	<u>145,707</u>	<u>139,838</u>	<u>137,920</u>
Current liabilities					
Trade and other payables	20	1,367,234	1,372,333	1,316,165	924,188
Current income tax liabilities		25,896	42,197	51,685	28,997
Borrowings	21	543,235	609,289	898,990	1,215,954
Current portion of deferred income on government grants . .	19	1,313	2,425	2,990	2,990
		<u>1,937,678</u>	<u>2,026,244</u>	<u>2,269,830</u>	<u>2,172,129</u>
Total liabilities		<u>2,030,909</u>	<u>2,171,951</u>	<u>2,409,668</u>	<u>2,310,049</u>
Total equity and liabilities		<u>2,523,530</u>	<u>2,830,926</u>	<u>3,333,654</u>	<u>3,164,646</u>
Net current assets/(liabilities) . .		<u>(186,000)</u>	<u>(117,765)</u>	<u>99,951</u>	<u>9,560</u>
Total assets less current liabilities		<u>585,852</u>	<u>804,682</u>	<u>1,063,824</u>	<u>992,517</u>

(b) Balance Sheets

	Note	As at 31 December		As at 30 June
		2011	2012	2013
		RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets				
Investments in a subsidiary	9	—	572,312	572,312
Loan to a subsidiary	9	—	180,000	180,000
		—	752,312	752,312
Current assets				
Loan to a subsidiary	9	—	8,534	5,209
Other receivables	14	—	3,411	12,012
Cash and cash equivalents	15	—	159	156
		—	12,104	17,377
Total assets		—	764,416	769,689
EQUITY				
Share capital	16	—	8	8
Share premium	16	—	189,534	189,534
Other reserves	18	—	571,312	567,984
Accumulated losses	17	—	(4,702)	(13,538)
Total equity		—	756,152	743,988
Current liabilities				
Amount due to subsidiaries	9	—	8,264	25,701
Total liabilities		—	8,264	25,701
Total equity and liabilities		—	764,416	769,689
Net current assets/(liabilities)		—	3,840	(8,324)
Total assets less current liabilities		—	756,152	743,988

(c) Consolidated Statements of Comprehensive Income

	Note	Year ended 31 December			Six months ended 30 June	
		2010	2011	2012	2012	2013
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Revenue	5	3,785,853	3,790,323	4,252,081	1,902,154	2,302,719
Cost of sales	25	(3,439,350)	(3,328,699)	(3,708,888)	(1,693,944)	(1,991,560)
Gross profit		346,503	461,624	543,193	208,210	311,159
Distribution costs	25	(96,236)	(133,239)	(121,635)	(54,698)	(87,226)
Administrative expenses	25	(69,032)	(79,948)	(93,815)	(47,889)	(63,973)
Other income — net	24	26,628	10,016	9,550	3,189	4,907
Other losses	23	(14,438)	(103)	(2,817)	(548)	(1,442)
Operating profit		193,425	258,350	334,476	108,264	163,425
Finance income		6,272	6,274	7,655	2,361	2,885
Finance costs		(31,676)	(48,017)	(67,374)	(31,117)	(41,845)
Finance costs — net	27	(25,404)	(41,743)	(59,719)	(28,756)	(38,960)
Share of (loss)/profit of associates	10	(3)	93	1,057	495	520
Share of profit of a jointly controlled entity	28	15,612	19,826	25,613	7,852	6,914
Profit before income tax		183,630	236,526	301,427	87,855	131,899
Income tax expense	29	(49,564)	(62,610)	(71,082)	(22,066)	(34,599)
Profit for the year/period		134,066	173,916	230,345	65,789	97,300
Other comprehensive income						
— Currency translation differences		(4,988)	3,077	(3,112)	(1,415)	(1,816)
Total comprehensive income for the year/period		129,078	176,993	227,233	64,374	95,484
Total profit attributable to:						
Equity holders of the Company		121,997	157,242	220,758	62,190	94,219
Non-controlling interests		12,069	16,674	9,587	3,599	3,081
		134,066	173,916	230,345	65,789	97,300
Total comprehensive income attributable to:						
Equity holders of the Company		117,009	160,319	217,646	60,775	92,403
Non-controlling interests		12,069	16,674	9,587	3,599	3,081
		129,078	176,993	227,233	64,374	95,484
Earnings per share for profit attributable to equity holders of the Company						
— Basic and diluted earnings per share (expressed in RMB per share)	30	1,302	1,678	2,267	657	942
Dividends	31	—	—	114,240	114,240	157,000

Note: The earnings per share as presented above has not taken into account the proposed capitalisation issue pursuant to the shareholder's resolution dated 19 August 2013 (Note 38(b)) because the proposed capitalisation issue has not become effective as at date of this report.

(d) Consolidated Statements of Changes in Equity

	Attributable to equity holders of the Company						Total Equity
	Share capital	Share premium	Other reserves	Retained earnings	Total	Non- controlling interests	
	RMB'000 (Note 16)	RMB'000 (Note 16)	RMB'000 (Note 18)	RMB'000 (Note 17)	RMB'000	RMB'000	
Balance at 1 January 2010 . . .	—	—	116,422	185,318	301,740	69,757	371,497
Comprehensive income							
Profit for the year.	—	—	—	121,997	121,997	12,069	134,066
Currency translation differences	—	—	(4,988)	—	(4,988)	—	(4,988)
Total comprehensive income. .	—	—	(4,988)	121,997	117,009	12,069	129,078
Transactions with owners							
Dividends	—	—	—	—	—	(9,554)	(9,554)
Contributions by non-controlling interests . . .	—	—	—	—	—	1,600	1,600
Total transactions with owners.	—	—	—	—	—	(7,954)	(7,954)
Appropriation to statutory reserve.	—	—	10,355	(10,355)	—	—	—
Balance at 31 December 2010.	—	—	121,789	296,960	418,749	73,872	492,621
Balance at 1 January 2011. . . .	—	—	121,789	296,960	418,749	73,872	492,621
Comprehensive income							
Profit for the year.	—	—	—	157,242	157,242	16,674	173,916
Currency translation differences	—	—	3,077	—	3,077	—	3,077
Total comprehensive income. .	—	—	3,077	157,242	160,319	16,674	176,993
Transactions with owners							
Dividends	—	—	—	—	—	(13,387)	(13,387)
Acquisition of non-controlling interests	—	—	528	—	528	(1,780)	(1,252)
Contributions by non-controlling interests . . .	—	—	—	—	—	4,000	4,000
Total transactions with owners.	—	—	528	—	528	(11,167)	(10,639)
Appropriation to statutory reserve.	—	—	12,043	(12,043)	—	—	—
Balance at 31 December 2011.	—	—	137,437	442,159	579,596	79,379	658,975

	Attributable to equity holders of the Company						Total Equity
	Share capital	Share premium	Other reserves	Retained earnings	Total	Non- controlling interests	
	RMB'000 (Note 16)	RMB'000 (Note 16)	RMB'000 (Note 18)	RMB'000 (Note 17)	RMB'000	RMB'000	
Balance at 1 January 2012 . . .	—	—	137,437	442,159	579,596	79,379	658,975
Comprehensive income							
Profit for the year.	—	—	—	220,758	220,758	9,587	230,345
Currency translation differences	—	—	(3,112)	—	(3,112)	—	(3,112)
Total comprehensive income. .	—	—	(3,112)	220,758	217,646	9,587	227,233
Transactions with owners							
Issuance of new shares.	8	189,534	—	—	189,542	—	189,542
Dividends	—	—	—	(114,240)	(114,240)	(9,651)	(123,891)
Acquisition of non-controlling interests	—	—	8,388	—	8,388	(32,610)	(24,222)
Dissolution of a subsidiary . . .	—	—	—	—	—	(3,651)	(3,651)
Total transactions with owners.	8	189,534	8,388	(114,240)	83,690	(45,912)	37,778
Appropriation to statutory reserve.	—	—	22,332	(22,332)	—	—	—
Balance at 31 December 2012.	<u>8</u>	<u>189,534</u>	<u>165,045</u>	<u>526,345</u>	<u>880,932</u>	<u>43,054</u>	<u>923,986</u>
Balance at 1 January 2013 . . .	8	189,534	165,045	526,345	880,932	43,054	923,986
Comprehensive income							
Profit for the period	—	—	—	94,219	94,219	3,081	97,300
Currency translation differences	—	—	(1,816)	—	(1,816)	—	(1,816)
Total comprehensive income. .	—	—	(1,816)	94,219	92,403	3,081	95,484
Transactions with owners							
Dividends	—	—	—	(157,000)	(157,000)	(7,873)	(164,873)
Balance at 30 June 2013	<u>8</u>	<u>189,534</u>	<u>163,229</u>	<u>463,564</u>	<u>816,335</u>	<u>38,262</u>	<u>854,597</u>

	Attributable to equity holders of the Company						
	Share capital	Share premium	Other reserves	Retained earnings	Total	Non-controlling interests	Total Equity
	RMB'000 (Note 16)	RMB'000 (Note 16)	RMB'000 (Note 18)	RMB'000 (Note 17)	RMB'000	RMB'000	RMB'000
(Unaudited)							
Balance at 1 January 2012 . . .	—	—	137,437	442,159	579,596	79,379	658,975
Comprehensive income							
Profit for the period	—	—	—	62,190	62,190	3,599	65,789
Currency translation differences	—	—	(1,415)	—	(1,415)	—	(1,415)
Total comprehensive income.	—	—	(1,415)	62,190	60,775	3,599	64,374
Transactions with owners							
Issuance of new shares.	8	189,534	—	—	189,542	—	189,542
Dividends	—	—	—	(114,240)	(114,240)	(9,651)	(123,891)
Acquisition of non-controlling interests	—	—	8,388	—	8,388	(32,610)	(24,222)
Total transactions with owners.	8	189,534	8,388	(114,240)	83,690	(42,261)	41,429
Balance at 30 June 2012	8	189,534	144,410	390,109	724,061	40,717	764,778

(e) Consolidated Cash Flow Statements

	Note	Year ended 31 December			Six months ended 30 June	
		2010	2011	2012	2012	2013
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Cash flows from operating activities						
Cash generated from /(used in) operations	32	210,959	114,264	(95,087)	98,789	152,157
Interest received		4,533	4,401	5,324	1,848	1,793
Income tax paid		(35,319)	(43,852)	(68,622)	(52,323)	(56,237)
Net cash inflow/(outflow) from operating activities . . .		<u>180,173</u>	<u>74,813</u>	<u>(158,385)</u>	<u>48,314</u>	<u>97,713</u>
Cash flows from investing activities						
Investment in a jointly controlled entity		—	(2,700)	—	—	—
Investment in associates		—	(25,475)	—	—	—
Purchase of land use rights . . .		(41,914)	(528)	(4,022)	—	—
Government grants received . .		22,252	9,560	3,060	3,060	—
Purchase of property, plant and equipment		(199,899)	(146,525)	(64,112)	(27,009)	(15,252)
Proceeds from disposal of property, plant and equipment	32	647	1,726	1,593	804	100
Acquisition of intangible assets	8	(109)	(212)	(576)	(398)	(319)
Proceeds from disposal of an associate		—	2,100	—	—	—
(Losses)/proceeds of cash from disposal of subsidiaries	32	(600)	109,356	—	—	—
Payment of cash for dissolution of a subsidiary . . .	32	—	—	(2,454)	—	—
Loans collected from related parties	34(b)(iii)	117,415	765,019	54,866	30,557	7,951
Loans granted to related parties	34(b)(iii)	(141,080)	(776,287)	(3,675)	(3,675)	—
Dividends received		<u>4,289</u>	<u>4,355</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net cash (outflow)/inflow from investing activities . . .		<u>(238,999)</u>	<u>(59,611)</u>	<u>(15,320)</u>	<u>3,339</u>	<u>(7,520)</u>

	Note	Year ended 31 December			Six months ended 30 June	
		2010	2011	2012	2012	2013
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Cash flows from financing activities						
Proceeds from issuance of new shares		—	—	189,542	189,542	—
Payment of share issuance costs		—	—	(7,914)	(876)	(9,705)
Capital contribution from non-controlling interests . . .		1,600	4,000	—	—	—
Proceeds from related parties' borrowings 34(b)(iii)		155,153	393,068	10,000	10,000	—
Repayment of related parties' borrowings 34(b)(iii)		(180,653)	(459,078)	(108,169)	(77,718)	(14,710)
Proceeds from bank borrowings		581,157	725,080	1,020,890	243,290	670,054
Repayment of bank borrowings		(434,321)	(620,776)	(731,739)	(212,549)	(353,140)
Interest paid		(34,414)	(51,659)	(68,511)	(32,590)	(42,179)
Receipts/(payments) of restricted cash		4,140	(6,685)	25,840	(7,099)	(34,249)
Acquisition of non-controlling interests . . .		—	—	(25,422)	(1,200)	—
Dividends paid to the equity holders of the Company . . .		—	—	(13,957)	—	(189,360)
Dividends paid to non-controlling interests . . .		(9,838)	(12,436)	(11,610)	(10,860)	(4,274)
Net cash inflow/(outflow) from financing activities . . .		<u>82,824</u>	<u>(28,486)</u>	<u>278,950</u>	<u>99,940</u>	<u>22,437</u>
Net increase/(decrease) in cash and cash equivalents		23,998	(13,284)	105,245	151,593	112,630
Cash and cash equivalents at beginning of the year/period		72,030	95,987	82,649	82,649	187,886
Effect of foreign exchange rate changes on cash and cash equivalents		(41)	(54)	(8)	16	(31)
Cash and cash equivalents at end of the year/period .	15	<u><u>95,987</u></u>	<u><u>82,649</u></u>	<u><u>187,886</u></u>	<u><u>234,258</u></u>	<u><u>300,485</u></u>

II NOTES TO THE FINANCIAL INFORMATION**1 General information of the Group and reorganisation*****1.1 General information of the Group***

Tenwow International Holdings Limited (the “Company”) was incorporated by Mr Lin Jianhua (the “Controlling Shareholder”) in the Cayman Islands on 25 August 2011 as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands. The address of its registered office is Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands.

The Company, an investment holding company, and its subsidiaries (the “Group”) are principally engaged in the manufacturing, distribution and trading of beverages, food and snacks and others (the “Listing Business”) in the People’s Republic of China (the “PRC”).

1.2 Reorganisation

Prior to the Reorganisation and during the Relevant Periods, the Listing Business was conducted through Nan Pu International Limited (the “Nan Pu International”) which is wholly owned by the Controlling Shareholder.

In preparation of the listing of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “Listing”), the Group underwent the reorganisation (the “Reorganisation”) which principally involved:

- (a) The Company was incorporated on 25 August 2011, and on the date of incorporation, 1 ordinary share was allotted and issued to Reid Services Limited, which was transferred to Zhi Qun Enterprises Limited (the “Zhi Qun”), an entity wholly owned by the Controlling Shareholder on the same day.
- (b) On 25 August 2011, the Company subscribed for 1 ordinary share (being the entire equity interests) in Praise Sheen Limited (the “Praise Sheen”) at par value of USD 1, which was incorporated in BVI on 28 July 2011.
- (c) On 24 May 2012, Praise Sheen acquired the entire equity interests in Nan Pu International from the Controlling Shareholder at a consideration of HK\$253,356,127, which was settled by issue of 99 shares in Praise Sheen to the Company at the direction of Controlling Shareholder.

Upon completion of the Reorganisation, the Company became the holding company of the Group.

The Company’s direct and indirect interests in its subsidiaries as at 31 December 2010, 2011 and 2012 and 30 June 2013 are set out in Note 36.

1.3 Basis of presentation

Immediately prior to and after the Reorganisation, the Listing Business is held by the Controlling Shareholder. The Listing Business is mainly conducted through Nan Pu International which is wholly owned by the Controlling Shareholder. Pursuant to the Reorganisation, Nan Pu International and the Listing Business were transferred to and held by the Company. The Company has not been involved in any other business prior to the Reorganisation and do not meet the definition of a business. The Reorganisation is merely a reorganisation of the Listing Business with no change in management of such business and the ultimate owner of the Listing Business remains the same. Accordingly, the consolidated financial information of the companies comprising the Group is presented using the carrying values of the Listing Business under Nan Pu International for all periods presented.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of the Financial Information are set out below. These policies have been consistently applied to the Relevant Periods.

2.1 Basis of preparation

The financial information of the Company has been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by HKICPA under the historical convention.

The preparation of the financial information in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial information are disclosed in Note 4 below.

Up to the date of issue of this report, the HKICPA has issued following new standards, amendments and interpretations which are relevant to the Group’s operations but are not yet effective for the annual accounting period beginning on 1 January 2013 and which have not been early adopted by the Group:

HKFRS 7&9	Financial instruments:	amendments to HKFRSs 7 and 9 on mandatory effective date of HKFRS 9 and transitional disclosures (effective for the accounting period on or after 1 January 2015)
HKFRS 9	Financial instruments	(effective for the accounting period on or after 1 January 2015)
HKAS 32	Financial instruments:	presentation — offsetting financial assets and financial liabilities (effective for the accounting period on or after 1 January 2014)

The Group is in the process of assessing the impact of these standards, amendments and interpretations on the Financial Information of the Group. The adoption of the above is currently not expected to have a material impact on the Financial Information of the Group other than the disclosure changes.

2.2 *Subsidiaries*

(a) *Consolidation*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Except for the acquisition under common control including reorganisation, the Group applies the acquisition method of accounting for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(i) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions — that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(ii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income (OCI) in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in OCI are reclassified to profit or loss.

(b) *Separate financial statements*

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend and receivable. Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Associated companies and jointly controlled entities

Associated companies are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associated companies are accounted for using the equity method of accounting and are initially recognised at cost.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in OCI are reclassified to profit or loss where appropriate.

Jointly controlled entities are joint ventures that involve the establishment of corporation in which the Group and other ventures have their respective interests. The jointly controlled entities operate in the same way as other entities, except that a contractual agreement between the Group and other ventures established joint control and none of the participating parties has unilateral control over the economic activity of the jointly controlled entities.

The Group's share of its associated companies and jointly controlled entities' post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in OCI is recognised in OCI. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company and jointly controlled entity equals or exceeds its interest in the associated company and jointly controlled entity, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company and jointly controlled entity.

Unrealised gains on transactions between the Group and its associated companies and jointly controlled entities are eliminated to the extent of the Group's interest in the associated companies and jointly controlled entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associated companies and jointly controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associated companies and jointly controlled entities are recognised in the statement of comprehensive income.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors that makes strategic decisions.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Financial Information are presented in RMB, which is the Group's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statements of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statements of comprehensive income within "finance income or cost". All other foreign exchange gains and losses are presented in the consolidated statements of comprehensive income within "other gains/(losses) — net".

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in OCI.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gains or loss. Translation differences on non-monetary financial assets such as equities classified as available for sale are included in OCI.

(c) *Group companies*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rates on the dates the transactions); and
- (iii) all resulting exchange differences are recognised in OCI.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, are taken to OCI. When a foreign operation is partially disposed of or sold, corresponding exchange differences that are recorded in OCI are recognised in the consolidated statements of comprehensive income as part of the gains or losses on sale.

2.6 *Property, plant and equipment*

Construction-in-progress (the “CIP”) represents buildings, plant and machinery under construction or pending installation and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction and acquisition and capitalised borrowing costs. No depreciation is made on CIP until such time as the relevant assets are completed and ready for intended use. When the assets concerned are available for use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated below.

Property, plant and equipment include buildings, machinery and equipment, vehicles and other equipments. All property, plant and equipment is stated at historical cost less depreciation and impairment (if any). Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statements of comprehensive income during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

— Buildings	16-30 years
— Machinery and equipment	5-10 years
— Vehicles	3-10 years
— Other equipments	2-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other gains/(losses) — net" in the consolidated statements of comprehensive income.

2.7 Land use rights

All land in Mainland China is state-owned or collectively-owned and no individual land ownership right exists. The Group acquired the rights to use certain land. The premiums paid for such right are treated as prepayment for operating lease and recorded as land use rights, which are amortised over the lease periods of 20 to 50 years using the straight-line method.

2.8 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) *Computer software*

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software. The cost are amortised over their estimated useful lives of 10 years.

(c) *Trademark*

Separately acquired trademark is shown at historical cost. Trademark has finite useful lives and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademark over their estimated useful lives of 5-10 years.

2.9 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of an impairment at each reporting date.

2.10 Financial assets

(a) *Classification*

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to maturity investments and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Financial assets held by the Group are loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables", "cash and cash equivalents" and "restricted cash" in the balance sheet.

(b) *Recognition and measurement*

Regular purchases and sales of financial assets are recognised on the trade-date the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortised cost using the effective interest method.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statements of comprehensive income.

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost 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). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.12 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services provided in the ordinary course of business. If collection of trade and other receivables is expected within one year, they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.13 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

2.14 Restricted cash

Restricted cash represents amounts held by banks, which are not available for the Group's use, as securities for issuance of letters of credit and bank acceptance notes.

2.15 Share capital

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities.

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.

Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to owners of the company until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

2.16 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.17 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statements of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.18 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.19 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statements of comprehensive income, except to the extent that it relates to items recognised directly in equity. In this case, the tax is recognised in equity.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the group companies operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

(i) Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor

taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(ii) *Outside basis differences*

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(c) *Offsetting*

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.20 *Employee benefits*

(a) *Pension obligations*

The Group entities in Mainland China participate in defined contribution retirement benefit plans organised by relevant government authorities for its employees in Mainland China and contribute to these plans based on certain percentage of the salaries of the employees on a monthly basis, up to a maximum fixed monetary amount, as stipulated by the relevant government authorities. The government authorities undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans.

The Group has no further obligation for post-retirement benefits beyond the contributions made.

(b) *Housing benefits*

Employees of the Group entities in Mainland China are entitled to participate in government-sponsored housing funds. The Group contributes to these funds based on certain percentages of the salaries of the employees on a monthly basis, up to a maximum fixed monetary

amount, as stipulated by the relevant government authorities. The Group's liability in respect of these funds is limited to the contribution payable in each period. Contributions to the funds are expensed as incurred.

2.21 Financial guarantee liabilities

Financial guarantee liabilities are recognised in respect of the financial guarantee provided by the Group to the borrowings to the related parties and third parties.

Financial guarantee liabilities are recognised initially at fair value plus transaction costs that are directly attributable to the issue of the financial guarantee liabilities. After initial recognition, such contracts are measured at the higher of the present value of the best estimate of the expenditure required to settle the present obligation and the amount initially recognised less cumulative amortisation.

Financial guarantee liabilities are derecognised from the balance sheet when, and only when, the obligation specified in the contract is discharged or cancelled or expired.

2.22 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.23 Revenue recognition

Revenue comprises the fair value of the consideration received or receivables for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

- (i) Revenue from the sales of goods is recognised when the risk and reward of the goods has been transferred to the customer, which is usually at the date when a group entity has delivered products to the customer and the customer has accepted the products, the collectability of the related receivables is reasonably assumed and there is no unfulfilled obligation that could affect the customer's acceptance of the products.
- (ii) Rental income from properties is recognised on a straight-line basis over the periods of the respective leases.
- (iii) Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.
- (iv) Dividend income is recognised when the right to receive payment is established.

2.24 Government grants

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

Government grants relating to costs are deferred and recognised in the consolidated statements of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

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

2.25 Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statements of comprehensive income on a straight-line basis over the period of the lease.

2.26 Dividend distribution

Dividend distribution to the Company's shareholder is recognised as a liability in the Financial Information in the period in which the dividends are approved by the Company's shareholder or directors where appropriate.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) *Market risk*

(i) Foreign exchange risk

The Group mainly operates in the PRC with most of the transactions denominated and settled in RMB. However, the Group has certain trade receivables, cash and cash equivalents, trade payables and borrowings denominated in HKD and USD, which is exposed to foreign currency translation risk. Details of the Group's trade and other receivables, cash and cash equivalents, trade and other payables, borrowings are disclosed in Notes 14, 15, 20 and 21 of this section respectively.

During the Relevant Periods, the Group has not hedged its foreign exchange risk because the exposure, after netting off the assets and liabilities subject to foreign exchange risk is not significant.

(ii) Cash flow and fair value interest rate risk

Except for cash and cash equivalent and restricted cash, the Group has no other significant interest-bearing assets. The Group's income and operating cash flows are substantially independent of changes in market interest rates. Management does not anticipate significant impact on interest-bearing assets resulted from the changes in interest rates because the interest rates of cash and cash equivalent and restricted cash are not expected to change significantly.

The Group's interest-rate risk mainly arises from borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest-rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest-rate risk. The Group does not hedge its cash flow and fair value interest rate risk. The interest rates and terms of repayments of borrowings are disclosed in Note 21.

At 31 December 2010, 2011 and 2012 and 30 June 2013, if interest rates on bank borrowings had been 10% higher/lower with all other variables held constant, the net profit for the year/period would have been approximately RMB2,496,000, RMB3,948,000 and RMB4,589,000 and RMB3,139,000 lower/higher respectively (for the six months ended 30 June 2012 (unaudited): RMB2,337,000), as a result of higher/lower interest expenses on floating rate borrowings.

(b) *Credit risk*

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalent, restricted cash, trade and other receivables, as well as credit exposures to customers, including outstanding receivables and committed transactions. Certain Group's sales are settled in cash or by its customers on delivery of goods. Credit sales are made only to selected customers with good credit history. The Group has policies in place to ensure that trade receivables are followed up on a timely basis.

As at 31 December 2010, 2011 and 2012 and 30 June 2013, trade receivables of RMB271,131,000, RMB273,898,000 and RMB368,399,000 and RMB172,795,000 respectively was due from Nan Pu Food, a jointly controlled entity of the Group. Nan Pu Food has a history of making profits and the directors of the Group assessed there is no credit risk in relation to the trade receivables from Nan Pu Food.

Other than the receivables from Nan Pu Food, the Group has no significant concentration risk. The carrying amounts of cash and cash equivalent, restricted cash, trade and other receivables included in the consolidated financial statements represent the Group's maximum exposure to credit risk in relation to its financial assets.

At 31 December 2010, 2011 and 2012 and 30 June 2013, all cash and cash equivalent and restricted cash were placed in highly reputable and sizable banks and financial institutions without significant credit risk.

(c) *Liquidity risk*

Cash flow is managed at group level by head office finance department ("Group Finance"). Group Finance monitors the Group's liquidity requirements to ensure that it has sufficient cash to meet operational needs at all times and does not breach borrowing limits or covenants on any of its borrowing facilities. Group Finance usually takes into consideration the Group's debt financing plans, covenant compliance and compliance with internal balance sheet ratio targets.

Group Finance mainly invests surplus cash in time deposits, with appropriate maturities.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	<u>Within 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Total</u>
	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2010				
Borrowings	543,235	—	60,000	603,235
Interest payments on borrowings . . .	19,605	4,174	6,436	30,215
Trade and other payables	1,294,676	—	—	1,294,676
Financial guarantee (Note 37)	55,000	—	—	55,000
	<u>1,912,516</u>	<u>4,174</u>	<u>66,436</u>	<u>1,983,126</u>
As at 31 December 2011				
Borrowings	609,289	600	97,650	707,539
Interest payments on borrowings . . .	33,035	7,332	4,202	44,569
Trade and other payables	1,276,862	—	—	1,276,862
Financial guarantee (Note 37)	58,000	—	—	58,000
	<u>1,977,186</u>	<u>7,932</u>	<u>101,852</u>	<u>2,086,970</u>
As at 31 December 2012				
Borrowings	898,990	59,550	38,150	996,690
Interest payments on borrowings . . .	42,107	4,775	257	47,139
Trade and other payables	1,226,434	—	—	1,226,434
Financial guarantee (Note 37)	50,000	—	—	50,000
	<u>2,217,531</u>	<u>64,325</u>	<u>38,407</u>	<u>2,320,263</u>
As at 30 June 2013				
Borrowings	1,215,954	97,650	—	1,313,604
Interest payments on borrowings . . .	38,127	4,911	—	43,038
Trade and other payables	838,605	—	—	838,605
Financial guarantee (Note 37)	50,000	—	—	50,000
	<u>2,142,686</u>	<u>102,561</u>	<u>—</u>	<u>2,245,247</u>

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for equity holders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to equity holder, return capital to equity holders or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total bank borrowings (including "current and non-current borrowings" as shown in the consolidated balance sheet) less cash and cash equivalents and restricted cash. Total capital is calculated as "equity" as shown in the consolidated balance sheet plus net debt.

	As at 31 December			As at
	2010	2011	2012	30 June
	RMB'000	RMB'000	RMB'000	RMB'000
Total bank borrowings (Note 21)	603,235	707,539	996,690	1,313,604
Less: Cash and cash equivalents (Note 15(b))	(95,987)	(82,649)	(187,886)	(300,485)
Restricted cash (Note 15(a)).	(117,840)	(124,525)	(98,685)	(132,934)
Net debt	389,408	500,365	710,119	880,185
Total equity	492,621	658,975	923,986	854,597
Total capital	882,029	1,159,340	1,634,105	1,734,782
Gearing ratio	44%	43%	43%	51%

3.3 Fair value estimation

The carrying amount of the Group's financial assets, including trade and other receivables, cash and cash equivalents, restricted cash, financial liabilities including trade and other payables and current borrowings, are assumed to approximate their fair values due to their short-term maturities. The carrying values less any estimated credit adjustments for financial assets with a maturity of less than one year are a reasonable approximation of their fair values.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) *Useful lives of property, plant and equipment*

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(ii) *Impairment of property, plant and equipment*

Property, plant and equipment and land use rights are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or market valuations. These calculations require the use of judgements and estimates.

Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset value may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell or net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value in the impairment test and as a result affect the Group's financial condition and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the consolidated statements of comprehensive income.

(iii) *Estimated write-downs of inventories*

The Group writes down inventories to net realisable value based on an assessment of the realisability of inventories. Write-downs on inventories are recorded where events or changes in circumstances that the balances may not be realised. The identification of write-downs requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact carrying values of inventories and write-downs of inventories in the period in which such estimate has been changed.

(iv) *Impairment of trade and other receivables*

The Group's management estimates the provision of impairment of trade and other receivables by assessing their recoverability. Provisions are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible and require the use of estimates. Where the expectation is different from the original estimate, such difference will impact carrying value of trade and other receivable and impairment charge in the period in which such estimate has been changed.

(v) *Current tax and deferred tax*

The Group is subject to income taxes in the PRC and in Hong Kong. Significant judgement is required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and provisions in the period in which such determination is made.

Deferred income tax assets and liabilities are determined using tax rates that are expected to apply when the related deferred income tax assets are realised or the deferred income tax liabilities are settled. The expected applicable tax rate is determined based on the enacted tax laws and regulations and the actual situation of the Group. The management of the Group will revise the expectation where the intending tax rate is different from the original expectation.

5 Segment information

The chief operating decision-maker has been identified as the Executive Directors. The Executive Directors review the Group's internal reports in order to assess performance and allocate resources. Management has determined the operating segments based on the internal reports provided for review by the Executive Directors. The Executive Directors consider the performance of the Group from a product perspective. The Executive Directors assess the performance of the operating segments based on a measure of gross profit for the Relevant Periods which is consistent with that in the consolidated financial statements.

The Group's operations are mainly organised under the following business segments: own brand products and third party brand products and each have the segment of non-alcoholic beverages, alcoholic beverages, food and snacks, others.

The amounts provided to Executive Directors with represent to total assets, total liabilities and capital expenditure are measured in a manner consistent with that of consolidated financial statements. Executive Directors review the total assets, total liabilities and capital expenditure at Group level, therefore no segment information of total assets, total liabilities and capital expenditure information was presented.

In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary and only reporting format.

(a) *Turnover*

The Group's revenue which represents turnover for the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2012 and 2013 is as follows:

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
— Own Brand Products					
Non-alcoholic beverages . .	101,186	192,943	256,286	133,188	199,089
Alcoholic beverages	137,588	152,932	334,929	172,575	138,397
Food and snacks	564,031	665,473	571,218	212,452	319,140
Others	55,986	42,124	37,496	12,795	18,011
	<u>858,791</u>	<u>1,053,472</u>	<u>1,199,929</u>	<u>531,010</u>	<u>674,637</u>
— Third Party Brand Products					
Non-alcoholic beverages . .	122,432	43,595	44,498	13,337	28,604
Alcoholic beverages	2,272,258	2,101,363	2,169,940	1,023,564	1,148,688
Food and snacks	493,514	585,119	775,941	317,604	415,157
Others	38,858	6,774	61,773	16,639	35,633
	<u>2,927,062</u>	<u>2,736,851</u>	<u>3,052,152</u>	<u>1,371,144</u>	<u>1,628,082</u>
Total	<u><u>3,785,853</u></u>	<u><u>3,790,323</u></u>	<u><u>4,252,081</u></u>	<u><u>1,902,154</u></u>	<u><u>2,302,719</u></u>

(b) *Segment information*

The segment information for the year ended 31 December 2010 is as follows:

	Own Brand Products					Third Party Brand Products					Total
	Non-alcoholic beverages	Alcoholic beverages	Food and snacks	Others	Sub-total	Non-alcoholic beverages	Alcoholic beverages	Food and snacks	Others	Sub-total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Segment sales	<u>101,186</u>	<u>137,588</u>	<u>564,031</u>	<u>55,986</u>	<u>858,791</u>	<u>122,432</u>	<u>2,272,258</u>	<u>493,514</u>	<u>38,858</u>	<u>2,927,062</u>	<u>3,785,853</u>
Segment cost of sales.	<u>73,647</u>	<u>121,302</u>	<u>433,954</u>	<u>43,969</u>	<u>672,872</u>	<u>110,879</u>	<u>2,152,190</u>	<u>465,388</u>	<u>38,021</u>	<u>2,766,478</u>	<u>3,439,350</u>
Segment gross profit	<u>27,539</u>	<u>16,286</u>	<u>130,077</u>	<u>12,017</u>	<u>185,919</u>	<u>11,553</u>	<u>120,068</u>	<u>28,126</u>	<u>837</u>	<u>160,584</u>	<u>346,503</u>

The segment information for the year ended 31 December 2011 is as follows:

	Own Brand Products					Third Party Brand Products					Total
	Non-alcoholic beverages	Alcoholic beverages	Food and snacks	Others	Sub-total	Non-alcoholic beverages	Alcoholic beverages	Food and snacks	Others	Sub-total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Segment sales	192,943	152,932	665,473	42,124	1,053,472	43,595	2,101,363	585,119	6,774	2,736,851	3,790,323
Segment cost of sales.	153,213	128,296	512,353	33,778	827,640	38,327	1,915,682	541,324	5,726	2,501,059	3,328,699
Segment gross profit .	39,730	24,636	153,120	8,346	225,832	5,268	185,681	43,795	1,048	235,792	461,624

The segment information for the year ended 31 December 2012 is as follows:

	Own Brand Products					Third Party Brand Products					Total
	Non-alcoholic beverages	Alcoholic beverages	Food and snacks	Others	Sub-total	Non-alcoholic beverages	Alcoholic beverages	Food and snacks	Others	Sub-total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Segment sales	256,286	334,929	571,218	37,496	1,199,929	44,498	2,169,940	775,941	61,773	3,052,152	4,252,081
Segment cost of sales.	202,764	283,135	411,221	28,917	926,037	39,249	1,957,939	731,056	54,607	2,782,851	3,708,888
Segment gross profit .	53,522	51,794	159,997	8,579	273,892	5,249	212,001	44,885	7,166	269,301	543,193

The segment information for the six months ended 30 June 2013 is as follows:

	Own Brand Products					Third Party Brand Products					Total
	Non-alcoholic beverages	Alcoholic beverages	Food and snacks	Others	Sub-total	Non-alcoholic beverages	Alcoholic beverages	Food and snacks	Others	Sub-total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Segment sales	199,089	138,397	319,140	18,011	674,637	28,604	1,148,688	415,157	35,633	1,628,082	2,302,719
Segment cost of sales.	147,070	114,083	229,377	14,955	505,485	26,438	1,037,618	387,937	34,082	1,486,075	1,991,560
Segment gross profit .	52,019	24,314	89,763	3,056	169,152	2,166	111,070	27,220	1,551	142,007	311,159

The segment information for the six months ended 30 June 2012 is as follows:

	Own Brand Products					Third Party Brand Products					Total
	Non-alcoholic beverages	Alcoholic beverages	Food and snacks	Others	Sub-total	Non-alcoholic beverages	Alcoholic beverages	Food and snacks	Others	Sub-total	
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	
Segment sales	133,188	172,575	212,452	12,795	531,010	13,337	1,023,564	317,604	16,639	1,371,144	1,902,154
Segment cost of sales	101,756	147,697	169,600	9,689	428,742	13,031	954,317	284,047	13,807	1,265,202	1,693,944
Segment gross profit	31,432	24,878	42,852	3,106	102,268	306	69,247	33,557	2,832	105,942	208,210

Operating segments results are reconciled to profit before income tax as follows:

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Segment gross profit	346,503	461,624	543,193	208,210	311,159
Distribution costs	(96,236)	(133,239)	(121,635)	(54,698)	(87,226)
Administrative expenses	(69,032)	(79,948)	(93,815)	(47,889)	(63,973)
Other income	26,628	10,016	9,550	3,189	4,907
Other losses	(14,438)	(103)	(2,817)	(548)	(1,442)
Operating profit	193,425	258,350	334,476	108,264	163,425
Finance income	6,272	6,274	7,655	2,361	2,885
Finance costs	(31,676)	(48,017)	(67,374)	(31,117)	(41,845)
Finance costs — net	(25,404)	(41,743)	(59,719)	(28,756)	(38,960)
Share of (loss)/profit of associates	(3)	93	1,057	495	520
Share of profit of a jointly controlled entity	15,612	19,826	25,613	7,852	6,914
Profit before income tax	183,630	236,526	301,427	87,855	131,899

Most of the Group companies are domiciled in the PRC and majority of the non-current assets are located in the PRC. The revenue from external customers in the PRC accounted for more than 98% of the Group's total revenue.

During the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2013, revenue derived from Nan Pu Food (Group) Co., Ltd. (the "Nan Pu Food"), a jointly controlled entity of the Group, amounted for 44.8%, 33.3% and 31.4% and 27.1% (for the six months ended 30 June 2012 (unaudited): 29.1%) of the Group's revenue respectively.

6 Property, plant and equipment — Group

	Buildings	Machinery and equipment	Vehicles	Other equipments	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2010						
Cost	314,408	72,682	23,205	15,943	20,378	446,616
Accumulated depreciation.	(52,096)	(19,049)	(11,193)	(7,669)	—	(90,007)
Net book amount	<u>262,312</u>	<u>53,633</u>	<u>12,012</u>	<u>8,274</u>	<u>20,378</u>	<u>356,609</u>
Year ended 31 December 2010						
Opening net book amount.	262,312	53,633	12,012	8,274	20,378	356,609
Additions	17,223	5,667	10,928	4,717	135,383	173,918
Disposal of a subsidiary	(113,369)	(2,345)	(757)	(1,393)	(19)	(117,883)
Transfer	61,804	1,948	25	236	(64,013)	—
Disposals (Note 32)	—	(231)	(304)	(87)	—	(622)
Depreciation (Note 32)	(16,129)	(6,642)	(4,264)	(3,503)	—	(30,538)
Exchange difference	(44)	—	—	(9)	—	(53)
Closing net book amount	<u>211,797</u>	<u>52,030</u>	<u>17,640</u>	<u>8,235</u>	<u>91,729</u>	<u>381,431</u>
At 31 December 2010						
Cost	253,875	73,515	29,602	18,668	91,729	467,389
Accumulated depreciation.	(42,078)	(21,485)	(11,962)	(10,433)	—	(85,958)
Net book amount	<u>211,797</u>	<u>52,030</u>	<u>17,640</u>	<u>8,235</u>	<u>91,729</u>	<u>381,431</u>
Year ended 31 December 2011						
Opening net book amount.	211,797	52,030	17,640	8,235	91,729	381,431
Additions	7,938	20,297	5,809	6,612	103,494	144,150
Disposal of a subsidiary	—	(2,736)	(997)	(1,648)	—	(5,381)
Transfer	92,246	43,460	544	5,111	(141,361)	—
Disposals (Note 32)	(377)	(22)	(2,145)	(8)	—	(2,552)
Depreciation (Note 32)	(14,715)	(7,848)	(4,964)	(5,171)	—	(32,698)
Exchange difference	(53)	—	—	—	—	(53)
Closing net book amount	<u>296,836</u>	<u>105,181</u>	<u>15,887</u>	<u>13,131</u>	<u>53,862</u>	<u>484,897</u>
At 31 December 2011						
Cost	353,458	132,923	31,676	23,836	53,862	595,755
Accumulated depreciation.	(56,622)	(27,742)	(15,789)	(10,705)	—	(110,858)
Net book amount	<u>296,836</u>	<u>105,181</u>	<u>15,887</u>	<u>13,131</u>	<u>53,862</u>	<u>484,897</u>

	Buildings	Machinery and equipment	Vehicles	Other equipments	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2012						
Opening net book amount.	296,836	105,181	15,887	13,131	53,862	484,897
Additions	1,412	13,164	4,980	4,384	34,838	58,778
Transfer	51,510	21,439	—	4,346	(77,295)	—
Disposals (Note 32)	(29)	(1,294)	(155)	(81)	—	(1,559)
Depreciation (Note 32)	(14,869)	(15,202)	(4,668)	(5,535)	—	(40,274)
Closing net book amount	<u>334,860</u>	<u>123,288</u>	<u>16,044</u>	<u>16,245</u>	<u>11,405</u>	<u>501,842</u>
As 31 December 2012						
Cost	406,131	165,518	35,324	32,250	11,405	650,628
Accumulated depreciation.	(71,271)	(42,230)	(19,280)	(16,005)	—	(148,786)
Net book amount	<u>334,860</u>	<u>123,288</u>	<u>16,044</u>	<u>16,245</u>	<u>11,405</u>	<u>501,842</u>
Six months ended 30 June 2013						
Opening net book amount.	334,860	123,288	16,044	16,245	11,405	501,842
Additions	290	6,468	1,013	2,707	23,539	34,017
Transfer	24,522	1,665	—	—	(26,187)	—
Disposals (Note 32)	(9)	(12)	(96)	(2)	—	(119)
Depreciation (Note 32)	(9,419)	(9,902)	(2,414)	(3,283)	—	(25,018)
Exchange difference	(13)	—	—	(8)	—	(21)
Closing net book amount	<u>350,231</u>	<u>121,507</u>	<u>14,547</u>	<u>15,659</u>	<u>8,757</u>	<u>510,701</u>
As 30 June 2013						
Cost	430,758	173,500	35,012	34,942	8,757	682,969
Accumulated depreciation.	(80,527)	(51,993)	(20,465)	(19,283)	—	(172,268)
Net book amount	<u>350,231</u>	<u>121,507</u>	<u>14,547</u>	<u>15,659</u>	<u>8,757</u>	<u>510,701</u>

	Buildings	Machinery and equipment	Vehicles	Other equipments	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(Unaudited)						
Six months ended						
30 June 2012						
Opening net book amount.	296,836	105,181	15,887	13,131	53,862	484,897
Additions	1,304	4,294	2,934	2,866	16,125	27,523
Transfer	29,117	5	—	350	(29,472)	—
Disposals (Note 32)	—	(709)	(66)	(19)	—	(794)
Depreciation (Note 32)	(8,727)	(5,744)	(2,389)	(2,721)	—	(19,581)
Closing net book amount	<u>318,530</u>	<u>103,027</u>	<u>16,366</u>	<u>13,607</u>	<u>40,515</u>	<u>492,045</u>
As 30 June 2012						
Cost	383,879	136,328	34,328	26,865	40,515	621,915
Accumulated depreciation.	(65,349)	(33,301)	(17,962)	(13,258)	—	(129,870)
Net book amount	<u>318,530</u>	<u>103,027</u>	<u>16,366</u>	<u>13,607</u>	<u>40,515</u>	<u>492,045</u>

- (a) Depreciation expense has been charged to the consolidated statements of comprehensive income as follows:

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost of sales	20,692	19,778	25,360	10,403	15,600
Administrative expenses	8,367	11,787	14,813	9,166	9,271
Distribution costs	1,479	1,133	101	12	147
	<u>30,538</u>	<u>32,698</u>	<u>40,274</u>	<u>19,581</u>	<u>25,018</u>

- (b) The net book amount of buildings pledged as collateral of the Group's borrowings (Note 21) as of respective balance sheet dates were as follows:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Buildings	<u>124,458</u>	<u>162,712</u>	<u>227,162</u>	<u>216,070</u>

7 Land use rights — Group

Land use rights represent the net book amount of prepaid operating lease payments. All the land use rights of the Group are located in the PRC and are held on leases from 20 to 50 years.

Movements in land use rights are as follows:

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Opening	43,880	74,141	73,107	73,107	75,446
Additions	41,914	528	4,022	—	—
Disposal of a subsidiary	(10,481)	—	—	—	—
Amortisation charge (Note 32) . .	(1,172)	(1,562)	(1,683)	(823)	(863)
	<u>74,141</u>	<u>73,107</u>	<u>75,446</u>	<u>72,284</u>	<u>74,583</u>

- (a) Amortisation expense has been charged to “cost of sales” in the consolidated statements of comprehensive income.

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Cost of sales	<u>1,172</u>	<u>1,562</u>	<u>1,683</u>	<u>823</u>	<u>863</u>

- (b) The net book amount of land use rights pledged as collateral of the Group's borrowings (Note 21) as of respective balance sheet dates were as follows:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Land use rights	<u>16,209</u>	<u>23,918</u>	<u>19,613</u>	<u>19,385</u>

As at 31 December 2010, 2011 and 2012 and 30 June 2013, the Group is still in the process of renewing certificates for certain land use rights with net book value amounting to RMB3,654,000, RMB3,485,000, RMB1,466,000 and RMB1,407,000 respectively. The Group might incur certain obligations in connection with such application of land use right certificates, while since the amount of the obligation cannot be measured with sufficient reliability, this obligation has been disclosed as contingent liabilities in Note 35.

8 Intangible assets — Group

	Goodwill	Trademark	Software	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2010				
Cost	7,913	763	404	9,080
Accumulated amortisation	—	(45)	(57)	(102)
Net book amount	<u>7,913</u>	<u>718</u>	<u>347</u>	<u>8,978</u>
Year ended 31 December 2010				
Opening net book amount	7,913	718	347	8,978
Additions	—	60	49	109
Amortisation charge (Note 32)	—	(97)	(72)	(169)
Closing net book amount	<u>7,913</u>	<u>681</u>	<u>324</u>	<u>8,918</u>
At 31 December 2010				
Cost	7,913	823	453	9,189
Accumulated amortisation	—	(142)	(129)	(271)
Net book amount	<u>7,913</u>	<u>681</u>	<u>324</u>	<u>8,918</u>
Year ended 31 December 2011				
Opening net book amount	7,913	681	324	8,918
Additions	—	179	33	212
Disposal of a subsidiary	—	(1)	(314)	(315)
Amortisation charge (Note 32)	—	(220)	(43)	(263)
Closing net book amount	<u>7,913</u>	<u>639</u>	<u>—</u>	<u>8,552</u>
At 31 December 2011				
Cost	7,913	1,001	—	8,914
Accumulated amortisation	—	(362)	—	(362)
Net book amount	<u>7,913</u>	<u>639</u>	<u>—</u>	<u>8,552</u>
Year ended 31 December 2012				
Opening net book amount	7,913	639	—	8,552
Additions	—	360	216	576
Amortisation charge (Note 32)	—	(260)	(25)	(285)
Closing net book amount	<u>7,913</u>	<u>739</u>	<u>191</u>	<u>8,843</u>
At 31 December 2012				
Cost	7,913	1,361	216	9,490
Accumulated amortisation	—	(622)	(25)	(647)
Net book amount	<u>7,913</u>	<u>739</u>	<u>191</u>	<u>8,843</u>

	Goodwill	Trademark	Software	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Six months ended 30 June 2013				
Opening net book amount	7,913	739	191	8,843
Additions	—	—	319	319
Amortisation charge (Note 32)	—	(64)	(30)	(94)
Closing net book amount	<u>7,913</u>	<u>675</u>	<u>480</u>	<u>9,068</u>
At 30 June 2013				
Cost	7,913	1,361	535	9,809
Accumulated amortisation	—	(686)	(55)	(741)
Net book amount	<u>7,913</u>	<u>675</u>	<u>480</u>	<u>9,068</u>
(Unaudited)				
Six months ended 30 June 2012				
Opening net book amount	7,913	639	—	8,552
Additions	—	360	38	398
Amortisation charge (Note 32)	—	(153)	(1)	(154)
Closing net book amount	<u>7,913</u>	<u>846</u>	<u>37</u>	<u>8,796</u>
At 30 June 2012				
Cost	7,913	1,361	38	9,312
Accumulated amortisation	—	(515)	(1)	(516)
Net book amount	<u>7,913</u>	<u>846</u>	<u>37</u>	<u>8,796</u>

Amortisation expense has been charged to the consolidated statements of comprehensive income as follows:

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Administrative expenses	97	220	285	154	94
Distribution cost	<u>72</u>	<u>43</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>169</u>	<u>263</u>	<u>285</u>	<u>154</u>	<u>94</u>

The goodwill is monitored by the management at cash generating units ("CGU") level. The following is a summary of goodwill allocation for each operating segment:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Shanghai Chuanxiang Flavouring and Food Co., Ltd.	4,500	4,500	4,500	4,500
Shanghai Royal Winery Co., Ltd.	3,413	3,413	3,413	3,413
	<u>7,913</u>	<u>7,913</u>	<u>7,913</u>	<u>7,913</u>

For the purposes of impairment test, goodwill has been allocated to the smallest individual of CGU identified. The recoverable amount of a CGU is determined based on value-in-use calculations. The calculation uses cash flow projections based on financial budget made by the Directors, with reference to the prevailing market conditions, covering a period of three years and assuming sales growth rate of 5% and gross profit margins of 25%. The cash flows beyond the three years period are assumed to keep stable. The cash flow projections are discounted at a pre-tax discount rate of 12% per annum.

Based on management's assessment, there was no impairment of goodwill as at 31 December 2010, 2011 and 2012 and 30 June 2013.

9 Investments in and loan to a subsidiary and amount due to subsidiaries — Company

(a) Investment in a subsidiary

	As at	As at
	31 December 2012	30 June 2013
	RMB'000	RMB'000
Investment, at cost.	<u>572,312</u>	<u>572,312</u>

As at 31 December 2012 and 30 June 2013, investment in subsidiary represents 100% interests in Praise Sheen. On 24 May 2012, as part of the Reorganisation, the entire equity interests of Nan Pu International was transferred by the Controlling Shareholder to the Company through Praise Sheen (Note 1.2). The investment in subsidiary was stated at the then carrying value of Praise Sheen's consolidated net assets.

(b) Loan to a subsidiary

As at 31 December 2012 and 30 June 2013, loan to a subsidiary is unsecured, interest free, denominated in US dollar, with no fixed repayment date.

(c) Amount due to subsidiaries

As at 31 December 2012 and 30 June 2013, amount due to subsidiaries represents the payable for the expenses paid by subsidiaries on behalf of the Company.

10 Investments in associates — Group

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January	2,080	2,077	25,568	25,568	26,625
Addition (i)	—	25,475	—	—	—
Disposal	—	(2,077)	—	—	—
Share of (loss)/profit	(3)	93	1,057	495	520
At 31 December/30 June.	<u>2,077</u>	<u>25,568</u>	<u>26,625</u>	<u>26,063</u>	<u>27,145</u>

(i) The addition in 2011 represents investments of RMB24,500,000 and RMB975,000, made into two newly set up entities, namely Putian Rural Microfinance Co., Ltd. and Shanghai Daoxiangcun Co., Ltd. and representing equity interests of 24.5% and 39% respectively.

The Group's share of the result of its associates, and the aggregated assets and liabilities, are as follows:

Name	% interest held	Assets	Liabilities	Revenue	Profit/(Loss)
		RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2010					
Shanghai Huanglongtai Tea Co., Ltd.	42%	<u>2,851</u>	<u>(774)</u>	<u>3,151</u>	<u>(3)</u>
Year ended 31 December 2011					
Putian Rural Microfinance Co., Ltd.	24.5%	24,826	(233)	408	93
Shanghai Daoxiangcun Co., Ltd.	39%	975	—	—	—
		<u>25,801</u>	<u>(233)</u>	<u>408</u>	<u>93</u>

Name	% interest held	Assets	Liabilities	Revenue	Profit/(Loss)
		RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2012					
Putian Rural Microfinance Co., Ltd..	24.5%	25,746	(146)	1,361	1,007
Shanghai Daoxiangcun Co., Ltd. . . .	39%	1,159	(134)	1,202	50
		<u>26,905</u>	<u>(280)</u>	<u>2,563</u>	<u>1,057</u>
Six months ended 30 June 2013					
Putian Rural Microfinance Co., Ltd..	24.5%	26,412	(294)	847	518
Shanghai Daoxiangcun Co., Ltd. . . .	39%	1,241	(214)	418	2
		<u>27,653</u>	<u>(508)</u>	<u>1,265</u>	<u>520</u>
(Unaudited)					
Six months ended 30 June 2012					
Putian Rural Microfinance Co., Ltd..	24.5%	25,121	(33)	584	495
Shanghai Daoxiangcun Co., Ltd. . . .	39%	975	—	—	—
		<u>26,096</u>	<u>(33)</u>	<u>584</u>	<u>495</u>

11 Investments in a jointly controlled entity — Group

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
At 1 January	280,215	299,923	320,398	320,398	340,177
Increase in investment	—	2,700	—	—	—
Share of profit (Note 28)	19,428	22,516	25,451	5,937	5,427
Movement of elimination of unrealised profits for sales to Nan Pu Food from the Group .	4,569	(4,688)	(913)	615	5,966
Dividend declared	(4,289)	—	(4,759)	—	—
Other equity movement.	—	(53)	—	—	—
At 31 December/30 June.	<u>299,923</u>	<u>320,398</u>	<u>340,177</u>	<u>326,950</u>	<u>351,570</u>

The Group's share of the results of its jointly controlled entity, and the aggregated assets and liabilities, are as follows:

	<u>% interest held</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Revenue</u>	<u>Profit</u>
		RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2010					
Nan Pu Food	51%	<u>1,579,124</u>	<u>(1,279,201)</u>	<u>2,791,145</u>	<u>19,428</u>
Year ended 31 December 2011					
Nan Pu Food	51%	<u>1,859,367</u>	<u>(1,538,969)</u>	<u>2,995,642</u>	<u>22,516</u>
Year ended 31 December 2012					
Nan Pu Food	51%	<u>2,304,090</u>	<u>(1,963,913)</u>	<u>3,071,705</u>	<u>25,451</u>
Six months ended 30 June 2013					
Nan Pu Food	51%	<u>2,088,948</u>	<u>(1,737,378)</u>	<u>1,512,967</u>	<u>5,427</u>
(Unaudited)					
Six months ended 30 June 2012					
Nan Pu Food	51%	<u>1,881,989</u>	<u>(1,555,039)</u>	<u>1,358,192</u>	<u>5,937</u>

As at 31 December 2010, 2011 and 2012 and 30 June 2013, investments in a jointly controlled entity represented the investment in Nan Pu Food, in which the Company held 51% shares. Under articles of association of Nan Pu Food, the Board of Nan Pu Food is the highest authority and decision-making body, which was composed of 7 directors, of which 3 or 4 directors were appointed by the Company during the Relevant Periods. All strategic financial and operation decision relating to the activities of Nan Pu Food require the approvals of two thirds or more of the directors and the Group shared control of Nan Pu Food with other joint venture party.

12 Financial instruments by category — Group

	<u>As at 31 December</u>			<u>As at 30 June</u>
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
	RMB'000	RMB'000	RMB'000	RMB'000
Assets as per consolidated balance sheet				
Trade and bill receivables (Note 14)	688,007	968,160	1,200,524	925,479
Other receivables (Note 14)	232,968	124,519	33,272	43,327
Cash and cash equivalents (Note 15)	95,987	82,649	187,886	300,485
Restricted cash (Note 15)	117,840	124,525	98,685	132,934
	<u>1,134,802</u>	<u>1,299,853</u>	<u>1,520,367</u>	<u>1,402,225</u>
Liabilities as per consolidated balance sheet				
Trade and other payables (Note 20)	1,294,676	1,276,862	1,226,434	838,605
Borrowings (Note 21)	603,235	707,539	996,690	1,313,604
	<u>1,897,911</u>	<u>1,984,401</u>	<u>2,223,124</u>	<u>2,152,209</u>

As at 31 December 2010, 2011 and 2012 and 30 June 2013, financial assets held by the Group represent loans and receivables, and financial liabilities held by the Group represent the financial liabilities at amortised costs.

13 Inventories — Group

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials and packaging materials	91,716	91,306	103,120	77,127
Work in progress	7,430	13,375	13,218	8,773
Finished goods	<u>404,039</u>	<u>341,640</u>	<u>507,128</u>	<u>485,067</u>
	503,185	446,321	623,466	570,967
Less: inventory provision	<u>(195)</u>	<u>—</u>	<u>(475)</u>	<u>(364)</u>
	<u>502,990</u>	<u>446,321</u>	<u>622,991</u>	<u>570,603</u>

Inventory provision of RMB475,000 was recognised for the year ended 31 December 2012, and inventory provision of RMB195,000 and RMB111,000 was reversed for the year ended 31 December 2011 and six months ended 30 June 2013 respectively in accordance with management's assessment, which have been included in "cost of sales" in the consolidated statements of comprehensive income.

The cost of inventory recognised as 'cost of sales' amounting to approximately RMB3,379,223,000, RMB3,249,608,000, RMB3,601,033,000 and RMB1,923,445,000 for the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2013 (for the six months ended 30 June 2012 (unaudited): RMB1,648,421,000) respectively (Note 25).

14 Trade and other receivables — Group and Company

	Group			
	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bill receivables (a)				
— due from third parties	415,359	695,351	832,633	745,985
— due from related parties (Note 34(c)(i)).	272,935	273,909	368,408	180,661
Less: provision for impairment of trade receivables	(287)	(1,100)	(517)	(1,167)
Trade and bills receivables — net	688,007	968,160	1,200,524	925,479
Prepayment for procurement of inventories .	109,531	162,305	223,020	196,857
Dividend receivables	4,355	—	—	—
Deferred expenses (b)	—	—	3,403	12,004
Other receivables:	232,968	124,519	33,272	43,327
— Loans to related parties (Note 34(b)(iii) & Note 34(c))	47,874	59,142	7,951	—
— Other amounts due from related parties (Note 34(c))	99,575	—	385	1,436
— Amounts due from third parties	58,540	32,663	—	—
— Others	27,056	32,846	25,073	42,062
Less: provision for impairment of other receivables	(77)	(132)	(137)	(171)
	346,854	286,824	259,695	252,188
	1,034,861	1,254,984	1,460,219	1,177,667

	Company		
	As at 31 December		As at 30 June
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Other receivables due from Zhi Qun	—	8	8
Deferred expenses (b)	—	3,403	12,004
	—	3,411	12,012

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above.

(a) Trade and bill receivables

The majority of the Group's sales are on open account with credit terms ranging from 1 month to 3 months. As at 31 December 2010, 2011 and 2012 and 30 June 2013, the ageing analysis of the trade and bills receivables based on invoice date was as follows:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Within 3 months	664,179	948,298	1,123,242	867,467
3 to 6 months	15,024	12,774	60,416	54,520
6 to 12 months	7,400	6,683	10,872	3,420
Over 12 months.	<u>1,691</u>	<u>1,505</u>	<u>6,511</u>	<u>1,239</u>
	<u>688,294</u>	<u>969,260</u>	<u>1,201,041</u>	<u>926,646</u>

As at 31 December 2010, 2011 and 2012 and 30 June 2013, trade receivables of RMB25,234,000, RMB22,370,000 and RMB77,282,000 and RMB57,714,000 were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables was as follows:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Past due within 3 months	16,125	13,703	60,416	53,055
Past due in 3 months to 6 months . . .	7,411	7,500	10,872	3,420
Past due in 6 months to 12 months . .	1,331	1,072	5,501	502
Past due over 12 months	<u>367</u>	<u>95</u>	<u>493</u>	<u>737</u>
	<u>25,234</u>	<u>22,370</u>	<u>77,282</u>	<u>57,714</u>

The carrying amounts of the trade and other receivables are denominated in the following currencies:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
RMB	934,956	1,209,977	1,453,012	1,163,033
USD	99,549	1,820	6,504	9,989
HKD	356	38,780	447	2,612
GBP	—	4,146	224	1,463
EUR	—	261	32	570
	<u>1,034,861</u>	<u>1,254,984</u>	<u>1,460,219</u>	<u>1,177,667</u>

As at 31 December 2010, 2011 and 30 June 2013, trade and bill receivables of RMB48,191,000, RMB21,111,000 and RMB241,328,000 respectively (31 December 2012: nil) were pledged for borrowings (Note 21(a)).

Movements on the Group's provision for impairment of trade receivables are as follows:

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
At 1 January	255	287	1,100	1,100	517
Provision for impairment ..	35	841	141	87	650
Reversal of impairment. . .	(3)	(28)	(724)	(724)	—
At 31 December/30 June. . .	<u>287</u>	<u>1,100</u>	<u>517</u>	<u>463</u>	<u>1,167</u>

Movements on the Group's provision for impairment of other receivables are as follows:

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
At 1 January	44	77	132	132	137
Provision for impairment ..	56	67	23	17	37
Reversal of impairment. . .	(23)	(12)	(18)	(16)	(3)
At 31 December/30 June. . .	<u>77</u>	<u>132</u>	<u>137</u>	<u>133</u>	<u>171</u>

The creation and reversal of provision for impairment have been included in “administrative expenses” in the consolidated statements of comprehensive income.

(b) Deferred expenses

Deferred expenses represent capitalised listing expenses which will be deducted from the share premium upon completion of listing.

15 Cash and cash equivalents and restricted cash — Group and Company

(a) Restricted cash

	Group			
	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Deposit for bank acceptance notes	78,290	112,317	97,621	104,916
Deposit for secured borrowing (Note 21(a))	39,550	5,000	—	18,000
Deposit for issue of letter of credit and letter of guarantee	—	7,208	1,064	10,018
	<u>117,840</u>	<u>124,525</u>	<u>98,685</u>	<u>132,934</u>

(b) Cash and cash equivalents

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
	Cash at bank and on hand — Group. . .	<u>95,987</u>	<u>82,649</u>	<u>187,886</u>

	As at 31 December		As at 30 June
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
	Cash at bank and on hand — Company	—	<u>159</u>

The carrying amounts of the Group's and the Company's cash and cash equivalents are denominated in the following currencies:

	Group			
	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
RMB	93,717	82,644	104,277	298,886
HKD	5	5	83,450	1,439
USD	2,265	—	159	160
	<u>95,987</u>	<u>82,649</u>	<u>187,886</u>	<u>300,485</u>

	Company		
	As at 31 December		As at 30 June
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
USD	<u>—</u>	<u>159</u>	<u>156</u>

16 Share capital and share premium — Group and Company

	Note	Number of ordinary shares	Nominal value of ordinary shares	Equivalent nominal value of ordinary shares	Share Premium
			HK\$	RMB	RMB'000
Authorised:					
Ordinary shares of HKD 0.1 each .	(i)	3,800,000	380,000	308,066	—
Issued:					
Issue of shares to Reid Services Limited	(i)	<u>1</u>	<u>0.1</u>	<u>0.08</u>	<u>—</u>
Balance at 31 December 2011		<u>1</u>	<u>0.1</u>	<u>0.08</u>	<u>—</u>
Issued:					
Issue of shares to Zhi Qun	(ii)	93,687	9,368.7	7,684	—
Issue of shares to a financial investor	(iv)	<u>6,312</u>	<u>631.2</u>	<u>518</u>	<u>189,534</u>
Balance at 31 December 2012 and 30 June 2013		<u>100,000</u>	<u>10,000</u>	<u>8,202</u>	<u>189,534</u>

- (i) The Company was incorporated on 25 August 2011 with an initial authorised share capital of HK\$380,000 (equivalent to RMB308,066) divided into 3,800,000 ordinary shares with par value of HK\$0.1 each. On the date of incorporation, 1 ordinary share was allotted and issued to Reid Services Limited, which was then transferred to Zhi Qun on the same day.
- On 25 August 2011, the Company subscribed for 1 ordinary share (being the entire equity interests) in Praise Sheen Limited (the "Praise Sheen") at par value of USD 1, which was incorporated in BVI on 28 July 2011.
- (ii) On 7 May 2012, the Company issued 93,687 ordinary shares to Zhi Qun at the par value of HK\$0.1 per share.
- (iii) On 24 May 2012, Praise Sheen acquired the entire equity interests in Nan Pu International from the Controlling Shareholder at a consideration of HK\$253,356,127, which was settled by issue of 99 shares in Praise Sheen to the Company at the direction of Controlling Shareholder.
- (iv) On 31 May 2012, the Company issued 6,312 ordinary shares to a financial investor, CICC TW Investment Limited, at the consideration of US\$30,000,000, equivalent to RMB189,535,000. The excess over the par value of RMB518 for the shares issued was credited to share premium with amount of RMB189,534,000.

17 Retained earnings — Group and Company

	Group				
	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
At 1 January	185,318	296,960	442,159	442,159	526,345
Profit for the year/period	121,997	157,242	220,758	62,190	94,219
Dividends (i)	—	—	(114,240)	(114,240)	(157,000)
Appropriation to statutory reserve	(10,355)	(12,043)	(22,332)	—	—
At 31 December/30 June	<u>296,960</u>	<u>442,159</u>	<u>526,345</u>	<u>390,109</u>	<u>463,564</u>
				Company	
				Year ended	
				31 December	Six months ended 30 June
				2012	2012
				2012	2013
				RMB'000	RMB'000
				RMB'000	RMB'000
				(Unaudited)	
At 1 January			—	—	(4,702)
Losses for the year/period			(4,702)	(1,338)	(8,836)
At 31 December/30 June			<u>(4,702)</u>	<u>(1,338)</u>	<u>(13,538)</u>

- (i) Dividends amounting to RMB114,240,000 was declared on 9 May 2012 in relation to the profits before 31 December 2010, and dividends amounting to RMB157,000,000 was declared on 10 May 2013 in relation to the profits for the year ended 31 December 2011. Unpaid balance amounting to RMB100,283,000 and RMB67,923,000 was recorded as dividend payable as at 31 December 2012 and 30 June 2013, respectively (Note 20).

18 Other reserves — Group and Company

	Group			
	Capital reserve (i)	Statutory reserve (ii)	Currency translation reserve	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2010	69,888	39,447	7,087	116,422
Currency translation differences	—	—	(4,988)	(4,988)
Appropriation to statutory reserve	—	10,355	—	10,355
At 31 December 2010	<u>69,888</u>	<u>49,802</u>	<u>2,099</u>	<u>121,789</u>
Currency translation differences	—	—	3,077	3,077
Appropriation to statutory reserve	—	12,043	—	12,043
Acquisition of non-controlling interests	528	—	—	528
At 31 December 2011	<u>70,416</u>	<u>61,845</u>	<u>5,176</u>	<u>137,437</u>
Currency translation differences	—	—	(3,112)	(3,112)
Appropriation to statutory reserve	—	22,332	—	22,332
Acquisition of non-controlling interests	8,388	—	—	8,388
At 31 December 2012	<u>78,804</u>	<u>84,177</u>	<u>2,064</u>	<u>165,045</u>
Currency translation differences	—	—	(1,816)	(1,816)
At 30 June 2013	<u>78,804</u>	<u>84,177</u>	<u>248</u>	<u>163,229</u>
(Unaudited)				
At 1 January 2012	70,416	61,845	5,176	137,437
Currency translation differences	—	—	(1,415)	(1,415)
Acquisition of non-controlling interests	8,388	—	—	8,388
At 30 June 2012	<u>78,804</u>	<u>61,845</u>	<u>3,761</u>	<u>144,410</u>

(i) Capital reserve represents primarily the paid-in capital of Nan Pu International, the subsidiary of the Company. The addition to capital reserve represents gain from acquisition of non-controlling interests.

(ii) In accordance with the PRC regulations and the articles of association of the companies of the Group, before distributing the net profit of each year, companies of the Group registered in the PRC are required to set aside 10% of its statutory net profit for the year after offsetting any prior year's losses as determined under relevant PRC accounting standards to the statutory surplus reserve fund. When the balance of such reserve reaches 50% of each company's share capital, any further appropriation is optional.

	Company		
	Capital reserve	Currency translation reserve	Total
	RMB'000	RMB'000	RMB'000
At 25 August 2011 and 31 December 2011.....	—	—	—
Acquisition of subsidiaries (Note 9(a)).....	572,312	—	572,312
Currency translation differences.....	—	(1,000)	(1,000)
At 31 December 2012	<u>572,312</u>	<u>(1,000)</u>	<u>571,312</u>
Currency translation differences.....	—	(3,328)	(3,328)
At 30 June 2013	<u>572,312</u>	<u>(4,328)</u>	<u>567,984</u>
(Unaudited)			
At 1 January 2012	—	—	—
Acquisition of subsidiaries (Note 9(a)).....	572,312	—	572,312
At 30 June 2012	<u>572,312</u>	<u>—</u>	<u>572,312</u>

19 Deferred income on government grants — Group

	As at 31 December			As at 30 June	
	2010	2011	2012	2013	
	RMB'000	RMB'000	RMB'000	RMB'000	
Deferred income on government grants					
— Current portion	1,313	2,425	2,990	2,990	
— Non-current portion	20,939	26,963	27,657	25,789	
	<u>22,252</u>	<u>29,388</u>	<u>30,647</u>	<u>28,779</u>	
	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
As at 1 January	—	22,252	29,388	29,388	30,647
Government grants received during the year (i).....	22,252	9,560	3,060	3,060	—
Amortisation.....	—	(2,424)	(1,801)	(908)	(1,868)
As at 31 December/30 June	<u>22,252</u>	<u>29,388</u>	<u>30,647</u>	<u>31,540</u>	<u>28,779</u>

- (i) These mainly represent government grants received from certain municipal governments of the PRC as an encouragement for the Group's construction of property, plant and equipment.

20 Trade and other payables — Group

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills payables				
— due to third parties	575,816	726,568	712,202	613,021
— due to related parties (Note 34(c)(iv)).	456,795	356,717	359,174	81,529
	<u>1,032,611</u>	<u>1,083,285</u>	<u>1,071,376</u>	<u>694,550</u>
Payables for property, plant and equipment.	21,676	15,660	9,189	27,619
Salary and social welfare payables. . .	2,030	4,899	7,334	5,609
Value-added tax and other taxes payables	46,965	59,045	32,905	28,163
Advance from customers	23,563	31,527	49,492	51,811
Accrued expenses.	3,985	6,176	3,434	17,740
Dividend payable to owner (Note 17 & Note 34(c)(vi)).	—	—	100,283	67,923
Dividend payable to non-controlling interests	1,008	1,959	—	3,599
Borrowings from related parties (Note 34(b)(iii) & Note 34(c)(v)) . . .	178,889	112,879	14,710	—
Other amounts due to related parties (Note 34(c)(v)).	—	9,331	5,555	2,068
Amounts due to third parties	26,887	22,707	—	—
Other payables.	29,620	24,865	21,887	25,106
	<u>334,623</u>	<u>289,048</u>	<u>244,789</u>	<u>229,638</u>
	<u>1,367,234</u>	<u>1,372,333</u>	<u>1,316,165</u>	<u>924,188</u>

As at 31 December 2010, 2011 and 2012 and 30 June 2013, the ageing analysis of the trade and bills payables based on invoice date is as follows:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Up to 2 months	898,392	863,508	894,765	512,782
2 months to 3 months	26,718	44,734	115,336	119,075
3 months to 6 months	104,753	170,697	47,604	49,153
6 months to 1 years	1,082	4,088	11,126	10,745
Over 1 years	1,666	258	2,545	2,795
	<u>1,032,611</u>	<u>1,083,285</u>	<u>1,071,376</u>	<u>694,550</u>

The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
RMB	1,206,873	1,283,155	1,306,874	923,762
HKD	159,903	84,093	—	426
EUR	—	5,085	9,047	—
Other currencies	458	—	244	—
	<u>1,367,234</u>	<u>1,372,333</u>	<u>1,316,165</u>	<u>924,188</u>

21 Borrowings — Group

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current				
Long-term bank borrowings	60,000	98,250	97,700	97,650
Current				
Short-term bank borrowings	543,235	608,689	898,390	1,165,654
Current portion of long-term bank borrowings	—	600	600	50,300
	<u>543,235</u>	<u>609,289</u>	<u>898,990</u>	<u>1,215,954</u>
Total borrowings	<u>603,235</u>	<u>707,539</u>	<u>996,690</u>	<u>1,313,604</u>
Representing:				
— Unsecured	243,598	256,874	544,090	555,650
— Secured (a)	212,397	223,225	226,000	523,574
— Guaranteed (b)	<u>147,240</u>	<u>227,440</u>	<u>226,600</u>	<u>234,380</u>
	<u>603,235</u>	<u>707,539</u>	<u>996,690</u>	<u>1,313,604</u>

(a) Analyses of the secured borrowings are as follows:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Secured by:				
— Buildings and land use rights (Note 6 and 7)	120,847	194,225	226,000	287,574
— Bank deposits (Note 15(a))	49,550	10,000	—	19,000
— Trade and bill receivables (Note 14)	<u>42,000</u>	<u>19,000</u>	<u>—</u>	<u>217,000</u>
	<u>212,397</u>	<u>223,225</u>	<u>226,000</u>	<u>523,574</u>

(b) Analyses of the guaranteed borrowings were as follows:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Guaranteed by:				
— Related parties (Note 34(d))	111,090	185,090	165,000	155,000
— Third parties	18,150	22,350	61,600	79,380
— Related parties together with third parties (Note 34(d))	18,000	20,000	—	—
	<u>147,240</u>	<u>227,440</u>	<u>226,600</u>	<u>234,380</u>

As at 31 December 2010, 2011 and 2012 and 30 June 2013, the Group's borrowings were repayable as follows:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	543,235	609,289	898,990	1,215,954
Between 1 and 2 years	—	600	59,550	97,650
Between 2 and 5 years	60,000	97,650	38,150	—
	<u>603,235</u>	<u>707,539</u>	<u>996,690</u>	<u>1,313,604</u>

The weighted average effective interest rates per annum at the balance sheet date were as follows:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
Bank borrowings	<u>5.63%</u>	<u>7.02%</u>	<u>6.77%</u>	<u>6.42%</u>

The fair values of current borrowings approximate their carrying amounts as the impact of discounting is not significant. The carrying amounts and fair values of non-current borrowings as at each balance sheet date are as follows:

	Carrying amount			
	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Bank borrowings	<u>60,000</u>	<u>98,250</u>	<u>97,700</u>	<u>97,650</u>
	Fair value			
	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Bank borrowings	<u>59,479</u>	<u>94,659</u>	<u>95,130</u>	<u>96,598</u>

The fair values of non-current borrowings are estimated based on discounted cash flow using the prevailing market rate of interest allocated to the Group for financial instrument with substantively the same terms and characteristics at the respective balance sheet dates.

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
RMB	592,028	688,289	996,690	1,313,604
HKD	<u>11,207</u>	<u>19,250</u>	—	—
	<u>603,235</u>	<u>707,539</u>	<u>996,690</u>	<u>1,313,604</u>

During the years ended 31 December 2010 and 2011, certain subsidiaries of the Group entered into financing arrangements with certain PRC commercial banks. Under these arrangements, the subsidiaries issued bank bills to certain related companies and third parties with pledged bank deposits ranged from 25% to 50% of the face amount of the bank bills. These bank bills were used by the related companies and third parties to, i) present to other PRC commercial banks for discounting and then remitted back the proceeds from bills discounting to these subsidiaries, or ii) endorse and transfer back to these subsidiaries, and these subsidiaries present to other PRC commercial banks for discounting. At 31 December 2010 and 2011, there were bank deposits of RMB10,000,000 and RMB5,000,000 respectively that were pledged to these PRC commercial banks for these financing arrangements.

In the consolidated financial statements, the bills discounted by the Group under such arrangements are presented as bank loans borrowed through related parties. As at 31 December 2010 and 2011, the balances under these financing arrangements are summarised as follows:

	As at 31 December	
	2010	2011
	RMB'000	RMB'000
Bank borrowings through related parties and third parties	<u>20,000</u>	<u>10,000</u>

As at 31 December 2012, the bills discounted by the Group under such arrangements have been fully repaid.

22 Deferred income tax — Group

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets:				
— Deferred tax asset to be recovered within 12 months	<u>5,362</u>	<u>9,925</u>	<u>10,940</u>	<u>9,890</u>
Deferred tax liability:				
— Deferred tax liability to be settled after 12 months	<u>12,292</u>	<u>20,494</u>	<u>14,481</u>	<u>14,481</u>

The gross movement on the deferred income tax account is as follows:

Deferred income tax assets:

	Tax loss carried forward	Provision for impairment	Unrealised profit	Accrued expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2010	601	70	4,018	427	5,116
Credited/(charged) to the consolidated statements of comprehensive income.	111	(1)	176	(40)	246
At 31 December 2010	<u>712</u>	<u>69</u>	<u>4,194</u>	<u>387</u>	<u>5,362</u>
Credited to the consolidated statements of comprehensive income	1,808	62	2,007	1,868	5,745
Disposal of a subsidiary	(1,182)	—	—	—	(1,182)
At 31 December 2011	<u>1,338</u>	<u>131</u>	<u>6,201</u>	<u>2,255</u>	<u>9,925</u>
Credited/(charged) to the consolidated statements of comprehensive income.	(399)	151	203	1,060	1,015
At 31 December 2012	<u>939</u>	<u>282</u>	<u>6,404</u>	<u>3,315</u>	<u>10,940</u>
Credited/(charged) to the consolidated statements of comprehensive income.	(478)	143	(2,494)	1,779	(1,050)
At 30 June 2013	<u>461</u>	<u>425</u>	<u>3,910</u>	<u>5,094</u>	<u>9,890</u>
(Unaudited)					
At 1 January 2012	1,338	131	6,201	2,255	9,925
Credited/(charged) to the consolidated statements of comprehensive income.	397	398	(1,173)	843	465
At 30 June 2012	<u>1,735</u>	<u>529</u>	<u>5,028</u>	<u>3,098</u>	<u>10,390</u>

Deferred income tax liabilities:

	Withholding tax on unremitted earnings of PRC subsidiaries
	<i>RMB'000</i>
At 1 January 2010	10,433
Charged to the consolidated statements of comprehensive income	6,417
Payment of withholding tax upon declaration of dividends	<u>(4,558)</u>
At 31 December 2010	<u>12,292</u>
Charged to the consolidated statements of comprehensive income	<u>8,202</u>
At 31 December 2011	<u>20,494</u>
Payment of withholding tax upon declaration of dividends	<u>(6,013)</u>
At 31 December 2012	<u>14,481</u>
Charged to the consolidated statements of comprehensive income	<u>—</u>
At 30 June 2013	<u>14,481</u>
(Unaudited)	
At 1 January 2012	20,494
Payment of withholding tax upon declaration of dividends	<u>(6,013)</u>
At 30 June 2012	<u>14,481</u>

Deferred income tax assets are recognised for tax loss carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable.

The Group did not recognise deferred income tax assets of RMB690,000, RMB250,000, RMB2,486,000 and RMB3,716,000 in respect of the tax losses amounting to RMB4,180,000, RMB 1,515,000, RMB15,067,000 and RMB22,521,000 as at 31 December 2010, 2011 and 2012 and 30 June 2013 respectively. These tax losses from Nan Pu International (Hong Kong) Company will not expire according to Hong Kong tax law.

The Group has made full provision for unremitted earnings of the PRC subsidiary that earned before 31 December 2011. The Group did not make any provision of deferred income tax on earnings generated by its PRC subsidiaries for the year ended 31 December 2012 and the six months ended 30 June 2013, as such earnings will not be distributed in the foreseeable future.

23 Other losses

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Losses/(gains) on disposal of subsidiaries (Note 32)	2,478	(756)	—	—	—
Losses on dissolution of a subsidiary (Note 32)	—	—	2,454	—	—
Gains on disposal of an associate (Note 32)	—	(23)	—	—	—
(Gains)/losses on disposal of property, plant and equipment — net (Note 32)	(25)	826	(34)	(10)	19
Foreign exchange losses/(gains) — net	201	(202)	(83)	68	(191)
Donation (i)	11,917	35	270	—	1,240
Others	(133)	223	210	490	374
	<u>14,438</u>	<u>103</u>	<u>2,817</u>	<u>548</u>	<u>1,442</u>

- (i) In 2010, the Company donated its own products of Tenwow Drinks with the amount of RMB11,917,000 for the drought in Yunnan province.

24 Other income — net

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Government grants (i)	5,858	5,546	7,844	2,193	4,570
Rental income	20,501	1,859	1,295	959	262
Others	269	2,611	411	37	75
	<u>26,628</u>	<u>10,016</u>	<u>9,550</u>	<u>3,189</u>	<u>4,907</u>

- (i) These mainly represented government grants received from certain municipal governments of the PRC as an encouragement for the Group's contributions to the development of the local economy, and amortisation of deferred income on government grants (Note 19).

25 Expenses by nature

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Raw materials used and changes in inventories of finished goods and work in progress . . .	3,379,223	3,249,608	3,601,033	1,648,421	1,923,445
Employee benefit expenses (Note 26)	69,472	86,169	106,781	48,232	66,162
Depreciation and amortisation charges (Notes 6, 7 & 8)	31,879	34,523	42,242	20,558	25,975
Advertising and promotion costs .	23,593	42,671	44,725	20,654	40,791
Transportation expenses	15,525	21,951	20,763	7,243	13,747
Utility costs	10,287	12,978	19,325	9,458	12,425
Outsourcing fee	4,382	6,979	13,936	6,157	9,418
Listing expenses	—	350	4,511	876	8,836
Machinery maintenance expenses	10,784	11,586	11,223	3,517	8,374
Taxes and surcharges	14,512	14,268	15,941	7,237	6,995
Operating leases	12,955	12,304	7,176	6,731	5,003
Travel expenses	4,012	9,551	7,578	2,607	4,406
Entertainment fee	7,970	9,544	9,006	4,149	4,791
Office expenses	2,416	3,870	6,836	2,578	2,665
(Reversal of)/provision for impairment of trade and other receivables and inventory	65	673	(103)	(636)	573
Other expenses	17,543	24,861	13,365	8,749	9,153
	<u>3,604,618</u>	<u>3,541,886</u>	<u>3,924,338</u>	<u>1,796,531</u>	<u>2,142,759</u>

26 Employee benefit expenses

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Wages and salaries	63,201	76,027	89,494	41,846	54,893
Social security costs	6,271	10,142	17,287	6,386	11,269
	<u>69,472</u>	<u>86,169</u>	<u>106,781</u>	<u>48,232</u>	<u>66,162</u>

(a) Directors' emoluments

The remuneration of each director of the Company paid/payable by the Group for the year ended 31 December 2010 are set out as follows:

Name of Director	Salary	Bonus	Other benefits	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Mr. Lin Jianhua (ii)	376	—	—	376
Ms. Yan Yuzhen (ii)	360	55	28	443
Mr. Yeung Yue Ming (ii)	—	—	—	—
Mr. Zhang Delong (ii)	—	—	—	—
	736	55	28	819

The remuneration of each director of the Company paid/payable by the Group for the year ended 31 December 2011 are set out as follows:

Name of Director	Salary	Bonus	Other benefits	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Mr. Lin Jianhua (ii)	378	—	—	378
Ms. Yan Yuzhen (ii)&(iii)	—	—	—	—
Mr. Yeung Yue Ming (ii)	—	—	—	—
Mr. Wang Juewei (i)&(ii)	—	—	—	—
Mr. Zhang Delong (ii)&(iii)	—	—	—	—
	378	—	—	378

The remuneration of each director of the Company paid/payable by the Group for year ended 31 December 2012 are set out as follows:

Name of Director	Salary	Bonus	Other benefits	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Mr. Lin Jianhua (ii)	370	—	7	377
Mr. Yeung Yue Ming	240	—	2	242
Mr. Wang Juewei (i)&(ii)	204	—	36	240
Mr. Lam Hang Boris (i)	341	—	7	348
Ms. Au Lai Hang (i)	341	—	7	348
Ms. Chen Shiyou	—	—	—	—
	1,496	—	59	1,555

The remuneration of each director of the Company paid/payable by the Group for the six months ended 30 June 2013 are set out as follows:

Name of Director	Salary	Bonus	Other benefits	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Mr. Lin Jianhua (ii)	214	—	6	220
Mr. Yeung Yue Ming	240	—	5	245
Mr. Wang Juewei (i)&(ii)	200	10	29	239
Mr. Lam Hang Boris (i)	289	—	6	295
Ms. Au Lai Hang (i)	289	—	6	295
Ms. Chen Shiyou	—	—	—	—
	1,232	10	52	1,294

The remuneration of each director of the Company paid/payable by the Group for the six months ended 30 June 2012 (unaudited) are set out as follows:

Name of Director	Salary	Bonus	Other benefits	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Mr. Lin Jianhua (ii)	185	—	—	185
Mr. Yeung Yue Ming	47	—	—	47
Mr. Wang Juewei (i)&(ii)	25	—	9	34
Mr. Lam Hang Boris (i)	49	—	—	49
Ms. Au Lai Hang (i)	49	—	—	49
Ms. Chen Shiyou	—	—	—	—
	355	—	9	364

(i) Mr. Wang Juewei was appointed as the director of the Company since 21 November 2011. Mr. Lam Hang Boris and Ms. Au Lai Hang were appointed as the directors of the Company since June 2012.

(ii) Those directors received emoluments from both the Group and the related parties, Nan Pu Food or Shanghai Tiansheng Warehouse Co., Ltd., part of which are in relation to their services to the Company. No apportionment has been made as the directors consider that it is impractical to apportion the amount between their services to the Company and their services to the related parties.

(iii) Ms. Yan Yuzhen and Zhang Delong resigned from the Company on 21 November 2011.

For the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2013, no directors received emoluments from the Group as inducement to join or upon joining the Group or as compensation for loss of office. No directors waived or had agreed to waive any emoluments.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2013 include 1, 1 and 4 and 5 (for the six months ended 30 June 2012 (unaudited): 1) directors respectively, whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining 4, 4 and 1 and zero (for the six months ended 30 June 2012 (unaudited): 4) individuals during the respective years/periods are as follows:

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Basic salaries	513	569	252	310	—
Other benefits	85	96	56	50	—
Bonus	5	—	5	—	—
	<u>603</u>	<u>665</u>	<u>313</u>	<u>360</u>	<u>—</u>

For the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2013, no emoluments were paid by the Group to the five highest individuals as inducement to join or upon joining the Group or as compensation for loss of office.

27 Finance costs — net

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Finance costs					
— Interest expense on bank borrowings (Note 32)	31,676	48,017	67,374	31,117	41,845
Finance income					
— Interest income on bank deposits (Note 32)	(4,533)	(4,401)	(5,324)	(1,848)	(1,793)
— Other finance income	(1,739)	(1,873)	(2,331)	(513)	(1,092)
	<u>(6,272)</u>	<u>(6,274)</u>	<u>(7,655)</u>	<u>(2,361)</u>	<u>(2,885)</u>
Net finance costs	<u>25,404</u>	<u>41,743</u>	<u>59,719</u>	<u>28,756</u>	<u>38,960</u>

28 Share of profit of a jointly controlled entity

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Share of profit (Note 11)	19,428	22,516	25,451	5,937	5,427
Movement of elimination of unrealised (profits)/losses for sales from Nan Pu Food to the Group	<u>(3,816)</u>	<u>(2,690)</u>	<u>162</u>	<u>1,915</u>	<u>1,487</u>
	<u>15,612</u>	<u>19,826</u>	<u>25,613</u>	<u>7,852</u>	<u>6,914</u>

29 Income tax expense

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Current income tax, PRC	43,393	60,153	72,097	22,531	33,549
Deferred income tax (Note 22) . .	<u>6,171</u>	<u>2,457</u>	<u>(1,015)</u>	<u>(465)</u>	<u>1,050</u>
Income tax expense	<u>49,564</u>	<u>62,610</u>	<u>71,082</u>	<u>22,066</u>	<u>34,599</u>

(i) Cayman Islands profits tax

The Company is not subject to any taxation of Cayman Islands income tax.

(ii) British Virgin Island profits tax

The subsidiary incorporated in British Virgin Islands under the International Business Companies Acts of the British Virgin Islands is exempted from payment of British Virgin Islands income tax.

(iii) Hong Kong profits tax

Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profits during the Relevant Periods.

(iv) PRC Corporate income tax

The Corporate income tax ("CIT") is calculated based on the statutory profit of subsidiaries incorporated in the PRC in accordance with the PRC tax laws and regulations, after adjustments on certain income and expense items, which are not assessable or deductible for income tax purposes.

Pursuant to the PRC Corporate Income Tax Law (“the CIT Law”), the CIT is unified at 25% for all type of entities, effective from 1 January 2008. Under the CIT Law, certain subsidiaries of the Group which were entitled to preferential treatment or reduced tax rates granted by relevant tax authorities, the new CIT rate was gradually increased to 25% within 5 years from 1 January 2008.

(v) *PRC withholding income tax*

Pursuant to the CIT Law, a 10% withholding tax will be levied on the dividends declared to foreign investors from the foreign investment enterprises established in the Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate of 5% may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors.

The tax on the Group’s profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Profit before income tax	183,630	236,526	301,427	87,855	131,899
Tax calculated at domestic tax rates applicable to profits in the respective countries	45,907	59,528	75,319	21,962	32,975
Expenses not deductible for tax purposes	2,254	2,009	1,195	1,248	2,019
Tax holiday and preferential tax treatment	(848)	(1,037)	(856)	(250)	(24)
Tax losses for which no deferred income tax asset was recognised	690	—	2,486	714	1,116
Tax losses utilised for which no deferred tax assets was recognised previously	—	(440)	—	—	—
Withholding tax on the profits attributable to the investors outside of China Mainland . . .	6,417	8,202	—	—	—
Share of profits of associates and a jointly controlled entity, which are not subject to tax . .	(4,856)	(5,652)	(7,062)	(1,608)	(1,487)
Income tax expenses	<u>49,564</u>	<u>62,610</u>	<u>71,082</u>	<u>22,066</u>	<u>34,599</u>

30 Earnings per share

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012 (Unaudited)	2013
Net profit attributable to the equity holders of Company (RMB'000)	<u>121,997</u>	<u>157,242</u>	<u>220,758</u>	<u>62,190</u>	<u>94,219</u>
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share	<u>93,688</u>	<u>93,688</u>	<u>97,389</u>	<u>94,728</u>	<u>100,000</u>
Basic and diluted earnings per share (RMB)	<u>1,302</u>	<u>1,678</u>	<u>2,267</u>	<u>657</u>	<u>942</u>

Basic earnings per share is calculated by dividing the net profit attributable to the Company's equity holders by the weighted average number of ordinary shares deemed to be in issue during the Relevant Periods.

The Company has no potential dilutive ordinary shares as at 31 December 2010, 2011 and 2012 and 30 June 2013. Diluted earnings per share is therefore equal to basic earnings per share.

The basic and diluted earnings per share as presented on the consolidated statements of comprehensive income have not taken into account of the proposed capitalisation issue as described in Note 38(b).

31 Dividends

Dividends disclosed for the year ended 31 December 2012 represented dividends declared by the companies comprising the Group to the then equity holders of the companies, after elimination of intra-group dividends. On 10 May 2013, the Company declared dividend of RMB157,000,000 to the equity holder of the Company. As at date of this report, the dividend payable has been fully paid by the Company.

32 Cash generated from operating activities

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Profit before income tax	183,630	236,526	301,427	87,855	131,899
Adjustments for:					
— Depreciation (Note 6)	30,538	32,698	40,274	19,581	25,018
— Amortisation (Notes 7 and 8)	1,341	1,825	1,968	977	957
— (Gains)/losses on disposal of property, plant and equipment (Note 23)	(25)	826	(34)	(10)	19
— (Gains)/losses on disposal of subsidiaries (Note 23)	2,478	(756)	—	—	—
— Losses on dissolution of a subsidiary (Note 23)	—	—	2,454	—	—
— Gains on disposal of an associate (Note 23)	—	(23)	—	—	—
— Interest income (Note 27)	(4,533)	(4,401)	(5,324)	(1,848)	(1,793)
— Interest expense (Note 27)	31,676	48,017	67,374	31,117	41,845
— Share of profit of associates and a jointly controlled entity	(19,425)	(22,609)	(26,508)	(6,432)	(5,947)
— Provision for/(reversal of) impairment of receivables and inventory (Note 25)	65	673	(103)	(636)	573
Change in working capital:					
— (Increase)/decrease in inventories	(129,039)	49,273	(177,145)	(84,018)	52,499
— (Increase)/decrease in trade and other receivables	(291,353)	(326,105)	(253,280)	103,567	266,182
— Increase/(decrease) in trade and other payables	<u>405,606</u>	<u>98,320</u>	<u>(46,190)</u>	<u>(51,364)</u>	<u>(359,095)</u>
Cash generated from operating activities	<u>210,959</u>	<u>114,264</u>	<u>(95,087)</u>	<u>98,789</u>	<u>152,157</u>

In the consolidated cash flow statements, proceeds from disposal of property, plant and equipment comprise:

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Net book amount (Note 6)	622	2,552	1,559	794	119
Gains/(losses) on disposal of property, plant and equipment (Note 23)	25	(826)	34	10	(19)
Proceeds from disposal of property, plant and equipment .	<u>647</u>	<u>1,726</u>	<u>1,593</u>	<u>804</u>	<u>100</u>

In the consolidated cash flow statements, (payment)/proceeds of cash from disposal or dissolution of subsidiaries comprise:

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Cash received from/(paid for) disposal or dissolution of subsidiaries (a)	—	110,440	(2,454)	—	—
Less: Cash held by disposed subsidiaries	<u>(600)</u>	<u>(1,084)</u>	<u>—</u>	<u>—</u>	<u>—</u>
(Payment)/proceeds of cash from disposal or dissolution of subsidiaries	<u>(600)</u>	<u>109,356</u>	<u>(2,454)</u>	<u>—</u>	<u>—</u>

- (a) For the year ended 31 December 2011, cash received from disposal of subsidiaries mainly represents the collection of consideration for disposal of Shanghai Tiansheng Warehouse Co., Ltd. (Note 34(b)(iv)).

33 Commitments*(a) Capital commitments*

Capital expenditure contracted for at each balance sheet date but not yet incurred is as follows:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Land use right, property, plant and equipment.	<u>103,295</u>	<u>41,481</u>	<u>46,538</u>	<u>41,032</u>

(b) Operating lease commitments — the Group's entities as lessee

The Group lease buildings under non-cancellable lease agreements. The Group's future aggregate minimum lease payments under these non-cancellable operating leases were as follows:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
No later than 1 year.	8,814	5,304	9,136	5,866
Later than 1 year and no later than 5 years	6,819	6,512	8,487	9,210
Later than 5 years	<u>211</u>	<u>156</u>	<u>—</u>	<u>—</u>
	<u>15,844</u>	<u>11,972</u>	<u>17,623</u>	<u>15,076</u>

34 Related-party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, has joint control over the party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control.

Save as disclosed elsewhere in this report, the following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2013, and balances arising from related party transactions as at 31 December 2010, 2011 and 2012 and 30 June 2013.

*(a) Name and relationship with related parties**(i) Controlling Shareholder*

Mr. Lin Jianhua

(ii) Wife and children of Mr. Lin Jianhua

Ms. Yan Yuzheng, Mr. Lin Qi, Ms. Lin Liping

(iii) Key management personnel

Mr. Wang Juewei

(iv) Non-controlling shareholder of the Group's subsidiary with significant influence to the Group

Mr. Zhu Jingbo*

Mr. Wang Yuanzhang*

(v) Associates of the Group

Huang Long Tai Tea Co., Ltd.**

Putian Rural Microfinance Co., Ltd.

(vi) Jointly controlled entity of the Group

Nan Pu Food

(vii) Controlled by the Controlling Shareholder

Shanghai Tiansheng Warehouse Co., Ltd.

Nan Pu (Hong Kong) Investments Limited

(viii) Controlled by the wife of Mr. Lin Jianhua

Shanghai Tianpu Food Co., Ltd.

(ix) Controlled by the Key management personnel with significant influence to the Group

Nanpu Fine Wine & Spirits International Co., Ltd.*

Shanghai Futian Business Consulting & Management Co., Ltd.***

Jingongquan Mineral Water Co., Ltd.***

- (x) *Controlled by non- controlling shareholder, that has the significant influence to the Group, of the Group's subsidiary*

Ningbo Tiansheng Huaye Trading Co., Ltd.*

* These companies and individuals are no longer related parties of the Group as at 31 December 2012.

** Huang Long Tai Tea Co., Ltd. is no longer a related party of the Group as at 31 December 2011.

*** These companies are no longer related parties of the Group as at 30 June 2013.

(b) The following transactions were carried out with related parties:

(i) *Sales of goods and services*

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)				
Sales of goods:					
— Nan Pu Food****	1,697,077	1,261,973	1,336,306	553,923	624,760
— Shanghai Tianpu Food Co. Ltd.****	91	88	300	116	104
— Nanpu Fine Wine & Spirits International Co., Ltd.	—	33,451	—	—	—
— Shanghai Tiansheng Warehouse Co., Ltd.	—	44	—	—	—
	<u>1,697,168</u>	<u>1,295,556</u>	<u>1,336,606</u>	<u>554,039</u>	<u>624,864</u>
Provision of warehousing services					
— Nan Pu Food****	30,837	2,518	879	156	219
— Shanghai Tiansheng Warehouse Co., Ltd.	—	2,050	—	—	—
	<u>30,837</u>	<u>4,568</u>	<u>879</u>	<u>156</u>	<u>219</u>

(ii) *Purchases of goods and services*

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Purchase of goods					
— Nan Pu Food****	1,505,107	1,130,209	1,038,981	467,751	280,911
— Shanghai Tianpu Food Co., Ltd.****	374	1,119	22,562	62	15,237
— Jingongquan Mineral Water Co., Ltd.	—	—	1,567	601	—
— Huang Long Tai Tea Co., Ltd.	226	—	—	—	—
	<u>1,505,707</u>	<u>1,131,328</u>	<u>1,063,110</u>	<u>468,414</u>	<u>296,148</u>
Receipts of warehousing and logistics services:					
— Mr. Lin Jianhua**** . .	444	605	720	360	360
— Ningbo Tiansheng Huaye Trading Co., Ltd.	606	707	447	—	—
— Shanghai Tiansheng Warehouse Co., Ltd.****	—	1,814	574	287	301
	<u>1,050</u>	<u>3,126</u>	<u>1,741</u>	<u>647</u>	<u>661</u>

The above sale and purchase transactions with related parties are carried out based on mutually agreed prices between respective parties.

**** These transactions will constitute as the continuing connected transactions upon Listing.

(iii) *Treasury transactions with related parties*

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Loans to related parties:					
At 1 January	24,209	47,874	59,142	59,142	7,951
Granted					
— Nan Pu Food	89,502	486,168	—	—	—
— Shanghai Tiansheng Warehouse Co., Ltd. . . .	29,423	43,077	175	175	—
— Ningbo Tiansheng Huaye Trading Co., Ltd.	15,999	165,489	—	—	—
— Shanghai Futian Business Consulting & Management Co., Ltd. . .	1,926	3,467	—	—	—
— Mr. Wang Juewei	—	72,519	—	—	—
— Shanghai Tianpu Food Co., Ltd.	4,230	5,567	3,500	3,500	—
	141,080	776,287	3,675	3,675	—
Collection					
— Nan Pu Food	(91,381)	(484,451)	(3,179)	(3,179)	—
— Shanghai Tiansheng Warehouse Co., Ltd. . . .	—	(42,000)	(22,724)	(22,724)	(7,951)
— Ningbo Tiansheng Huaye Trading Co., Ltd.	(20,710)	(166,119)	(11,340)	(4,654)	—
— Shanghai Futian Business Consulting & Management Co., Ltd. . .	(1,826)	(5,283)	(3)	—	—
— Mr. Wang Juewei	—	(61,929)	(10,590)	—	—
— Nan Pu (Hong Kong) Investments Limited. . . .	(18)	—	—	—	—
— Shanghai Tianpu Food Co., Ltd.	(3,480)	(5,237)	(7,030)	—	—
	(117,415)	(765,019)	(54,866)	(30,557)	(7,951)
At 31 December/30 June	47,874	59,142	7,951	32,260	—

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Borrowings from related parties:					
At 1 January	<u>204,389</u>	<u>178,889</u>	<u>112,879</u>	<u>112,879</u>	<u>14,710</u>
Additions					
— Mr. Lin Jianhua	14,445	73,906	—	—	—
— Nan Pu Food	106,908	232,864	—	—	—
— Putian Rural Microfinance Co., Ltd.	—	54,145	10,000	10,000	—
— Nan Pu (Hong Kong) Investments Limited.	—	686	—	—	—
— Shanghai Futian Business Consulting & Management Co., Ltd.	—	7,727	—	—	—
— Shanghai Tiansheng Warehouse Co., Ltd.	<u>33,800</u>	<u>23,740</u>	<u>—</u>	<u>—</u>	<u>—</u>
	155,153	393,068	10,000	10,000	—
Repayment					
— Mr. Lin Jianhua	(28,670)	(148,792)	(80,714)	(77,718)	—
— Nan Pu Food	(139,447)	(230,375)	(4,478)	—	—
— Putian Rural Microfinance Co., Ltd.	—	(29,845)	(19,590)	—	(14,710)
— Nan Pu (Hong Kong) Investments Limited.	—	—	(686)	—	—
— Shanghai Futian Business Consulting & Management Co., Ltd.	(36)	(5,026)	(2,701)	—	—
— Shanghai Tiansheng Warehouse Co., Ltd.	<u>(12,500)</u>	<u>(45,040)</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>(180,653)</u>	<u>(459,078)</u>	<u>(108,169)</u>	<u>(77,718)</u>	<u>(14,710)</u>
At 31 December/30 June	<u><u>178,889</u></u>	<u><u>112,879</u></u>	<u><u>14,710</u></u>	<u><u>45,161</u></u>	<u><u>—</u></u>

(iv) *Disposal of a subsidiary to related party*

In December 2010, the Group disposed 100% equity interests in Shanghai Tiansheng Warehouse Co., Ltd., a subsidiary of the Group, to Nan Pu (Hong Kong) Investment Limited, at the consideration of approximately RMB99.58 million. Loss of RMB2.48 million from the disposal was recognised in other loss.

(c) *Balances with related parties*

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
(i) Trade receivables:				
— Nan Pu Food	271,131	273,898	368,399	172,795
— Shanghai Tianpu Food Co., Ltd.	4	11	9	7,866
— Shanghai Tiansheng Warehouse Co., Ltd.	1,800	—	—	—
— Huang Long Tai Tea Co., Ltd.	—	—	—	—
	<u>272,935</u>	<u>273,909</u>	<u>368,408</u>	<u>180,661</u>
(ii) Other receivables:				
— Nan Pu Food	1,462	3,179	385	1,436
— Shanghai Tiansheng Warehouse Co., Ltd.	29,423	30,500	7,951	—
— Ningbo Tiansheng Huaye Trading Co., Ltd.	11,969	11,340	—	—
— Shanghai Futian Business Consulting & Management Co., Ltd.	1,820	3	—	—
— Mr. Wang Juewei	—	10,590	—	—
— Nan Pu (Hong Kong) Investments Limited	99,575	—	—	—
— Shanghai Tianpu Food Co., Ltd.	3,200	3,530	—	—
	<u>147,449</u>	<u>59,142</u>	<u>8,336</u>	<u>1,436</u>
(iii) Dividend receivables:				
— Shanghai Tiansheng Warehouse Co., Ltd.	4,355	—	—	—
(iv) Trade payables:				
— Nan Pu Food	456,748	356,221	348,087	79,529
— Shanghai Tianpu Food Co., Ltd.	47	496	11,087	2,000
	<u>456,795</u>	<u>356,717</u>	<u>359,174</u>	<u>81,529</u>

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
(v) Other payables to related parties:				
— Mr. Lin Jianhua	155,599	80,714	2,033	240
— Nan Pu Food	1,990	4,478	293	1,753
— Putian Rural Microfinance Co., Ltd.	—	24,300	14,710	—
— Nan Pu (Hong Kong) Investments Limited	—	10,017	—	—
— Shanghai Futian Business Consulting & Management Co., Ltd.	—	2,701	3,086	—
— Shanghai Tiansheng Warehouse Co., Ltd.	21,300	—	143	75
	<u>178,889</u>	<u>122,210</u>	<u>20,265</u>	<u>2,068</u>
(vi) Dividend payables:				
— Mr. Lin Jianhua	—	—	100,283	67,923
	<u>—</u>	<u>—</u>	<u>100,283</u>	<u>67,923</u>

Expect for the loans to Ningbo Tiansheng Huaye Trading Co., Ltd., which was recorded in other receivables, amounting to RMB11,969,000 and RMB11,340,000 as at 31 December 2010 and 2011 respectively and bear the interest at 6% per annum, the remaining balances with related parties were all unsecured, interest free and had no fixed repayment terms.

Other than other receivables from Nanpu (Hong Kong) Investment Limited, which represented the unsettled consideration for the disposal of a subsidiary (Note 34(b)(iv)), remaining other receivables from related parties mainly represented the loans to the related parties. Other payables to related parties mainly represented for the borrowing from the related parties.

(d) Borrowings guaranteed by related parties

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Shanghai Tiansheng Warehouse Co., Ltd. (i)	90,000	87,000	95,000	85,000
Ms. Yan Yuzhen, Mr. Lin Qi and Ms. Lin Liping (i)	—	57,000	70,000	70,000
Ningbo Tiansheng Huaye Trading Co., Ltd.	10,000	38,990	—	—
Mr. Zhu Jingbo	1,190	2,100	—	—
Ningbo Tiansheng Huaye Trading Co., Ltd., Mr. Zhu Jingbo and Mr. Wang Yuanzhang.	9,900	—	—	—
Ningbo Xinling Trading Co., Ltd., Mr. Wang Yuanzhang, and Mr. Zhu Jingbo (ii)	5,000	14,000	—	—
Ningbo Yonggang Modern Engineering Co., Ltd., Ningbo Tiansheng Huaye Trading Co., Ltd, Mr. Zhu Jingbo, Ms. Qian Li, Mr. Wang Yuanzhang and Ms. Zhou Aifen (ii)	8,000	6,000	—	—
Mr. Jin Zhengde, Mr. Wang Yuanzhang Couples and Mr. Zhu Jingbo Couples (ii)	5,000	—	—	—
	<u>129,090</u>	<u>205,090</u>	<u>165,000</u>	<u>155,000</u>

(i) As at date of this report, these borrowings guaranteed by related parties have been settled.

(ii) These borrowings are guaranteed by related parties and third parties together.

(e) Provision of guarantee to related parties' borrowings

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Nan Pu Food	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>

As at date of this report, above guarantee has been released.

(f) Key management compensation

Key management includes Directors (executive and non-executive) and senior management. The compensation paid or payable to key management for employee services is shown below:

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Salaries and other employee benefits . . .	974	1,043	2,369	724	1,749

35 Contingent liabilities

As at 31 December 2010, 2011 and 2012 and 30 June 2013, the Group is still in the process of renewing certificates for certain land use rights with net book value amounting to RMB3,654,000, RMB3,485,000, RMB1,466,000 and RMB1,407,000 respectively. The Group might incur certain obligations in connection with such application of land use right certificates, while since the amount of the obligation cannot be measured with sufficient reliability, no provision was made in the consolidated financial statements.

36 Particulars of principal subsidiaries

Particulars of the principal subsidiaries comprising the Group as at 31 December 2010, 2011 and 2012 and 30 June 2013 are as follows:

Company name	Country/Place and date of incorporation	Registered capital ('000)	Effective interests held %				Principal activities
			31 December			30	
			2010	2011	2012	June 2013	
Directly Owned:							
Subsidiaries — incorporated in British Virgin Island							
Praise Sheen Limited	BVI 2011.6	—	100	100	100	100	Investment holding
Indirectly Owned:							
Subsidiaries — incorporated in Hong Kong							
Nan Pu International Limited (Hong Kong Company)	HK 1994.6	HKD 68,000	100	100	100	100	Distribution of food and beverages and Investment

Company name	Country/Place and date of incorporation	Registered capital ('000)	Effective interests held %				Principal activities
			31 December			30 June	
			2010	2011	2012	2013	
Subsidiaries — established in the PRC:							
Shanghai Tenwow Foods (Group) Co., Ltd.	PRC 1999.12	HKD 300,000	100	100	100	100	Manufacturing and distribution of food and beverages
Shanghai Dingshang Packing Material Co., Ltd.	PRC 2003.5	RMB 25,000	65.65	65.65	65.65	65.65	Manufacturing and distribution of food and beverages
Shanghai Tenwow Paper Products Co., Ltd.	PRC 2006.6	RMB 2,000	52.5	52.5	52.5	52.5	Manufacturing and distribution of food and beverages
Shanghai Tenwow Ika Supermarket Co., Ltd.	PRC 2006.4	RMB 10,000	90	—	—	—	Trading of food and beverages
Shenzhen Nanpu Industrial Co., Ltd.	PRC 2004.8	RMB 6,000	100	100	100	100	Trading of food and beverages
Wuhan Nan Pu Food Co., Ltd.	PRC 2000.3	RMB 76,000	80	80	100	100	Trading of food and beverages
Shanghai Tenwow Food Production Co., Ltd.	PRC 2007.3	RMB 1,000	95	95	95	95	Manufacturing and distribution of food and beverages
Shanghai Mornflake Food Co., Ltd.	PRC 2001.10	RMB 13,000	65.5	65.5	65.5	65.5	Manufacturing and distribution of food and beverages
Tenwow (Inner Mongolia) Food Co., Ltd.	PRC 2002.9	RMB 11,800	100	100	100	100	Manufacturing and distribution of food and beverages
Tenwow (Fujian) Food Co., Ltd.	PRC 2004.11	RMB 100,000	100	100	100	100	Manufacturing and distribution of food and beverages
Shanghai Royal Winery Co., Ltd.	PRC 1989.7	RMB 9,600	51	51	51	51	Manufacturing and distribution of food and beverages
Wuhan Bread One Co., Ltd.	PRC 2007.12	RMB 2,000	64	—	—	—	Manufacturing and distribution of food and beverages
Fujian Tenwow Drinks Co., Ltd.	PRC 2007.4	RMB 15,000	100	100	100	100	Manufacturing and distribution of food and beverages

Company name	Country/Place and date of incorporation	Registered capital ('000)	Effective interests held %				Principal activities
			31 December			30 June	
			2010	2011	2012	2013	
Tenwow (Fujian) Salty and Tasty Snacks Co., Ltd.	PRC 2007	RMB 5,000	51	51	—	—	Manufacturing and distribution of food and beverages
Shanghai Tiansheng Wines and Spirits Co., Ltd.	PRC 2005.4	RMB 50,000	100	100	100	100	Trading of food and beverages
Shanghai Chuanxiang Flavouring and Food Co., Ltd.	PRC 1994.6	RMB 1,350	75	75	75	75	Manufacturing and distribution of food and beverages
Shanghai Chuanxiang Food Factory	PRC 1996.6	RMB 800	75	75	75	75	Manufacturing and distribution of food and beverages
Shanghai Royal Wines and Spirits Co., Ltd.	PRC 2005.6	RMB 10,000	88	100	100	100	Trading of food and beverages
Fujian Tiansheng Logistics Co., Ltd.	PRC 2008.10	RMB 5,000	100	100	100	100	Warehousing and logistics distribution services
Ningbo Contemporary Trading Co., Ltd.	PRC 2008.7	RMB 25,000	51	51	100	100	Trading of food and beverages
Hangzhou Lin's Wines and Spirits Co., Ltd.	PRC 2007.2	RMB 15,000	52.8	60	60	60	Trading of food and beverages
Shanghai Huasheng Wines and Spirits Co., Ltd.	PRC 2009	RMB 120,000	95.2	100	100	100	Trading of food and beverages
Putian Dingshang Packing Material Co., Ltd.	PRC 2009	RMB 5,000	72.5	72.5	72.5	72.5	Manufacturing and distribution of food and beverages
Tenwow (Wuhan) Food Co., Ltd.	PRC 2009	RMB 40,000	89.8	89.8	100	100	Manufacturing and distribution of food and beverages
Shanghai Tenwow Drinks Co., Ltd.	PRC 2009	RMB 33,600	100	100	100	100	Manufacturing and distribution of food and beverages
Wuhan Tenwow Drinks Co., Ltd.	PRC 2010	RMB 15,000	97.96	97.96	100	100	Manufacturing and distribution of food and beverages
Tenwow (Chongqing) Food Co., Ltd.	PRC 2010	RMB 5,000	89.8	89.8	100	100	Manufacturing and distribution of food and beverages
Xiangyang Nan Pu Food Co., Ltd.	PRC 2011.11	RMB 500	—	80	100	100	Trading of food and beverages

The companies that have statutory audited financial statements during the Relevant Periods and the name of the auditors are as follows:

Company name	Name of statutory auditors		
	2010	2011	2012
Directly Owned:			
Subsidiaries — incorporated in British Virgin Island			
Praise Sheen Limited . . .	Not required	Not required	Not required
Indirectly Owned:			
Nan Pu International Limited (Hong Kong Company)	BUT DO YEUNG C.P.A. LIMITED (畢杜楊會計師行有限公司)	BUT DO YEUNG C.P.A. LIMITED (畢杜楊會計師行有限公司)	BUT DO YEUNG C.P.A. LIMITED (畢杜楊會計師行有限公司)
Subsidiaries — established in the PRC:			
Shanghai Tenwow Foods (Group) Co., Ltd. . . .	Shanghai Zhongzhou Certified Public Accountants Co., Ltd. (上海中洲會計師事務所有限公司)	Shanghai Zhongzhou Certified Public Accountants Co., Ltd. (上海中洲會計師事務所有限公司)	Shanghai Zhongzhou Certified Public Accountants Co., Ltd. (上海中洲會計師事務所有限公司)
Shanghai Tiansheng Warehouse Co., Ltd. . .	Shanghai Zhongzhou Certified Public Accountants Co., Ltd. (上海中洲會計師事務所有限公司)	Shanghai Zhongzhou Certified Public Accountants Co., Ltd. (上海中洲會計師事務所有限公司)	Shanghai Zhongzhou Certified Public Accountants Co., Ltd. (上海中洲會計師事務所有限公司)
Shanghai Dingshang Packing Material Co., Ltd.	Shanghai Zhongzhou Certified Public Accountants Co., Ltd. (上海中洲會計師事務所有限公司)	Shanghai Zhongzhou Certified Public Accountants Co., Ltd. (上海中洲會計師事務所有限公司)	Shanghai Zhongzhou Certified Public Accountants Co., Ltd. (上海中洲會計師事務所有限公司)
Shanghai Tenwow Paper Products Co., Ltd. . . .	Shanghai Zhongzhou Certified Public Accountants Co., Ltd. (上海中洲會計師事務所有限公司)	Shanghai Zhongzhou Certified Public Accountants Co., Ltd. (上海中洲會計師事務所有限公司)	Shanghai Zhongzhou Certified Public Accountants Co., Ltd. (上海中洲會計師事務所有限公司)
Shanghai Tenwow IKa Supermarket Co., Ltd. . .	Shanghai Zhongzhou Certified Public Accountants Co., Ltd. (上海中洲會計師事務所有限公司)	Shanghai Zhongzhou Certified Public Accountants Co., Ltd. (上海中洲會計師事務所有限公司)	Shanghai Zhongzhou Certified Public Accountants Co., Ltd. (上海中洲會計師事務所有限公司)
Shenzhen Nanpu Industrial Co., Ltd. . .	Shanghai Zhongzhou Certified Public Accountants Co., Ltd. (上海中洲會計師事務所有限公司)	Shanghai Zhongzhou Certified Public Accountants Co., Ltd. (上海中洲會計師事務所有限公司)	Shanghai Zhongzhou Certified Public Accountants Co., Ltd. (上海中洲會計師事務所有限公司)
Wuhan Nan Pu Food Co., Ltd.	Shanghai Zhongzhou Certified Public Accountants Co., Ltd. (上海中洲會計師事務所有限公司)	Shanghai Zhongzhou Certified Public Accountants Co., Ltd. (上海中洲會計師事務所有限公司)	Shanghai Zhongzhou Certified Public Accountants Co., Ltd. (上海中洲會計師事務所有限公司)
Shanghai Tenwow Food Production Co., Ltd. . .	Shanghai Zhongzhou Certified Public Accountants Co., Ltd. (上海中洲會計師事務所有限公司)	Shanghai Zhongzhou Certified Public Accountants Co., Ltd. (上海中洲會計師事務所有限公司)	Shanghai Zhongzhou Certified Public Accountants Co., Ltd. (上海中洲會計師事務所有限公司)
Shanghai Mornflake Food Co., Ltd.	Shanghai Zhongzhou Certified Public Accountants Co., Ltd. (上海中洲會計師事務所有限公司)	Shanghai Zhongzhou Certified Public Accountants Co., Ltd. (上海中洲會計師事務所有限公司)	Shanghai Zhongzhou Certified Public Accountants Co., Ltd. (上海中洲會計師事務所有限公司)
Tenwow (Inner Mongolia) Food Co., Ltd.	Shanghai Zhongzhou Certified Public Accountants Co., Ltd. (上海中洲會計師事務所有限公司)	Shanghai Zhongzhou Certified Public Accountants Co., Ltd. (上海中洲會計師事務所有限公司)	Shanghai Zhongzhou Certified Public Accountants Co., Ltd. (上海中洲會計師事務所有限公司)

Company name	Name of statutory auditors		
	2010	2011	2012
Shanghai Tenwow Drinks Co., Ltd.	Shanghai Zhongzhou Certified Public Accountants Co., Ltd. (上海中洲會計師事務所有限公司)	Shanghai Zhongzhou Certified Public Accountants Co., Ltd. (上海中洲會計師事務所有限公司)	Shanghai Zhongzhou Certified Public Accountants Co., Ltd. (上海中洲會計師事務所有限公司)
Wuhan Tenwow Drinks Co., Ltd.	Shanghai Zhongzhou Certified Public Accountants Co., Ltd. (上海中洲會計師事務所有限公司)	Shanghai Zhongzhou Certified Public Accountants Co., Ltd. (上海中洲會計師事務所有限公司)	Shanghai Zhongzhou Certified Public Accountants Co., Ltd. (上海中洲會計師事務所有限公司)
Tenwow (Chongqin) Food Co., Ltd.	Not applicable	Shanghai Zhongzhou Certified Public Accountants Co., Ltd. (上海中洲會計師事務所有限公司)	Shanghai Zhongzhou Certified Public Accountants Co., Ltd. (上海中洲會計師事務所有限公司)

Except for the above companies, no audited statutory financial statements were prepared for other subsidiaries as they were either not required to issue audited financial statements under the local statutory requirements or were newly established that their first statutory audits are not yet to come.

The English names of the PRC companies and statutory auditors referred to above in this Note represent management's best efforts in translating the Chinese names of those companies as no English names have been registered or available.

37 Financial Guarantee

The Group had the following financial guarantee as at 31 December 2010, 2011 and 2012 and 30 June 2013.

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Guarantee in respect of bank borrowings for third parties (i) . . .	5,000	8,000	—	—
Guarantee in respect of bank borrowings for related parties (Note 34(e))	50,000	50,000	50,000	50,000
	<u>55,000</u>	<u>58,000</u>	<u>50,000</u>	<u>50,000</u>

- (i) It represents guarantees provided to Ningbo Xinling Trading Co., Ltd., a third party of the Company, for them to obtain bank borrowings.

The Company assessed that the financial position of aforementioned third parties and related parties are in good health and the possibility for the Group to repay the bank borrowings is remote, therefore no provision has been made in the consolidated financial statements for the guarantees.

38 Subsequent Events**(a) Pre-IPO Share Option Scheme**

Pursuant to the written resolution passed by the Company's board of directors and shareholders on 1 August 2013, the Pre-IPO Share Option Scheme was approved and adopted, and the Directors have been authorised to grant share options under the Pre-IPO Share Option Scheme in respect of an aggregate of 37,083,334 shares to among others, certain directors, senior management and employees of the Company and its subsidiaries, subject to the conditions as set out in the Pre-IPO Share Option Scheme. On 1 August 2013, the aforementioned share option has been granted.

(b) Capitalisation Issue

Pursuant to the written resolution passed by the Company's board of directors and shareholders on 19 August 2013,

- (i) the authorised share capital of the Company increased from HK\$380,000 divided into 3,800,000 Shares of HK\$0.10 each to HK\$1,000,000,000 divided into 10,000,000,000 Shares of HK\$0.10 each by the creation of an additional 9,996,200,000 Shares;
- (ii) conditional on the share premium account of the Company being credited as a result of the Global Offering, the sum of HK\$149,990,000 be capitalized and be applied in paying up in full at par 1,499,900,000 Shares for allotment and issue to the Shareholders whose names were on the register of members of the Company at the close of business on the day immediately preceding the Listing Date (or as the Directors may direct) in proportion to their respective shareholdings.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and any of the companies now comprising the Group in respect of any period subsequent to 30 June 2013 and up to the date of this report. Save as disclosed in this report, no dividend or distribution has been declared or made by the Company or any of the companies now comprising the Group in respect of any period subsequent to 30 June 2013.

Yours faithfully,
PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The information set forth in this appendix does not form part of the “Accountant’s Report” from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, the reporting accountant of our Company, as set forth in Appendix I to this prospectus, and is included herein for information only. The unaudited pro forma financial information should be read in conjunction with the section “Financial Information” in this prospectus and the “Accountant’s Report” in Appendix I to this prospectus.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of the Group prepared in accordance with Rule 4.29 of the Listing Rules is for illustrative purposes only, and is set out below to illustrate the effect of the Global Offering on the net tangible assets of the Group attributable to the equity holders of the Company as of 30 June 2013 as if the Global Offering had taken place on 30 June 2013 assuming the over-allotment is not exercised.

This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group as at 30 June 2013 or at any future dates following the Global Offering. It is prepared based on the consolidated net assets of the Group as at 30 June 2013 as set out in the Accountant’s Report of the Group, the text of which is set out in Appendix I to this Prospectus, and adjusted as described below. The unaudited pro forma statement of adjusted net tangible assets does not form part of the Accountant’s Report.

	Audited consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 30 June 2013 (Note 1)	Estimated net proceeds from the Global Offering (Note 2)	Unaudited pro forma adjusted net tangible assets attributable to the equity holders of the Company	Unaudited pro forma adjusted net tangible assets per share (Note 3)
	RMB’000	RMB’000	RMB’000	RMB
Based on an Offer Price of HK\$3.00 per share	<u>807,267</u>	<u>1,121,837</u>	<u>1,929,104</u>	<u>0.96</u>
Based on an Offer Price of HK\$3.15 per share	<u>807,267</u>	<u>1,179,277</u>	<u>1,986,544</u>	<u>0.99</u>

Notes:

- (1) The audited consolidated net tangible assets attributable to the equity holders of the Company as at 30 June 2013 is extracted from the Accountant’s Report set out in Appendix I to this prospectus, which is based on the audited consolidated net assets of the Group attributable to the equity holders of the Company as at 30 June 2013 of RMB816,335,000 with an adjustment for the intangible assets as at 30 June 2013 of RMB9,068,000.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

- (2) The estimated net proceeds from the Global Offering are based on the indicative Offer price of HK\$3.00 and HK\$3.15 per Share after deduction of the underwriting fees and other related expenses and takes no account of any shares which may fall to be issued upon the exercise of the Over-allotment Option or any Share which may be issued upon the exercise of any options granted under the Pre-IPO Share Option Scheme or any option which may be granted under the Post-IPO Share Option Scheme or any Share which be allotted and issued or repurchased by the Company pursuant to the Issuing Mandate and the Repurchase Mandate. For illustrative purpose, the estimated net proceeds are translated from Hong Kong dollars into Renminbi at the exchange rate of HK\$1.00 to RMB0.7937.
- (3) The unaudited pro forma net tangible assets per Shares is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 2,000,000,000 Shares were in issue assuming that the Global Offering has been completed on 30 June 2013 but takes no account of any Shares which may fall to be issued upon the exercise of the Over-allotment Option or any Share which may be issued upon the exercise of any options granted under the Pre-IPO Share Option Scheme or any option which may be granted under the Post-IPO Share Option Scheme or any Share which be allotted and issued or repurchased by the Company pursuant to the Issuing Mandate and the Repurchase Mandate.
- (4) No adjustment has been made to reflect any trading result or other transaction of the Group entered into subsequent to 30 June 2013.

REPORT FROM THE REPORTING ACCOUNTANT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Prospectus.



羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION INCLUDED IN A PROSPECTUS TO THE DIRECTORS OF TENWOW INTERNATIONAL HOLDINGS LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Tenwow International Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets of the Group as at 30 June 2013, and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages II-1 to II-2 of the Company's prospectus dated 5 September 2013, in connection with the proposed initial public offering of the shares of the Company. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described in Note II-1 to II-2.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the proposed initial public offering on the Group's financial position as at 30 June 2013 as if the proposed initial public offering had taken place at 30 June 2013. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's financial information as at 30 June 2013, on which an accountant's report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus", issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed initial public offering at 30 June 2013 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our work has not been carried out in accordance with auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 5 September 2013

This Appendix contains a summary of the Memorandum and Articles of Association of our Company. As the information set out below is in summary form, it does not contain all of the information that may be important to potential investors. As stated in the section “Documents Delivered to the Registrar of Companies and Available for Inspection” in Appendix V to this prospectus, a copy of the Memorandum and Articles of Association is available for inspection.

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 25 August 2011 under the Cayman Companies Law. The Company’s constitutional documents consist of its Amended and Restated Memorandum of Association (the “Memorandum”) and the Amended and Restated Articles of Association (the “Articles”).

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum provides, *inter alia*, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and since the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 19 August 2013 and with effect from the Listing Date. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) *Classes of shares*

The share capital of the Company consists of ordinary shares.

(ii) *Share certificates*

Every person whose name is entered as a member in the register of members shall be entitled to receive a certificate for his shares. No shares shall be issued to bearer.

Every certificate for shares, warrants or debentures or representing any other form of securities of the Company shall be issued under the seal of the Company, and shall be signed autographically by one Director and the Secretary, or by 2 Directors, or by some other person(s) appointed by the Board for the purpose. As regards any certificates for shares or debentures or other securities of the Company, the Board may by resolution determine that such signatures or either of them shall be dispensed with or affixed by some method or system of mechanical signature other than autographic or may be printed thereon as specified in such resolution or that such certificates need not be signed by any person. Every share certificate issued shall specify the number and class of shares in respect of which it is issued and the amount paid thereon and may otherwise be in such form as the Board may from time to time prescribe. A share certificate shall relate to only one class of shares, and where the capital of the Company includes shares with different voting rights, the designation of each class of shares, other than those which carry the general right to vote at general meetings, must include the words “restricted voting” or “limited voting” or “non-voting” or some other appropriate designation which is commensurate with the rights attaching to the relevant class of shares. The Company shall not be bound to register more than 4 persons as joint holders of any share.

(b) Directors

(i) *Power to allot and issue shares and warrants*

Subject to the provisions of the Cayman Companies Law, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that upon the happening of a specified event or upon a given date and either at the option of the Company or the holder thereof, they are liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate thereof shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate thereof has been destroyed and the Company has received an indemnity in such form as the Board shall think fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Cayman Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

(ii) *Power to dispose of the assets of the Company or any subsidiary*

While there are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Cayman Companies Law to be exercised or done by the Company in general meeting, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

(iii) *Compensation or payments for loss of office*

Payments to any present Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually or statutorily entitled) must be approved by the Company in general meeting.

(iv) *Loans and provision of security for loans to Directors*

There are provisions in the Articles prohibiting the making of loans to Directors and their associates which are equivalent to provisions of Hong Kong law prevailing at the time of adoption of the Articles.

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the Company or any of their respective associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of the Company or any of their respective associates, or if any one or more of the Directors hold (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

(v) *Disclosure of interest in contracts with the Company or with any of its subsidiaries*

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and, upon such terms as the Board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or

otherwise) in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director or other officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any Share by reason that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the Company.

A Director shall not vote (nor shall he be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement or other proposal in which he or his associate(s) is/are materially interested, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters namely:

- (aa) the giving of any security or indemnity to the Director or his associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (bb) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

- (dd) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death or disability benefits scheme or other arrangement which relates both to Directors, his associate(s) and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not generally accorded to the employees to which such scheme or fund relates; or
- (ee) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

(vi) ***Remuneration***

The Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board, or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they may agree or failing agreement, equally, except that in such event any Director holding office for only a portion of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he has held office. The Directors shall also be entitled to be repaid all travelling, hotel and other expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

Any Director who, at the request of the Company performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

The Board may establish, either on its own or jointly in concurrence or agreement with other companies (being subsidiaries of the Company or with which the Company is associated in business), or may make contributions out of the Company's monies to, such schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or former Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and former employees of the Company and their dependents or any class or classes of such persons.

In addition, the Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vii) *Appointment, retirement and removal*

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

At each annual general meeting, one third of the Directors for the time being will retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors who shall retire in each year will be those who have been longest in the office since their last re-election or appointment but as between persons who become or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office. The period for lodgment of such notices will commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than 7 days prior to the date of such meeting and the minimum length of the period during which such notices to the Company may be given must be at least 7 days.

A Director is not required to hold any shares in the Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to the Board or retirement therefrom.

A Director may be removed by an ordinary resolution of the Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and the Company may by ordinary resolution appoint another in his place. The number of Directors shall not be less than two.

In addition to the foregoing, the office of a Director shall be vacated:

- (aa) if he resigns his office by notice in writing delivered to the Company at the registered office or head office of the Company for the time being or tendered at a meeting of the Board;
- (bb) if he dies or becomes of unsound mind as determined pursuant to an order made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Board resolves that his office be vacated;
- (cc) if, without special leave, he is absent from meetings of the Board for six (6) consecutive months, and the Board resolves that his office is vacated;
- (dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (ee) if he is prohibited from being a director by law;
- (ff) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles;
- (gg) if he has been validly required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director and the relevant time period for application for review of or appeal against such requirement has lapsed and no application for review or appeal has been filed or is underway against such requirement; or
- (hh) if he is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) then in office.

From time to time the Board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the Board may determine and the Board may revoke or terminate any of such appointments. The Board may also delegate any of its powers to committees consisting of such Director or Directors and other person(s) as the Board thinks fit, and from time to time it may also revoke such delegation or

revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

(viii) ***Borrowing powers***

Pursuant to the Articles, the Board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and uncalled capital of the Company and, subject to the Cayman Companies Law, to issue debentures, debenture stock, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. The provisions summarized above, in common with the Articles of Association in general, may be varied with the sanction of a special resolution of the Company.

(ix) ***Register of Directors and officers***

Pursuant to the Cayman Companies Law, the Company is required to maintain at its registered office a register of directors, alternate directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within 30 days of any change in such directors or officers, including a change of the name of such directors or officers.

(x) ***Proceedings of the Board***

Subject to the Articles, the Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

(c) Alterations to the constitutional documents

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of the Company may only be altered or amended, and the name of the Company may only be changed by the Company by special resolution.

(d) Variation of rights of existing shares or classes of shares

Subject to the Cayman Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to any class of shares may (unless otherwise provided for by the terms of issue of the shares of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings shall *mutatis mutandis* apply, but so that the

necessary quorum (other than at an adjourned meeting) shall be not less than two persons together holding (or in the case of a shareholder being a corporation, by its duly authorized representative) or representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(e) Alteration of capital

The Company may, by an ordinary resolution of its members, (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; and (e) cancel shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; (g) change the currency of denomination of its share capital; and (h) reduce its share premium account in any manner authorized and subject to any conditions prescribed by law.

Reduction of share capital — subject to the Cayman Companies Law and to confirmation by the court, a company limited by shares may, if so authorised by its Articles of Association, by special resolution, reduce its share capital in any way.

(f) Special resolution - majority required

In accordance with the Articles, a special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or by proxy or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which not less than 21 clear days' notice, specifying the intention to propose the resolution as a special resolution, has been duly given. However, except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at such meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right and, in the case of an annual general meeting, if so agreed by all members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which less than 21 clear days' notice has been given.

Under Cayman Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An “ordinary resolution”, by contrast, is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which not less than 14 clear days’ notice has been given and held in accordance with the Articles. A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

(g) Voting rights (generally and on a poll) and right to demand a poll

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting on a show of hands, every member who is present in person or by proxy or being a corporation, is present by its duly authorised representative shall have one vote, and on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every share which is fully paid or credited as fully paid registered in his name in the register of members of the Company but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purpose as paid up on the share. Notwithstanding anything contained in the Articles, where more than one proxy is appointed by a member which is a Clearing House (as defined in the Articles) (or its nominee(s)), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded or otherwise required under the rules of the stock exchange of the Relevant Territory (as defined in the Articles). A poll may be demanded by:

- (i) the chairman of the meeting; or
- (ii) at least two members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (iii) any member or members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (iv) a member or members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s), be a member of the Company, such person or persons may be authorised as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised in accordance with this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s), as if such person were an individual member including the right to vote individually on a show of hands.

Where the Company has knowledge that any member is, under the Listing Rules, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(h) Annual general meetings

The Company must hold an annual general meeting each year. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorised by the Stock Exchange at such time and place as may be determined by the Board.

(i) Accounts and audit

The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the assets and liabilities of the Company and of all other matters required by the Cayman Companies Law necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts of the Company shall be kept at the head office of the Company or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any account or book or document of the Company except as conferred by the Cayman Companies Law or ordered by a court of competent jurisdiction or authorised by the Board or the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory (as defined in the Articles), the Company may send summarized financial statements to shareholders who has, in accordance with the rules of the stock exchange of the Relevant Territory (as defined in the Articles), consented and elected to receive summarized financial statements instead of the full financial statements. The summarized financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory (as defined in the Articles), and must be sent to the shareholders not less than 21 days before the general meeting to those shareholders that have consented and elected to receive the summarized financial statements.

The Company shall appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the Company in general meeting or by the Board if authority is so delegated by the members.

The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

(j) Notices of meetings and business to be conducted thereat

An annual general meeting and any extraordinary general meeting at which it is proposed to pass a special resolution must be called by at least 21 days' notice in writing, and any other extraordinary general meeting shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time, place and agenda of the meeting, and particulars of the resolution(s) to be considered at that meeting, and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member either personally or by sending it through the post in a prepaid envelope or wrapper addressed to such member at his registered address as appearing in the Company's register of members or by leaving it at such registered address as aforesaid or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which for the purpose of service of notice shall be deemed to be his registered address. Where the registered address of the member is outside Hong Kong, notice, if given through the post, shall be sent by prepaid airmail letter where available. Subject to the Cayman Companies Law and the Listing Rules, a notice or document may be served or delivered by the Company to any member by electronic means to such address as may from time to time be authorised by the member concerned or by publishing it on a website and notifying the member concerned that it has been so published.

Although a meeting of the Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

- (i) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat; and
- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the issued shares giving that right.

All business transacted at an extraordinary general meeting shall be deemed special business and all business shall also be deemed special business where it is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

- (aa) the declaration and sanctioning of dividends;
- (bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;
- (cc) the election of Directors in place of those retiring;
- (dd) the appointment of auditors;
- (ee) the fixing of the remuneration of the Directors and of the auditors;
- (ff) the granting of any mandate or authority to the Board to offer, allot, grant options over, or otherwise dispose of the unissued shares of the Company representing not more than 20% in nominal value of its existing issued share capital (or such other percentage as may from time to time be specified in the rules of the Stock Exchange) and the number of any securities repurchased by the Company since the granting of such mandate; and
- (gg) the granting of any mandate or authority to the Board to repurchase securities in the Company.

(k) Transfer of shares

Subject to the Cayman Companies Law, all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve provided always that it shall be in such form prescribed by the Stock Exchange and may be under hand or, if the transferor or transferee is a Clearing House or its nominee(s), under hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers in any case in which it in its discretion thinks fit to do so, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company in respect thereof.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share option scheme upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The Board may decline to recognize any instrument of transfer unless a fee of such maximum sum as the Stock Exchange may determine to be payable or such lesser sum as the Board may from time to time require is paid to the Company in respect thereof, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the Listing Rules (as defined in the Articles), be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine.

Fully paid shares shall be free from any restriction with respect to the right of the holder thereof to transfer such shares (except when permitted by the Stock Exchange) and shall also be free from all liens.

(l) Power of the Company to purchase its own shares

The Company is empowered by the Cayman Companies Law and the Articles to purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirement imposed from time to time by the Articles, code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

Where the Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price, and if purchases are by tender, tenders shall be available to all members alike.

(m) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to the ownership of shares in the Company by a subsidiary.

(n) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide:

- (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share; and
- (ii) all dividends shall be apportioned and paid pro rata in accordance with the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared on the share capital of the Company, the Board may resolve:

- (aa) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or

- (bb) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

Upon the recommendation of the Board, the Company may by ordinary resolution in respect of any one particular dividend of the Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, but in the case of joint holders, shall be addressed to the holder whose name stands first in the register of members of the Company in respect of the shares at his address as appearing in the register, or addressed to such person and at such address as the holder or joint holders may in writing so direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20 % per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

(o) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for use by him for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

(p) Calls on shares and forfeiture of shares

The Board may from time to time make such calls as it may think fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times. A call may be made payable either in one sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20% per annum as the Board shall fix from the day appointed for the payment thereof to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20% per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice will name a further day (not earlier than the expiration

of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and it shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, nevertheless, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20% per annum as the Board may prescribe.

(q) Inspection of corporate records

Members of the Company have no general right under the Cayman Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. However, the members of the Company will have such rights as may be set forth in the Articles. The Articles provide that for so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of member is closed) without charge and require the provision to him of copies or extracts thereof in all respects as if the Company were incorporated under and were subject to the Hong Kong Companies Ordinance.

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or outside the Cayman Islands, as its directors may, from time to time, think fit.

(r) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(s) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under Cayman Islands law, as summarized in paragraph 3(f) of this Appendix.

(t) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

- (i) if the Company shall be wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, then the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and
- (ii) if the Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, on the shares held by them respectively.

In the event that the Company is wound up (whether the liquidation is voluntary or compelled by the court) the liquidator may, with the sanction of a special resolution and any other sanction required by the Cayman Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator shall think fit, but so that no member shall be compelled to accept any shares or other property upon which there is a liability.

(u) Untraceable members

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

In accordance with the Articles, the Company is entitled to sell any of the shares of a member who is untraceable if:

- (i) all cheques or warrants, being not less than three in total number, for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years;
- (ii) upon the expiry of the 12 years and 3 months period (being the 3 months notice period referred to in sub-paragraph (iii)), the Company has not during that time received any indication of the existence of the member; and
- (iii) the Company has caused an advertisement to be published in accordance with the rules of the stock exchange of the Relevant Territory (as defined in the Articles) giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the stock exchange of the Relevant Territory (as defined in the Articles) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

(v) Subscription rights reserve

Pursuant to the Articles, provided that it is not prohibited by and is otherwise in compliance with the Cayman Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

3. CAYMAN ISLANDS COMPANY LAW

The Company was incorporated in the Cayman Islands as an exempted company on 25 August 2011 subject to the Cayman Companies Law. Certain provisions of Cayman Islands company law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Cayman Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

(a) Company operations

As an exempted company, the Company must conduct its operations mainly outside the Cayman Islands. Moreover, the Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorized share capital.

(b) Share capital

In accordance with the Cayman Companies Law, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. The Cayman Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the “share premium account”. At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Cayman Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

- (i) paying distributions or dividends to members;
- (ii) paying up unissued shares of the company to be issued to members as fully paid bonus shares;
- (iii) any manner provided in section 37 of the Cayman Companies Law;
- (iv) writing-off the preliminary expenses of the company; and
- (v) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, the Cayman Companies Law provides that no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

It is further provided by the Cayman Companies Law that, subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorized to do so by its articles of association, by special resolution reduce its share capital in any way.

The Articles include certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

(c) Financial assistance to purchase shares of a company or its holding company

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company when proposing to grant such financial assistance discharge their duties of care and acting in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares. Nonetheless, if the articles of association do not authorize the manner and terms of purchase, a company cannot purchase any of its own shares without the manner and terms of purchase first being authorized by an ordinary resolution of the company. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Under Section 37A(1) the Cayman Companies Law, shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if (a) the memorandum and articles of association of the company do not prohibit it from holding treasury shares; (b) the relevant provisions of the memorandum and articles of association (if any) are complied with; and (c) the company is authorised in accordance with the company's articles of association or by a resolution of the directors to hold such shares in the name of the company as treasury shares prior to the purchase, redemption or surrender of such shares. Shares held by a company pursuant to section 37A(1) of the Companies Law shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Cayman Companies Law.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

With the exception of sections 34 and 37A(7) of the Cayman Companies Law, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Cayman Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see sub-paragraph 2(n) of this Appendix for further details). Section 37A(7)(c) of the Cayman Companies Law provides that for so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of *Foss v. Harbottle* and the exceptions thereto) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge:

- (i) an act which is *ultra vires* the company or illegal;
- (ii) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company; and
- (iii) an irregularity in the passing of a resolution the passage of which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members thereof holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report thereon.

Moreover, any member of a company may petition the court which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

(g) Disposal of assets

There are no specific restrictions in the Cayman Companies Law on the power of directors to dispose of assets of a company, although it specifically requires that every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interest of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

Section 59 of the Cayman Companies Law provides that a company shall cause proper records of accounts to be kept with respect to (i) all sums of money received and expended by the company and the matters with respect to which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company and (iii) the assets and liabilities of the company.

Section 59 of the Cayman Companies Law further states that proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

If the Company keeps its books of account at any place other than at its registered office or at any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2009 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

(i) Exchange control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company may apply for an undertaking from the Governor-in-Cabinet:

- (i) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to the Company or its operations; and
- (ii) in addition, that no tax be levied on profits, income gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:
 - (aa) on or in respect of the shares, debentures or other obligations of the Company; or

(bb) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2011 Revision).

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments.

(k) Stamp duty on transfers

There is no stamp duty payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(l) Loans to directors

The Cayman Companies Law contains no express provision prohibiting the making of loans by a company to any of its directors. However, the Articles provide for the prohibition of such loans under specific circumstances.

(m) Inspection of corporate records

The members of the company have no general right under the Cayman Companies Law to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

(n) Register of members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the Company may determine from time to time. The Cayman Companies Law contains no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2009 Revision) of the Cayman Islands.

(o) Winding up

A Cayman Islands company may be wound up either by (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company occurs where the Company so resolves by special resolution that it be wound up voluntarily, or, where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due; or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum or articles expires, or where the event occurs on the occurrence of which the memorandum or articles provides that the company is to be wound up. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators shall be appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order shall take effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, there may be appointed one or more persons to be called an official liquidator or official liquidators; and the court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one persons are appointed to such office, the court shall declare whether any act required or authorized to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

(p) Reconstructions

Reconstructions and amalgamations are governed by specific statutory provisions under the Cayman Companies Law whereby such arrangements may be approved by a majority in number representing 75% in value of members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member would have the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, nonetheless the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

(q) Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

(r) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

4. GENERAL

Appleby, the Company's legal adviser on Cayman Islands law, has sent to the Company a letter of advice which summarises certain aspects of the Cayman Islands company law. This letter, together with a copy of the Cayman Companies Law, is available for inspection as referred to in the paragraph headed "Documents Available for Inspection" in Appendix V. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY AND OUR SUBSIDIARIES**1. Incorporation**

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on August 25, 2011. Our Company has established a place of business in Hong Kong at Room 2001, 20/F, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part XI of the Companies Ordinance on April 23, 2012. LAM Hang Boris has been appointed as the authorized representative of our Company for the acceptance of service of process in Hong Kong.

As our Company was incorporated in the Cayman Islands, it operates subject to the Companies Law and to its constitution comprising a memorandum of association and articles of association. A summary of certain provisions of the Articles and relevant aspects of the Companies Law is set forth in Appendix III.

2. Change in share capital of our Company

The authorized share capital of our Company as of the date of its incorporation was HK\$380,000 divided into 3,800,000 Shares of HK\$0.10 each.

On August 25, 2011, we allotted and issued one Share to Reid Services Limited, which was transferred to Zhi Qun on the same day.

On 7 May 2012, we allotted and issued 93,687 Shares to Zhi Qun.

On 31 May 2012, we allotted and issued 6,312 Shares to CICC.

Pursuant to the resolutions in writing of all our Shareholders passed on August 19, 2013, the authorized share capital of our Company was increased from HK\$380,000 to HK\$1,000,000,000 by the creation of an additional 9,996,200,000 Shares.

Immediately following the Capitalization Issue and completion of the Global Offering but not taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or the options which were granted under the Pre-IPO Share Option Scheme or may be granted under the Post-IPO Share Option Scheme, the issued share capital of our Company will be HK\$200,000,000 divided into 2,000,000,000 Shares of HK\$0.10 each, all fully paid or credited as fully paid and 8,000,000,000 Shares of HK\$0.10 each will remain unissued.

Save as above and as mentioned in the paragraph “3. Resolutions in writing of all our Shareholders passed on August 19, 2013” below, there has been no alteration in the share capital of our Company since its incorporation.

3. Resolutions in writing of all our Shareholders passed on August 19, 2013

- (a) Pursuant to the resolutions in writing of all our Shareholders passed on August 19, 2013:
- (i) our Company approved and adopted the Memorandum and Articles, which will come into effect upon Listing;
 - (ii) the authorized share capital of our Company was increased from HK\$380,000 to HK\$1,000,000,000 by the creation of an additional 9,996,200,000 Shares;
 - (iii) conditional on (i) the Listing Committee granting the approval for the listing of, and permission to deal in, the Shares in issue, the Shares to be issued (pursuant to the Global Offering, the Capitalization Issue, the exercise of the Over-allotment Option, and the exercise of the options which were granted under the Pre-IPO Share Option Scheme or may be granted under the Post-IPO Share Option Scheme); and (ii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) by the Joint Global Coordinators and/or the Joint Bookrunner (on behalf of the Underwriters) (as the case may be) and the Underwriting Agreements not being terminated in accordance with their terms or otherwise:
 - (I) the Global Offering was approved and our Directors were authorized to effect the same and to allot and issue the new Shares pursuant to the Global Offering;
 - (II) the grant of the Over-allotment Option by the Company to the International Underwriters to allot and issue up to an aggregate of 75,000,000 Shares to cover, among other things, the over-allotment in the International Offering was approved;
 - (III) the proposed Listing was approved and our Directors were authorized to implement Listing; and
 - (IV) the rules of the Post-IPO Share Option Scheme, the principal terms of which are set forth in “D. Other Information — 1. Post-IPO Share Option Scheme” in this Appendix, were approved and adopted with effect from the Listing and our Directors were authorized to grant options to subscribe for Shares thereunder and to allot and issue the Shares pursuant to the exercise of options that may be granted under the Post-IPO Share Option Scheme and to take all such actions as may be necessary and/or desirable to implement and give effect to the Post-IPO Share Option Scheme;
 - (iv) conditional on the share premium account of the Company being credited as a result of the Global Offering, the sum of HK\$149,990,000 be capitalized and be applied in paying up in full at par 1,499,900,000 Shares for allotment and issue to the Shareholders whose names were on the register of members of the Company at the close of business on the day immediately preceding the Listing Date (or as the Directors may direct) in proportion to their respective shareholdings;

- (v) a general unconditional mandate was granted to our Directors to allot, issue and deal with Shares, and to make or grant offers, agreements or options which might require such Shares to be allotted and issued or dealt with at any time subject to the requirement that the aggregate nominal value of the Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued, shall not exceed 20% of the aggregate nominal value of the share capital of the Company in issue immediately following the completion of the Capitalization Issue.

This mandate does not cover Shares to be allotted, issued, or dealt with under a rights issue or scrip dividend scheme or similar arrangements or a specific authority granted by the Shareholders or upon the exercise of the Over-allotment Option or the options granted under the Pre-IPO Share Option Scheme or may be granted under the Post-IPO Share Option Scheme. This general mandate to issue Shares will remain in effect until:

- (I) at the conclusion of the next annual general meeting of our Company;
- (II) at the end of the period within which the next annual general meeting of our Company is required to be held under the applicable laws or the Articles; or
- (III) when revoked or varied by an ordinary resolution of our Shareholders at a general meeting of our Company,

whichever is the earliest;

- (vi) a general unconditional mandate was given to our Directors to exercise all powers of our Company to repurchase Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal value of the share capital of our Company in issue immediately following the completion of the Capitalization Issue and the Global Offering (excluding Shares which may be allotted and issued upon the exercise of the Over-allotment Option, the options which were granted under the Pre-IPO Share Option Scheme or may be granted under the Post-IPO Share Option Scheme).

This mandate only relates to repurchase made on the Stock Exchange or on any other stock exchange on which the Shares may be listed (and which is recognized by the SFC and the Stock Exchange for this purpose) and made in accordance with all applicable laws and regulations and the requirements of the Listing Rules. Such mandate will expire:

- (I) at the conclusion of the next annual general meeting of our Company;
- (II) at the end of the period within which the next annual general meeting of our Company is required to be held under any applicable laws or the Articles; or
- (III) when revoked or varied by an ordinary resolution of our Shareholders at a general meeting of our Company;

whichever is the earliest; and

(vii) the general unconditional mandate as mentioned in paragraph (v) above was extended by the addition to the aggregate nominal value of the Shares which may be allotted and issued or agreed to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the Shares purchased by our Company pursuant to the mandate to repurchase Shares referred to in paragraph (vi) above (up to 10% of the aggregate nominal value of the Shares in issue immediately following the Capitalization Issue and completion of the Global Offering, excluding any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option, the options which were granted under the Pre-IPO Share Option Scheme or may be granted under the Post-IPO Share Option Scheme).

4. Corporate reorganization

The companies comprising our Group underwent the Reorganization in preparation for the Listing. Please refer to the section “Our History and Reorganization” for further details.

5. Changes in the share capital of our subsidiaries

Save as disclosed below, there has been no alteration in the share capital of any of our subsidiaries within the two years immediately preceding the date of this prospectus:

Nan Pu International

On June 16, 1994, Nan Pu International was incorporated in Hong Kong and wholly owned by Mr. Lin. On May 24, 2012, Mr. Lin transferred 68,000,000 shares of par value of HK\$1.00 each, representing the entire issued share capital in Nan Pu International, to Praise Sheen at a consideration of HK\$253,356,127.00, which was equivalent to the net asset value of Nan Pu International as of 31 December, 2011 and was satisfied per Mr. Lin’s instruction by the allotment and issue of 99 ordinary shares in Praise Sheen to our Company. After this share transfer, Nan Pu International became the wholly-owned subsidiary of Praise Sheen.

Ningbo Contemporary Trading

On May 25, 2012, Tiansheng Wines and Spirits entered into two equity share transfer agreements with Wang Yuanzhang and Zhu Jingbo, respectively, pursuant to which Wang Yuanzhang and Zhu Jingbo transferred 26% and 23% equity interests in Ningbo Contemporary Trading to Tiansheng Wines and Spirits for a consideration of RMB6,697,200 and RMB5,924,400, respectively. Upon completion of the equity transfer, Tiansheng Wines and Spirits became the sole shareholder of Ningbo Contemporary Trading.

Royal Wines and Spirits

On November 1, 2011, Tenwow Group entered into an equity share transfer agreement with each of Shi Yahua, Yan Minkun, Wei Jieming and Xu Jianmin, pursuant to which each of Shi Yahua, Yan Minkun, Wei Jieming and Xu Jianmin transferred 3% equity interests in Royal Wines and Spirits to Tenwow Group for a consideration of RMB300,000, respectively. Upon completion of the equity transfer, Tenwow Group became the sole shareholder of Royal Wines and Spirits.

Wuhan Nanpu

On May 18, 2012, Tenwow Group entered into an equity share transfer agreement with Zhou Yanwen, pursuant to which Zhou Yanwen transferred his 20% equity interests in Wuhan Nanpu to Tenwow Group for a consideration of RMB11,600,000. Upon completion of the equity transfer, Tenwow Group becomes the sole shareholder of Wuhan Nanpu. On May 28, 2012, the registered share capital of Wuhan Nanpu was increased from RMB58,000,000 to RMB76,000,000.

Xiangyang Nan Pu Food Co., Ltd.

On November 8, 2011, Xiangyang Nan Pu Food Co., Ltd. was established in the PRC as a limited liability company with a registered share capital of RMB500,000. Xiangyang Nan Pu Food Co., Ltd. is wholly-owned by Wuhan Nanpu and also an indirect wholly-owned subsidiary of our Company.

Chengdu Nanpu Food Limited

On December 14, 2011, Nanpu entered into an equity share transfer agreement with Lin Jianfeng, pursuant to which Lin Jianfeng transferred his 10% equity interests in Chengdu Nanpu Food Limited to Nanpu for a consideration of RMB100,000. Upon completion of the equity transfer, Nanpu and Tenwow Group held 70% and 30% equity interests in Chengdu Nanpu Food Limited respectively.

Dalian Nanpu

On January 20, 2012, Dalian Nanpu was established in the PRC as a limited liability company with a registered share capital of RMB30,000,000. On June 28, 2012, the registered share capital of Dalian Nanpu increased to RMB50,000,000. Dalian Nanpu is owned by Nanpu and Dalian Friendship Group as to 70% and 30%, respectively.

Shanghai Tiande Winery Limited

On August 28, 2012, Shanghai Tiande Winery Limited was established in the PRC as a limited liability company with a registered share capital of RMB20,000,000. Shanghai Tiande Winery Limited is owned by Nanpu and Mr. Lu Ting as to 51% and 49%, respectively.

Shanghai Mornflake

On May 21, 2012, Chen Chengzu and Wang Chuanjia entered into two equity transfer agreements with Chen Lei, respectively, pursuant to which Chen Chengzu and Wang Chuanjia transferred 1% and 0.5% equity interests in Shanghai Mornflake to Chen Lei for a consideration of RMB130,000 and RMB65,000, respectively. Upon completion of the equity transfer, Tenwow Group held 65.5% equity interests in Shanghai Mornflake, and the remaining 34.5% equity interests were held by other individual shareholders.

Shanghai Huasheng Wines and Spirits Co., Ltd.

On March 22, 2013, the registered share capital of Shanghai Huasheng Wines and Spirits Co., Ltd. increased from RMB10,000,000 to RMB120,000,000.

6. Particulars of our subsidiaries

Particulars of our subsidiaries are set forth in Note 36 to the Accountant's Report, the text of which is set forth in Appendix I.

7. Repurchase of Shares by our Company*(a) Provisions of the Listing Rules*

The Listing Rules permit companies whose primary listing is on the Main Board of the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

(i) Shareholders' approval

All proposed repurchases of securities on the Stock Exchange by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of shareholders, either by way of general mandate or by specific approval of a particular transaction.

(Note: Pursuant to the resolutions in writing of all our Shareholders passed on August 19, 2013, a general unconditional mandate (the "Buyback Mandate") was granted to our Directors authorizing the repurchase by our Company on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, of Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal amount of the share capital of our Company in issue and to be issued immediately following the completion of the Capitalization Issue and the Global Offering (excluding Shares which may be issued upon the exercise of the Over-allotment Option or the options which were granted under the Pre-IPO Share Option Scheme or may be granted under the Post-IPO Share Option Scheme), at any time until the conclusion of the next annual general meeting of our Company, the expiration of the period within which the next annual general meeting of our Company is required by any applicable law or the Articles to be held or when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting, whichever is the earliest.)

(ii) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Articles and the laws of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange as amended from time to time.

(b) *Reasons for repurchases*

Our Directors believe that it is in the best interests of our Company and Shareholders for our Directors to receive the general authority from our Shareholders to repurchase Shares in the market. Repurchases of Shares will only be made when our Directors believe that such repurchases will benefit our Company and Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of our Company and its assets and/or its earnings per Share.

(c) *Funding of repurchases*

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Articles and the applicable laws of the Cayman Islands.

Any payment for the repurchase of Shares will be drawn from the profits of our Company or from the proceeds of a fresh issue of shares made for the purpose of the purchase or, if authorized by the Articles and subject to the Companies Law, out of capital and, in the case of any premium payable on the purchase, out of the profits of our Company or from sums standing to the credit of the share premium account of our Company or, if authorized by the Articles and subject to the Companies Law, out of capital.

Our Directors do not propose to exercise the Buyback Mandate to such an extent as would, under the circumstances, have a material adverse effect in the opinion of our Directors on the working capital requirements of our Company or its gearing levels. However, there might be a material adverse impact on the working capital or gearing position of our Company as compared with the position disclosed in this prospectus in the event that the Buyback Mandate is exercised in full.

(d) *Share capital*

Exercise in full of the Buyback Mandate, on the basis of 2,000,000,000 Shares in issue immediately after Listing (but taking no account of Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and the options which were granted under the Pre-IPO Share Option Scheme or may be granted under the Post-IPO Share Option Scheme), could accordingly result in up to 200,000,000 Shares being repurchased by our Company during the period until:

- (i) the conclusion of the next annual general meeting of our Company;
- (ii) the expiration of the period within which the next annual general meeting of our Company is required by any applicable law or the Articles to be held; or
- (iii) the date on which the Buyback Mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting,

whichever occurs first.

(e) *General*

None of our Directors or, to the best of their knowledge, having made all reasonable enquiries, any of their respective associates (as defined in the Listing Rules), has any present intention to sell any Shares to our Company or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Buyback Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands. Our Company has not repurchased any Shares since its incorporation.

No connected person (as defined in the Listing Rules) of our Company has notified our Company that he /she or it has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Buyback Mandate is exercised.

If as a result of a securities repurchase pursuant to the Buyback Mandate, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Hong Kong Code on Takeovers and Mergers (the "Code"). Accordingly, a Shareholder, or a group of Shareholders acting in concert, depending on the level of increase of our Shareholders' interest, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Code as a result. Save as above, our Directors are not aware of any consequences which may arise under the Code if the Buyback Mandate is exercised.

If the Buyback Mandate is fully exercised immediately following completion of the Global Offering, then, taking no account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option or pursuant to the exercise of the options which were granted under the Pre-IPO Share Option Scheme or may be granted under the Post-IPO Share Option Scheme, the total number of Shares which will be repurchased pursuant to the Buyback Mandate shall be 200,000,000 Shares (being 10% of the issued share capital of our Company based on the above assumptions). The percentage shareholding of Zhi Qun, a Controlling Shareholder, will increase to approximately 78.07% of the issued share capital of our Company immediately following the full exercise of the Buyback Mandate assuming the Over-allotment Option is not exercised and the options granted or may be granted under the Share Option Schemes are not exercised. In the event that the Buyback Mandate is exercised in full, the number of Shares held by the public would fall below 25% of the total number of Shares in issue. Any repurchase of Shares which results in the number of Shares held by the public being reduced to less than the prescribed percentage of the Shares then in issue may only be implemented with the approval of the Stock Exchange to waive the requirement regarding the public float under Rule 8.08 of the Listing Rules. However, our Directors have no present intention to exercise the Buyback Mandate to such an extent that, under the circumstances, there would be insufficient public float as prescribed under the Listing Rules.

B. FURTHER INFORMATION ABOUT OUR BUSINESS**1. Summary of material contracts**

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

- (1) a share transfer agreement dated November 1, 2011 entered into between Tenwow Group and Shi Yahua (史雅華), pursuant to which Shi Yahua agreed to transfer his 3% equity interests in Royal Wines and Spirits to Tenwow Group for a consideration of RMB300,000;
- (2) a share transfer agreement dated November 1, 2011 entered into between Tenwow Group and Yan Minkun (嚴旻坤), pursuant to which Yan Minkun agreed to transfer his 3% equity interests in Royal Wines and Spirits to Tenwow Group for a consideration of RMB300,000;
- (3) a share transfer agreement dated November 1, 2011 entered into between Tenwow Group and Wei Jieming (魏傑明), pursuant to which Wei Jieming agreed to transfer his 3% equity interests in Royal Wines and Spirits to Tenwow Group for a consideration of RMB300,000;
- (4) a share transfer agreement dated November 1, 2011 entered into between Tenwow Group and Xu Jianmin (徐劍敏), pursuant to which Xu Jianmin agreed to transfer her 3% equity interests in Royal Wines and Spirits to Tenwow Group for a consideration of RMB300,000;
- (5) a share transfer agreement dated December 14, 2011 entered into between Nanpu and Lin Jianfeng (林劍鋒), pursuant to which Lin Jianfeng agreed to transfer his 10% equity interests in Chengdu Nanpu Food Limited (成都南浦食品有限公司) to Nanpu for a consideration of RMB100,000;
- (6) the CICC Share Subscription Agreement;
- (7) a share transfer agreement dated May 18, 2012 entered into between Tenwow Group and Zhou Yanwen (周延文), pursuant to which Zhou Yanwen agreed to transfer his 20% equity interests in Wuhan Nanpu to Tenwow Group for a consideration of RMB11,600,000;
- (8) the deed of non-competition undertakings dated May 22, 2012 entered into by Mr. Lin in favour of the Company;
- (9) an instrument of transfer dated May 24, 2012 entered into between Mr. Lin and Praise Sheen, whereby Mr. Lin agreed to transfer his 68,000,000 shares in Nan Pu International to Praise Sheen for a consideration of HK\$253,356,127 satisfied by the allotment and issue of 99 ordinary shares of US\$1 each of Praise Sheen to the Company;
- (10) the Investors Rights Agreement;

- (11) a share transfer agreement dated June 4, 2012 entered into between Tiansheng Wines and Spirits and Wang Yuanzhang (王遠章), pursuant to which Wang Yuanzhang agreed to transfer his 26% equity interests in Ningbo Contemporary Trading to Tiansheng Wines and Spirits for a consideration of RMB6,697,200;
- (12) a share transfer agreement dated June 4, 2012 entered into between Tiansheng Wines and Spirits and Zhu Jingbo (朱京波), pursuant to which Zhu Jingbo agreed to transfer his 23% equity interests in Ningbo Contemporary Trading to Tiansheng Wines and Spirits for a consideration of RMB5,924,400;
- (13) the supplemental agreement to the Investors Rights Agreement dated September 4, 2012 entered into among CICC, the Company, Mr. Lin and Zhi Qun, pursuant to which all parties agreed to amend the Investors Rights Agreement and to the extent necessary clarify the intention of all parties;
- (14) an agreement dated December 19, 2012 entered into between Tenwow Group and Tenwow Ika Supermarket, pursuant to which, among other things, Tenwow Group agreed to transfer to Tenwow Ika Supermarket the “天喔 IKA” and “天喔一佳” trademarks;
- (15) the second supplemental agreement to the Investors Rights Agreement dated June 5, 2013 entered into among CICC, the Company, Mr. Lin and Zhi Qun, pursuant to which all parties agreed to further amend the Investors Rights Agreement;
- (16) the cornerstone placing agreement dated July 15, 2013 entered into among our Company, the Joint Bookrunners, Deutsche Securities Asia Limited, Milestone F&B II Limited and Milestone China Opportunities Fund III, L.P. as described in the section “Cornerstone Investors”;
- (17) the cornerstone placing agreement dated July 15, 2013 entered into among our Company, the Joint Bookrunners, Deutsche Securities Asia Limited and China FNB Investment Holdings Limited as described in the section “Cornerstone Investors” (the “**Caryle Agreement**”);
- (18) the undertaking letter dated July 15, 2013 given by Caryle Asia Growth Partners IV, L.P., and CAGP IV Co-Investment, L.P., (together the “**Funds**”) (executed by CAGP IV General, L.P. and CAGP IV Ltd. for and on behalf of the Funds) in favour of our Company, the Joint Bookrunners and Deutsche Securities Asia Limited in relation to, among other things, the procurement of the Funds to, on the Listing Date (a) fund to China FNB Investment Holdings Limited a total equity commitment of up to US\$47,122,100 which shall be used by it to pay the amount payable for the Shares under the Caryle Agreement and (b) procure China FNB Investment Holdings Limited to acquire the Shares under the Caryle Agreement;
- (19) the cornerstone placing agreement dated August 15, 2013 entered into among our Company, the Joint Bookrunners, Deutsche Securities Asia Limited, Orchid Asia V, L.P. and Orchid Asia V Co-Investment, Limited as described in the section “Cornerstone Investors”;
- (20) the Non-competition Deed;






- (21) the deed of indemnity dated August 31, 2013 given by Mr. Lin and Zhi Qun in favour of our Company, in respect of certain tax and litigation indemnities given by Mr. Lin and Zhi Qun in favour of our Company (for itself and as trustee for its subsidiaries) as detailed in the paragraph “C. Further Information about Our Directors and Substantial Shareholders- Tax and other Indemnity” in this Appendix;
- (22) a deed of lock-up undertaking dated September 2, 2013 given by CICC in favour of our Company and the Joint Bookrunners, pursuant to which CICC undertook, inter alia, not to dispose of any of the Shares held by it for a period of six months after the Listing Date; and
- (23) the Hong Kong Underwriting Agreement.

2. Intellectual property rights of our Group

Trademarks

(a) Registered trademarks owned by the Group

- (i) As of the Latest Practicable Date, we were the registered owner of and had the right to use the following trademarks in the PRC which we consider to be or may be material to our business:

No.	Trademark	Registration No.	Registered Owner	Class (Note)	Application Date	Expiry Date
1		1065632	Tenwow Group	30	April 29, 1996	July 27, 2017
2		1454025	Tenwow Group	30	April 23, 1999	October 6, 2020
3		1490636	Tenwow Group	32	August 9, 1999	December 13, 2020
4		1498406	Tenwow Group	29	August 9, 1999	December 27, 2020
5		1506040	Tenwow Group	30	August 9, 1999	January 13, 2021

No.	Trademark	Registration No.	Registered Owner	Class (Note)	Application Date	Expiry Date
6	贡泉	1956114	Tenwow Group	32	July 23, 2001	November 13, 2022
7		3128380	Tenwow Group	29	March 29, 2002	March 20, 2015
8		3471924	Tenwow Group	30	March 3, 2003	August 6, 2014
9		3471925	Tenwow Group	29	March 3, 2003	July 27, 2014
10		3913291	Tenwow Group	29	February 16, 2004	January 13, 2016
11		3948360	Tenwow Group	30	March 9, 2004	March 27, 2016
12		3948361	Tenwow Group	29	March 9, 2004	January 13, 2016
13	嘉诚庄园	3983295	Tenwow Group	33	March 29, 2004	March 27, 2016
14		4066438	Tenwow Group	21	May 17, 2004	July 6, 2017
15	天喔果园	4582707	Tenwow Group	32	April 4, 2005	January 20, 2017
16		4595579	Tenwow Group	29	April 11, 2005	November 27, 2017
17	Denntss	4622470	Tenwow Group	21	April 25, 2005	August 27, 2018

No.	Trademark	Registration No.	Registered Owner	Class (Note)	Application Date	Expiry Date
18	Denntss	4622471	Tenwow Group	3	April 25, 2005	August 27, 2018
19		4687009	Tenwow Group	30	May 30, 2005	March 6, 2018
20		5012673	Tenwow Group	29	November 21, 2005	June 6, 2019
21		5276468	Tenwow Group	30	April 10, 2006	April 13, 2019
22	很牛	5362258	Tenwow Group	29	May 22, 2006	May 20, 2021
23		5823293	Tenwow Group	29	December 31, 2006	July 6, 2019
24		5823294	Tenwow Group	29	December 31, 2006	July 6, 2019
25		6004751	Tenwow Group	30	April 17, 2007	March 13, 2020
26		6004753	Tenwow Group	32	April 17, 2007	December 20, 2019
27	吉吉高	6043187	Tenwow Group	30	May 10, 2007	January 13, 2020
28	吉吉高	6043189	Tenwow Group	32	May 10, 2007	December 20, 2019
29	天喔莲茶	6043191	Tenwow Group	30	May 10, 2007	September 20, 2020









No.	Trademark	Registration No.	Registered Owner	Class (Note)	Application Date	Expiry Date
30	天喔莲茶	6043196	Tenwow Group	32	May 10, 2007	March 27, 2020
31		6192413	Tenwow Group	30	July 30, 2007	January 27, 2022
32	天喔一品	6192414	Tenwow Group	30	July 30, 2007	March 27, 2020
33		6259624	Tenwow Group	29	September 5, 2007	February 6, 2020
34		6259625	Tenwow Group	30	September 5, 2007	April 27, 2020
35		6259626	Tenwow Group	32	September 5, 2007	February 27, 2020
36		6289416	Tenwow Group	29	September 24, 2007	September 27, 2019
37	麦可爱	6341684	Tenwow Group	30	October 26, 2007	February 27, 2020
38	嘉选	6541060	Tenwow Group	29	January 31, 2008	December 6, 2019
39	天喔红标	6574034	Tenwow Group	30	March 3, 2008	September 27, 2020
40	天喔银标	6574035	Tenwow Group	30	March 3, 2008	September 27, 2020
41	天喔金标	6574036	Tenwow Group	30	March 3, 2008	September 27, 2020
42	天喔红标	6574037	Tenwow Group	29	March 3, 2008	March 6, 2020
43	天喔金标	6574038	Tenwow Group	29	March 3, 2008	March 6, 2020

No.	Trademark	Registration No.	Registered Owner	Class (Note)	Application Date	Expiry Date
44	银标	6574039	Tenwow Group	29	March 3, 2008	March 6, 2020
45	嘉诚	6798859	Tenwow Group	32	June 23, 2008	July 13, 2020
46		6878318	Tenwow Group	29	August 4, 2008	August 6, 2022
47	吉吉高	6878319	Tenwow Group	33	August 4, 2008	May 6, 2020
48		6979853	Tenwow Group	30	September 28, 2008	December 13, 2020
49		7000698	Tenwow Group	29	October 15, 2008	August 20, 2020
50		7000699	Tenwow Group	29	October 15, 2008	August 20, 2020
51		7000700	Tenwow Group	30	October 15, 2008	July 13, 2020
52		7073391	Tenwow Group	30	November 24, 2008	January 20, 2021
53		7073392	Tenwow Group	32	November 24, 2008	June 27, 2020
54		7276463	Tenwow Group	30	March 24, 2009	August 27, 2020
55		7276518	Tenwow Group	30	March 24, 2009	August 20, 2020
56		7276535	Tenwow Group	30	March 24, 2009	August 20, 2020





No.	Trademark	Registration No.	Registered Owner	Class (Note)	Application Date	Expiry Date
57	TENWOW CAKEONE	7276548	Tenwow Group	30	March 24, 2009	August 20, 2020
58	零嘴达人	7303118	Tenwow Group	29	April 3, 2009	October 13, 2020
59	天喔同乐馆	7303150	Tenwow Group	29	April 3, 2009	October 13, 2020
60	天喔同乐馆	7303176	Tenwow Group	30	April 3, 2009	August 13, 2020
61	零嘴达人	7303191	Tenwow Group	30	April 3, 2009	August 20, 2020
62	天喔果粒多	7368166	Tenwow Group	32	May 4, 2009	January 27, 2021
63	天喔果粒多	7368167	Tenwow Group	30	May 4, 2009	January 27, 2021
64	梅丽	7445977	Tenwow Group	29	June 4, 2009	October 27, 2020
65	嘉选	7463411	Tenwow Group	30	June 11, 2009	September 6, 2020
66		7463434	Tenwow Group	29	June 11, 2009	October 27, 2020
67	川湘	7474851	Tenwow Group	29	June 16, 2009	March 13, 2022
68		7474869	Tenwow Group	33	June 16, 2009	September 13, 2020
69	田园都市	7509673	Tenwow Group	33	June 30, 2009	September 13, 2020
70	雷蒙庄园	7600785	Tenwow Group	33	August 6, 2009	October 27, 2020
71	很牛	7600805	Tenwow Group	33	August 6, 2009	October 27, 2020
72		7688046	Tenwow Group	32	September 10, 2009	November 27, 2020
73		7798529	Tenwow Group	29	October 30, 2009	March 6, 2021

No.	Trademark	Registration No.	Registered Owner	Class (Note)	Application Date	Expiry Date
74		7798545	Tenwow Group	30	October 30, 2009	December 20, 2020
75		7801215	Tenwow Group	29	November 2, 2009	March 6, 2021
76	天喔颗颗香	7801216	Tenwow Group	29	November 2, 2009	March 6, 2021
77	玛利妮	7844789	Tenwow Group	33	November 18, 2009	December 20, 2020
78	 Carmenere	7844797	Tenwow Group	33	November 18, 2009	December 20, 2020
79	三谷酒庄	7916424	Tenwow Group	33	December 15, 2009	January 20, 2021
80	粗粮生活	7949666	Tenwow Group	29	December 28, 2009	March 20, 2021
81		8100093	Tenwow Group	32	March 5, 2010	March 13, 2021
82		8100103	Tenwow Group	32	March 5, 2010	March 13, 2021
83		8112649	Tenwow Group	29	March 11, 2010	February 13, 2022
84		8112666	Tenwow Group	30	March 11, 2010	June 13, 2021
85		8115913	Tenwow Group	31	March 11, 2010	May 13, 2021
86		8115936	Tenwow Group	32	March 11, 2010	April 20, 2021
87		8115947	Tenwow Group	33	March 11, 2010	March 20, 2021
88		8115976	Tenwow Group	35	March 11, 2010	January 13, 2022

No.	Trademark	Registration No.	Registered Owner	Class (Note)	Application Date	Expiry Date
89		8186084	Tenwow Group	32	April 14, 2010	September 6, 2022
90		8221225	Tenwow Group	32	April 19, 2010	September 13, 2021
91	天喔喝啥哟	8312399	Tenwow Group	32	May 19, 2010	June 27, 2021
92	Denntss	8468246	Tenwow Group	21	July 12, 2010	July 20, 2021
93	牙神	8468247	Tenwow Group	21	July 12, 2010	August 6, 2021
94	炫力	8487350	Tenwow Group	32	July 16, 2010	August 13, 2021
95	瓦伦蒂诺	8564226	Tenwow Group	33	August 11, 2010	August 20, 2021
96	巧慕	8604861	Tenwow Group	30	August 24, 2010	September 6, 2021
97	零嘴达人	8666525	Tenwow Group	35	September 14, 2010	October 27, 2021
98		8666526	Tenwow Group	35	September 14, 2010	May 20, 2022
99		8666527	Tenwow Group	32	September 14, 2010	September 27, 2021
100		8666528	Tenwow Group	31	September 14, 2010	October 20, 2021
101		8666530	Tenwow Group	29	September 14, 2010	January 27, 2022
102	天喔果园	9119686	Tenwow Group	31	February 14, 2011	February 20, 2022
103	天喔铺子	9178510	Tenwow Group	29	March 7, 2011	March 13, 2022

No.	Trademark	Registration No.	Registered Owner	Class (Note)	Application Date	Expiry Date
104	天喔小铺	9178511	Tenwow Group	29	March 7, 2011	March 13, 2022
105		9446552	Tenwow Group	33	May 10, 2011	May 27, 2022
106	橄利	9587829	Tenwow Group	29	June 13, 2011	July 6, 2022
107		664323	Chuanxiang Food	29	August 24, 1992	November 6, 2013
108		1402769	Chuanxiang Food	29	December 31, 1998	May 27, 2020
109		143053	Chuanxiang Food	30	September 30, 1980	February 28, 2023
110		143060	Chuanxiang Food	29	September 30, 1980	February 28, 2023
111		235622	Chuanxiang Flavouring	30	February 7, 1985	October 29, 2015
112		4333995	Chuanxiang Flavouring	30	October 28, 2004	May 13, 2017
113		4333996	Chuanxiang Flavouring	29	October 28, 2004	May 13, 2017
114	督上将	6289417	Chuanxiang Flavouring	30	September 24, 2007	February 27, 2020
115	辣上将	6302538	Chuanxiang Flavouring	30	September 29, 2007	February 13, 2020

No.	Trademark	Registration No.	Registered Owner	Class (Note)	Application Date	Expiry Date
116		7073389	Chuanxiang Flavouring	30	December 4, 2008	June 27, 2020
117		1964444	Shanghai Royal Winery Co., Ltd.	33	August 30, 2001	October 13, 2022
118		1964660	Shanghai Royal Winery Co., Ltd.	33	August 27, 2001	October 13, 2022
119		3481377	Shanghai Royal Winery Co., Ltd.	33	March 11, 2003	August 6, 2014
120		3859565	Shanghai Royal Winery Co., Ltd.	33	December 24, 2003	October 13, 2015
121		3879134	Shanghai Royal Winery Co., Ltd.	33	January 7, 2004	November 6, 2015
122		4728728	Shanghai Royal Winery Co., Ltd.	33	June 20, 2005	August 13, 2018
123		4728729	Shanghai Royal Winery Co., Ltd.	33	June 20, 2005	March 6, 2018
124		5160858	Shanghai Royal Winery Co., Ltd.	33	February 16, 2006	March 20, 2019
125	谷和福宴	7519390	Shanghai Royal Winery Co., Ltd.	33	July 3, 2009	September 13, 2020

No.	Trademark	Registration No.	Registered Owner	Class (Note)	Application Date	Expiry Date
126		7850828	Shanghai Royal Winery Co., Ltd.	33	November 20, 2009	December 20, 2020
127	谷和喜庆	8590809	Shanghai Royal Winery Co., Ltd.	33	August 19, 2010	August 27, 2021
128		1563135	Shanghai Mornflake	30	November 23, 1999	April 27, 2021
129		3263609	Shanghai Mornflake	30	August 5, 2002	March 27, 2014
130		3883768	Shanghai Mornflake	29	January 12, 2004	January 6, 2016
131		3883769	Shanghai Mornflake	31	January 12, 2004	November 27, 2015
132		3883770	Shanghai Mornflake	30	January 12, 2004	December 27, 2015
133		3905088	Shanghai Mornflake	30	February 9, 2004	December 27, 2015
134		4341799	Shanghai Mornflake	30	November 2, 2004	February 20, 2019
135		7816141	Shanghai Mornflake	30	November 6, 2009	December 20, 2020
136		9925301	Shanghai Mornflake	30	September 2, 2012	November 6, 2022
137	凌致	10079883	Tenwow Group	33	October 18, 2011	December 13, 2022



No.	Trademark	Registration No.	Registered Owner	Class (Note)	Application Date	Expiry Date
138		10123594	Tenwow Group	29	October 28, 2011	January 6, 2023
139	天喔盐津掌柜	10342240	Tenwow Group	29	December 22, 2011	May 20, 2023
140	精炒门	10342350	Tenwow Group	29	December 22, 2011	February 27, 2023
141	天喔精炒门	10342357	Tenwow Group	29	December 22, 2011	February 27, 2023
142	尚贝卡德酒庄	10386347	Tenwow Group	33	December 31, 2011	March 13, 2023
143	罗弘酒庄	10386371	Tenwow Group	33	December 31, 2011	March 13, 2023
144	绿露玫瑰酒庄	10386385	Tenwow Group	33	December 31, 2011	March 13, 2023
145	天喔主义	10519874	Tenwow Group	29	February 22, 2012	April 13, 2023
146		10538605	Tenwow Group	32	February 27, 2012	April 13, 2023
147	倍尼	10578288	Tenwow Group	33	March 6, 2012	April 27, 2023
148		10686529	Tenwow Group	29	March 27, 2012	June 27, 2023
149	天喔主意	10742174	Tenwow Group	29	April 9, 2012	June 13, 2023

Note: For details of the classification of goods for trademarks, see the paragraph “B. Further Information About Our Business — 2. Intellectual property rights of our Group — Trademarks — (d) Classification of goods for trademarks” in this Appendix.

- (ii) As of the Latest Practicable Date, we were the registered owner (through Nan Pu International) of and had the right to use the following trademarks in Hong Kong which we consider to be or may be material to our business:

No.	Trademark	Registration No.	Class (Note)	Expiry Date
1		300633799	29, 30	May 7, 2016
2		300940626	30	August 23, 2017
3		300940635	30	August 23, 2017
4		301161477	30	July 15, 2018
5		301161459	30	July 15, 2018
6		301480798	32	November 19, 2019
7		301512701	32	December 29, 2019




No.	Trademark	Registration No.	Class (Note)	Expiry Date
8		301569312	30	March 22, 2020
9		302081349	30	November 9, 2021
10		302081330	30	November 9, 2021
11		302081385	30, 32	November 9, 2021
12		302081367	30	November 9, 2021
13		302187667	29	March 11, 2022

No.	Trademark	Registration No.	Class (Note)	Expiry Date
14		302347506	33	August 15, 2022
15		302347489	29, 30, 32, 33	August 15, 2022

Note: For details of the classification of goods for trademarks, see the paragraph “B. Further Information About Our Business — 2. Intellectual property rights of our Group — Trademarks — (d) Classification of goods for trademarks” in this Appendix.

(b) *Trademarks pending registration*

- (i) As of the Latest Practicable Date, we (through Tenwow Group) have applied for the registration of the following trademarks in the PRC which we consider to be or may be material to our business:

No.	Trademark	Application No.	Class (Note)	Application Date
1		8666529	30	September 14, 2010
2		7688050	30	September 10, 2009
3	约翰马仕	9538522	33	May 31, 2011
4		10686542	29	March 27, 2012
5	巧慕	11323786	29	August 8, 2012

No.	Trademark	Application No.	Class (Note)	Application Date
6	巧慕	11323796	32	August 8, 2012
7	巧慕	11323809	33	August 8, 2012
8	精妙門	11400360	29	August 24, 2012
9	精 妙 門	11400372	29	August 24, 2012
10	玛利妮康帝	11778990	33	November 21, 2012

Note: For details of the classification of goods for trademarks, see the paragraph “B. Further Information About Our Business — 2. Intellectual property rights of our Group — Trademarks — (d) Classification of goods for trademarks” in this Appendix.

- (ii) As of the Latest Practicable Date, we (through Nan Pu International) have applied for the registration of the following trademarks in Hong Kong which we consider to be or may be material to our business:

No.	Trademark	Application No.	Class (Note)	Application Date
1	凌致	302386684	33	December 24, 2012
2	约翰马仕	302386693	33	December 24, 2012

Note: For details of the classification of goods for trademarks, see the paragraph “B. Further Information About Our Business — 2. Intellectual property rights of our Group — Trademarks — (d) Classification of goods for trademarks” in this Appendix.

(c) *Licensed trademark*

As of the Latest Practicable Date, we have also been authorized for the use of the following trademark in the PRC which we consider to be or may be material to our business:

No.	Trademark	Registration No.	Registered Owner	Authorized User	Class (Note)	Application Date	Expiry Date
1		891179	Morning Foods Limited	Shanghai Mornflake	30	January 3, 1995	October 27, 2016

Note: For details of the classification of goods for trademarks, see the paragraph “B. Further Information About Our Business — 2. Intellectual property rights of our Group — Trademarks — (d) Classification of goods for trademarks” in this Appendix.

(d) *Classification of goods for trademarks*

The table below sets out the classification of goods for trademarks (the detailed classification in relation to the relevant trademarks depends on what is set out in the relevant trademark certificate and may differ from the list below):

Class Number	Goods
3	Bleaching preparations and other substances for laundry use; cleaning, polishing, scouring and abrasive preparations; soaps; perfumery, essential oils, cosmetics, hair lotions; dentifrices.
21	Household or kitchen utensils and containers; combs and sponges; brushes (except paint brushes); brush-making materials; articles for cleaning purposes; steelwool; unworked or semi-worked glass (except glass used in building); glassware, porcelain and earthenware not included in other classes.
29	Meat, fish, poultry and game; meat extracts; preserved, frozen, dried and cooked fruits and vegetables; jellies, jams, compotes; eggs, milk and milk products; edible oils and fats.
30	Coffee, tea, cocoa, sugar, rice, tapioca, sago, artificial coffee; flour and preparations made from cereals, bread, pastry and confectionery, ices; honey, treacle; yeast, baking-powder; salt, mustard; vinegar, sauces (condiments); spices; ice.
31	Agricultural, horticultural and forestry products and grains not included in other classes; live animals; fresh fruits and vegetables; seeds, natural plants and flowers; foodstuffs for animals, malt.
32	Beers; mineral and aerated waters and other non-alcoholic drinks; fruit drinks and fruit juices; syrups and other preparations for making beverages.
33	Alcoholic beverages (except beers).
35	Advertising; business management; business administration; office functions.

Domain Names

As of the Latest Practicable Date, we have registered the following domain names:

Domain Name	Registrant	Expiry Date
tenwowfood.com	Tenwow group	June 11, 2015
天喔集团.com	Tenwow group	July 26, 2015
天喔食佳.com	Tenwow group	March 29, 2014
tenwowika	Tenwow group	October 17, 2013
twzzm.com	Tenwow group	August 12, 2018
早早麦.com	Tenwow group	August 12, 2018
nanpufood.cn	Wuhan Nanpu	December 26, 2014
天喔茶庄.com	Tenwow group	August 27, 2014
天喔集团.中国	Tenwow group	August 27, 2014
天喔.tel	Tenwow group	July 23, 2019
天喔集团.tel	Tenwow group	July 23, 2019
TENWOW.COM.HK*	Nan Pu International	January 27, 2019

* Sub Domain Name: ir.tenwow.com.hk

Patents

As of the Latest Practicable Date, we were the registered owner of and had the right to use the following patents in the PRC which we consider to be or may be material to our business:

No.	Patent	Patent No.	Registered Owner	Date of Application	Date of Grant
1	Bottle label (French Raymonds red dry wine)	ZL200930225854.X	Tenwow Group	September 2, 2009	May 26, 2010
2	Box	ZL201030114295.8	Tenwow Group	March 5, 2010	October 6, 2010
3	Box (Ming Jiu Fang)	ZL201030185535.3	Tenwow Group	May 28, 2010	December 15, 2010
4	Bottle label (back label of Jun Zai Lai 1993)	ZL200830061598.0	Shanghai Royal Winery Co., Ltd.	April 2, 2008	May 27, 2009
5	Bottle label (main label of Jun Zai Lai 1995)	ZL200830061593.8	Shanghai Royal Winery Co., Ltd.	April 2, 2008	May 27, 2009
6	Wine bottle (Jun Zai Lai)	ZL200830061601.9	Shanghai Royal Winery Co., Ltd.	April 2, 2008	May 27, 2009
7	Bottle cap (Jun Zai Lai 1993)	ZL200830061595.7	Shanghai Royal Winery Co., Ltd.	April 2, 2008	May 27, 2009

APPENDIX IV**STATUTORY AND GENERAL INFORMATION**

<u>No.</u>	<u>Patent</u>	<u>Patent No.</u>	<u>Registered Owner</u>	<u>Date of Application</u>	<u>Date of Grant</u>
8	Bottle cap (Jun Zai Lai 1995)	ZL200830061596.1	Shanghai Royal Winery Co., Ltd.	April 2, 2008	May 27, 2009
9	Bottle label (sub-label of Gu He)	ZL200430083371.8	Shanghai Royal Winery Co., Ltd.	October 22, 2004	May 18, 2005
10	Bottle label (main label of Gu He)	ZL200430083372.2	Shanghai Royal Winery Co., Ltd.	October 22, 2004	May 18, 2005
11	Bottle label (main label of Jun Zai Lai 1993)	ZL200830061592.3	Shanghai Royal Winery Co., Ltd.	April 2, 2008	May 27, 2009
12	Bottle label (back label of Jun Zai Lai 1998)	ZL200830061600.4	Shanghai Royal Winery Co., Ltd.	April 2, 2008	May 27, 2009
13	Bottle label (main label of Jun Zai Lai 1998)	ZL200830061594.2	Shanghai Royal Winery Co., Ltd.	April 2, 2008	May 27, 2009
14	Bottle label (back label of Jun Zai Lai 1995)	ZL200830061599.5	Shanghai Royal Winery Co., Ltd.	April 2, 2008	June 17, 2009
15	Bottle cap (1)	ZL201030027056.9	Shanghai Royal Winery Co., Ltd.	January 14, 2010	September 8, 2010
16	Bottle cap (Jun Zai Lai 1998)	ZL200830061597.6	Shanghai Royal Winery Co., Ltd.	April 2, 2008	September 2, 2009
17	Wine bottle (Jun Zai Lai)	ZL201030664743.1	Shanghai Royal Winery Co., Ltd.	December 8, 2010	June 8, 2011
18	Porcelain jar (Shao Cun Hua Diao)	ZL201030667710.2	Shanghai Royal Winery Co., Ltd.	December 9, 2010	April 27, 2011
19	Liquor jar	ZL201030664980.8	Shanghai Royal Winery Co., Ltd.	December 8, 2010	June 8, 2011
20	Case (1)	ZL201030664796.3	Shanghai Royal Winery Co., Ltd.	December 8, 2010	April 27, 2011
21	Bottle (1)	ZL201030027055.4	Shanghai Royal Winery Co., Ltd.	January 14, 2010	September 8, 2010
22	Bottle cap (2)	ZL201030027057.3	Shanghai Royal Winery Co., Ltd.	January 14, 2010	September 8, 2010

APPENDIX IV**STATUTORY AND GENERAL INFORMATION**

No.	Patent	Patent No.	Registered Owner	Date of Application	Date of Grant
23	Bottle (2)	ZL201030027054.X	Shanghai Royal Winery Co., Ltd.	January 14, 2010	September 8, 2010
24	Wine bottle (1)	ZL201030667751.1	Shanghai Royal Winery Co., Ltd.	December 9, 2010	April 27, 2011
25	Wine bottle (2)	ZL201030667709.X	Shanghai Royal Winery Co., Ltd.	December 9, 2010	April 27, 2011

Copyrights

As of the Latest Practicable Date, we were the registered owner of and had the right to use the following copyrights in the PRC which we consider to be or may be material to our business:

No.	Copyright	Registration No.	Type of Work	Registered Goods	Registered Owner	Completion Date	Registration Date
1	Q Pork	09-2008-F-439	Work of art	Pork products	Tenwow Group	July 1, 2005	June 17, 2008
2	Golden	09-2009-F-1184	Work of art	Tea drinks	Tenwow Group	July 23, 2009	September 30, 2009
3	Series 1 and 2 of "C滿E"	09-2009-F-1543	Work of art	Fruit juice beverages	Tenwow Group	November 15, 2009	December 16, 2009
4	Series 1-7 of Tenwow I duck products	09-2010-F-764	Work of art	Duck products	Tenwow Group	August 19, 2005	June 8, 2010
5	Series 1-8 of top beef	09-2010-F-762	Work of art	Beef products	Tenwow Group	June 5, 2003	June 8, 2010
6	Series 1-6 of Q Pork	09-2010-F-763	Work of art	Pork products	Tenwow Group	August 19, 2005	June 8, 2010
7	天喔+ Ten Wow	09-2010-F-969	Work of art	Full series of Tenwow	Tenwow Group	March 8, 2002	July 14, 2010
8	Morning Smile	09-2010-F-719	Work of art	Oat-based food	Shanghai Mornflake	February 23, 2002	June 1, 2010
9	Love Haw	2012-F-00053256	Work of art	Preserved fruits	Tenwow Group	May 8, 2012	November 8, 2012
10	Dadao Prunes	2012-F-00053257	Work of art	Preserved fruits	Tenwow Group	April 18, 2012	November 8, 2012

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Directors

(a) Disclosure of interest — interests and short positions of our Directors and the chief executive of our Company in the Shares, underlying Shares and debentures of our Company and its associated corporations

Immediately following completion of the Global Offering and the Capitalization Issue, assuming that the Over-allotment Option and the options which were granted under the Pre-IPO Share Option Scheme or may be granted under the Post-IPO Share Option Scheme are not exercised, the interests and short positions of our Directors or chief executives of our Company in the Shares, underlying Shares and debentures of our Company or its associated corporation (within the meaning of Part XV of the SFO) which have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to our Company and the Stock Exchange, once the Shares are listed, are as follows:

(i) Interests in the Shares

<u>Name of Director</u>	<u>Nature of interest</u>	<u>Number of Shares</u>	<u>Approximate percentage of shareholding</u>
Mr. Lin	Interest of a controlled corporation ⁽¹⁾	1,405,320,000	70.27%

Notes:

- (1) Mr. Lin owns Zhi Qun as to 100%, which in turn owns 1,405,320,000 Shares. Mr. Lin is therefore deemed to be interested in 1,405,320,000 Shares held by Zhi Qun.

(ii) *Interests in the underlying shares of our Company*

<u>Name of Director</u>	<u>Nature of interest</u>	<u>Number of underlying Shares subject to the options granted under the Pre-IPO Share Option Scheme</u>	<u>Approximate percentage of shareholding⁽¹⁾</u>
Au Lai Hang	Beneficial owner	1,666,667	0.08%
Lam Hang Boris	Beneficial owner	4,166,664	0.20%
Wang Juewei	Beneficial owner	1,666,667	0.08%
Yeung Yue Ming	Beneficial owner	1,666,667	0.08%

Notes:

- (1) The percentage is for illustrative purpose only and is calculated based on the number of Shares in issue immediately following completion of the Global Offering and the Capitalization Issue (without taking into account the Shares which may be allotted and issued upon the exercise of the Over-allotment Option or the Shares to be issued pursuant to the exercise of the options which may be granted under the Post-IPO Share Option Scheme) and assuming that all options granted under the Pre-IPO Share Option Scheme has been exercised in full.

(iii) *Interests in associated corporations*

<u>Name of Director</u>	<u>Name of associated corporation</u>	<u>Number of securities interested or investment amount</u>	<u>Approximate percentage of shareholding</u>
Mr. Lin	Zhi Qun	1 Share	100%
Mr. Lin	Shanghai Tenwow Food Production Co., Ltd.	RMB50,000 ⁽¹⁾	5%
Wang Juewei	Shanghai Mornflake	RMB130,000	1%
Wang Juewei	Shanghai Dingshang Packing Material Co., Ltd.	RMB875,000	3.5%

Notes:

- (1) Ms. Yan, the spouse of Mr. Lin, is interested in Shanghai Tenwow Food Production Co., Ltd. as to an investment amount of RMB50,000, and Mr. Lin is therefore deemed to be interested in the same.

(b) Particulars of service contracts

Each of Mr. Lin, Mr. Wang Juewei, Mr. Lam Hang Boris, Mr. Yeung Yue Ming and Ms. Au Lai Hang, being our executive Directors, has entered into a service contract with our Company on August 30, 2013 for an initial term of three years commencing from the Listing Date.

Each of Ms. Chen Shirley Shiyong, Mr. Liu Chang-Tzong, Mr. Cheung Yui Kai Warren and Mr. Wang Longgen, being our non-executive and independent non-executive Directors, has entered into a letter of appointment with our Company on August 30, 2013. Each letter of appointment is for an initial term of three years commencing from the Listing Date.

Save as disclosed above, none of our Directors has or is proposed to have a service contract with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than the statutory compensation)).

(c) Directors' remuneration

An aggregate of approximately RMB1.6 million and RMB1.3 million was paid to our Directors as remuneration for the year ended December 31, 2012 and the six months ended June 30, 2013, respectively (including fees, salaries, contribution to pension schemes, housing allowances, other allowances and benefits-in-kind and discretionary bonuses).

Ms. Chen Shirley Shiyong, our non-executive Director will not be entitled to any remuneration.

Our independent non-executive Directors have been appointed for a term of three years commencing from the Listing Date. Our Company intends to pay a director's fee of HK\$300,000 per annum to each of the independent non-executive Directors.

Under the arrangements currently in force, the aggregate amount of remuneration payable by our Group to our Directors for the year ending December 31, 2013 will be approximately HK\$4.2 million.

There was no arrangement under which a Director has waived or agreed to waive any emoluments for each of the three financial years immediately preceding the issue of this prospectus.

Further details of the terms of these service contracts are set forth in the paragraph "C. Further Information About Our Directors and Substantial Shareholders — 1. Directors — (b) Particulars of service contracts" in this Appendix.

2. Substantial Shareholders

- (a) So far as our Directors are aware, immediately following the completion of the Global Offering and the Capitalization Issue (but without taking into account the exercise of the Over-allotment Option and the Shares to be issued pursuant to the exercise of the options which were granted under the Pre-IPO Share Option Scheme or may be granted under the Post-IPO Share Option

Scheme) the following persons (other than our Directors and chief executive of our Company) will have or be deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO:

<u>Name</u>	<u>Capacity</u>	<u>Number of Shares</u>	<u>Approximate percentage of shareholding</u>
Zhi Qun	Beneficial interest	1,405,320,000	70.27%

- (b) As of the Latest Practicable Date, so far as is known to our Directors, the following persons were interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group or had option in respect of such capital:

<u>Name of Shareholder</u>	<u>Name of member of our Group</u>	<u>Approximate percentage of shareholding</u>
Qiu Zhongying	Shanghai Tenwow Paper Products Co., Ltd.	10%
Tang Peiyun	Shanghai Royal Winery Co., Ltd.	26%
Wang Tongfu	Shanghai Royal Winery Co., Ltd.	23%
Shanghai Shaowanshang Commerce Cooperation Company	Chuanxiang Flavouring	25%
Shanghai Shaowanshang Commerce Cooperation Company	Chuanxiang Food	25%
Lin Jianrong	Hangzhou Lin's Wines and Spirits Co., Ltd.	40%
Shanghai Tangjiu	Nanpu	49%
Dalian Friendship Group	Dalian Nanpu	30%
Lu Ting	Shanghai Tiande Winery Limited	49%

3. Agency fees or commissions received

Save as disclosed in this prospectus, no commissions, discounts, brokerages or other special terms were granted within the two years preceding the date of this prospectus in connection with the issue or sale of any capital of any member of our Group.

4. Disclaimers

Save as disclosed herein:

- (a) none of our Directors or the chief executive of our Company has any interest or short position in the Shares, underlying Shares or debentures of our Company or any of its associated corporation (within the meaning of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies once the Shares are listed;
- (b) none of our Directors or experts referred to under the heading “Consents of experts” in this Appendix has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this prospectus been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (c) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group;
- (d) none of our Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));
- (e) taking no account of Shares which may be taken up under the Global Offering, none of our Directors or chief executive knows of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the Global Offering, have an interest or short position in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of SFO or be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group; and
- (f) so far as is known to our Directors, none of our Directors, their respective associates (as defined under the Listing Rules) or our Shareholders who are interested in more than 5% of the issued share capital of our Company has any interests in the five largest customers or the five largest suppliers of our Group.

D. OTHER INFORMATION**1. Post-IPO Share Option Scheme**

The following is a summary of the principal terms of the Post-IPO Share Option Scheme conditionally adopted by the resolutions in writing of all our Shareholders passed on August 19, 2013.

(a) Purpose

The purpose of the Post-IPO Share Option Scheme is to enable our Group to grant options to selected participants as incentives or rewards for their contribution to our Group. Our Directors consider the Post-IPO Share Option Scheme, with its broadened basis of participation, will enable our Group to reward our employees, our Directors and other selected participants for their contributions to our Group. Given that our Directors are entitled to determine the performance targets to be achieved as well as the minimum period that an option must be held before an option can be exercised on a case by case basis, and that the exercise price of an option cannot in any event fall below the price stipulated in the Listing Rules or such higher price as may be fixed by our Directors, it is expected that grantees of an option will make an effort to contribute to the development of our Group so as to bring about an increased market price of the Shares in order to capitalize on the benefits of the options granted.

(b) Who may join

Our Directors (which expression shall, for the purpose of this paragraph, include a duly authorized committee thereof) may, at their absolute discretion, invite any person belonging to any of the following classes of participants, who our Board considers, in its sole discretion, have contributed or will contribute to our Group (including the Nanpu Group), to take up options to subscribe for Shares:

- (i) any directors (including executive Directors, non-executive directors and independent non-executive Directors) and employees of any member of our Group (including the Nanpu Group); and
- (ii) any advisers, consultants, distributors, contractors, customers, suppliers, agents, business partners, joint venture business partners, service providers of any member of our Group.

For the purposes of the Post-IPO Share Option Scheme, the options may be granted to any company wholly owned by one or more persons belonging to any of these classes of participants. For the avoidance of doubt, the grant of any options by our Company for the subscription of Shares or other securities of our Group to any person who falls within any of these classes of participants shall not, by itself, unless our Directors otherwise so determine, be construed as a grant of option under the Post-IPO Share Option Scheme.

The eligibility of any of these class of participants to the grant of any option shall be determined by our Directors from time to time on the basis of our Directors' opinion as to the participant's contribution to the development and growth of our Group.

(c) *Maximum number of Shares*

- (i) The maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Post-IPO Share Option Scheme and any other share option scheme of our Group shall not in aggregate exceed 30% of the issued share capital of our Company from time to time.
- (ii) The total number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme and any other share option scheme of our Group shall not in aggregate exceed 10% of the Shares in issue on the day on which trading of the Shares commence on the Stock Exchange, such 10% limit represents 200,000,000 Shares (the “**General Scheme Limit**”), but excluding any Shares which may be issued upon the exercise of the Over-allotment Option.
- (iii) Subject to paragraph (a) above and without prejudice to paragraph (d) below, our Company may issue a circular to its Shareholders and seek approval of its Shareholders in a general meeting to extend the General Scheme Limit provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme and any other share options scheme of our Group shall not exceed 10% of the Shares in issue as of the date of approval of the limit and, for the purpose of calculating the limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the Post-IPO Share Option Scheme and any other share option scheme of our Group) previously granted under the Post-IPO Share Option Scheme and any other share option scheme of our Group will not be counted. The circular sent by our Company to its Shareholders shall contain, among other information, the information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.
- (iv) Subject to paragraph (a) above and without prejudice to paragraph (c) above, our Company may seek separate Shareholders’ approval in a general meeting to grant options beyond the General Scheme Limit or, if applicable, the extended limit referred to in paragraph (c) above to participants specifically identified by our Company before such approval is sought. In such event, our Company must send a circular to its Shareholders containing a general description of the specified participants, the number and terms of options to be granted, the purpose of granting options to the specified participants with an explanation as to how the terms of the options serve such purpose and such other information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.

(d) *Maximum entitlement of each participant*

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Post-IPO Share Option Scheme and any other share option scheme of our Company (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of our Company for the time

being (the “**Individual Limit**”). Any further grant of options in aggregate in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the issue of a circular to our Shareholders and our Shareholders’ approval in general meeting of our Company with such participant and his associates abstaining from voting. The number and terms (including the exercise price) of options to be granted to such participant must be fixed before Shareholders’ approval and the date of board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under note (1) to Rule 17.03(9) of the Listing Rules.

(e) *Grant of options to connected persons*

- (i) Any grant of options under the Post-IPO Share Option Scheme to a director, chief executive or substantial shareholder of our Company or any of their respective associates must be approved by our independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee of the options).
- (ii) Where any grant of options to a substantial Shareholder of our Company or an independent non-executive Director or any of their respective associates would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:
 - (1) representing in aggregate over 0.1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of the Shares in issue; and
 - (2) having an aggregate value, based on the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet the date of the offer of grant, in excess of HK\$5 million (or such other higher amount as may from time to time be specified by the Stock Exchange);

such further grant of options must be approved by our Shareholders in a general meeting. Our Company must send a circular to its Shareholders. All connected persons of our Company must abstain from voting at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular. Any vote taken at the general meeting to approve the grant of such options must be taken on a poll. Any change in the terms of options granted to a substantial shareholder or an independent non-executive Director or any of their respective associates must be approved by our Shareholders in a general meeting.

(f) *Time of acceptance and exercise of option*

An option may be accepted by a participant within 5 business days from the date of the offer of grant of the option.

An option may be exercised in accordance with the terms of the Post-IPO Share Option Scheme at any time during a period to be determined and notified by our Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination under the Post-IPO Share Option Scheme. Unless otherwise determined by our Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Post-IPO Share Option Scheme for the holding of an option before it can be exercised.

(g) *Performance targets*

Unless our Directors otherwise determine and state in the offer of the grant of options to a grantee, a grantee is not required to achieve any performance targets before any options granted under the Post-IPO Share Option Scheme can be exercised.

(h) *Subscription price for Shares and consideration for the option*

The subscription price per Share under the Post-IPO Share Option Scheme will be a price determined by our Directors, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations for the five trading days immediately preceding the date of the offer of grant (provided that in the event that any option is proposed to be granted within a period of less than five business days after the trading of the Shares first commences on the Stock Exchange, the new issue price of the Shares for the Global Offering shall be used as the closing price for any business day falling within the period before Listing); and (iii) the nominal value of a Share on the date of grant.

A nominal consideration of HK\$1.00 is payable upon acceptance of the grant of an option.

(i) *Ranking of Shares*

- (i) Shares allotted and issued upon the exercise of an option will be identical to the then existing issued shares of our Company and subject to all the provisions of the Memorandum and Articles and will rank pari passu in all respects with the fully paid Shares in issue on the date the name of the grantee is registered on the register of members of our Company or, if that date falls on a day when the register of members of our Company is closed, the first day of the re-opening of the register of members ("**Exercise Date**") and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted upon the exercise of an option shall not carry voting rights or rights to

participate in any dividends or distributions (including those arising on a liquidation of our Company) declared or recommended or resolved to be paid to the Shareholders on the register until the completion of the registration of the grantee on the register of members of our Company as the holder thereof.

- (ii) Unless the context otherwise requires, references to “Shares” in this paragraph include references to shares in the ordinary equity share capital of our Company of such nominal amount as shall result from a subdivision, consolidation, re-classification or re-construction of the share capital of our Company from time to time.

(j) *Restrictions on the time of grant of options*

No offer for grant of options shall be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced in accordance with the requirements of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (a) the date of the meeting of our Directors (as such date is first notified to the Stock Exchange in accordance with the requirements of the Listing Rules) for the approval of our Company’s results for any year, half-year, quarter or any other interim period (whether or not required under the Listing Rules); and (b) the last date on which our Company must publish its announcement of its results for any year, half-year, quarter or any other interim period (whether or not required under the Listing Rules), and ending on the date of the announcement of the results, no offer for grant of options may be made.

Our Directors may not grant any option to a participant who is a Director during the period or time in which Directors are prohibited from dealing in shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by our Company.

(k) *Period of the Post-IPO Share Option Scheme*

The Post-IPO Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Post-IPO Share Option Scheme is adopted.

(l) *Rights are personal to the grantee*

An option is personal to the grantee and shall not be transferable or assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest in favor of or enter into any agreement with any other person over or in relation to any option, except for the transmission of an option on the death of the grantee to his personal representative(s) on the terms of this Post-IPO Share Option Scheme.

(m) *Rights on ceasing employment*

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee for any reason other than death, or for serious misconduct or other grounds referred to in sub-paragraph (xiv) below before exercising his option in full, the option (to the extent not already exercised) will lapse on the date of cessation and will not be exercisable unless our Directors otherwise determine in which event the grantee may exercise the option (to the extent not already exercised) in whole or in part within such period as our Directors may determine following the date of such cessation, which will be taken to be the last day on which the grantee was physically at work with our Group whether salary is paid in lieu of notice or not.

(n) *Rights on death*

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee by reason of his death, before exercising the option in full, his personal representative(s), or, as appropriate, the grantee may exercise the option (to the extent not already exercised) in whole or in part within a period of 12 months following the date of death of the grantee.

(o) *Rights on dismissal*

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee by reason that he has been guilty of serious misconduct or has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of our Directors does not bring the grantee or our Group into disrepute) or on any other ground on which an employer would be entitled to terminate his or her employment summarily, his option will lapse automatically and will not be exercisable on or after the date of ceasing to be an Eligible Employee.

(p) *Rights on a general offer, a compromise or arrangement*

If a general offer by way of takeover or otherwise (other than by way of scheme of arrangement) is made to our Shareholders (other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant option, the Company shall forthwith give notice thereof to the grantee and the grantee shall be entitled to exercise the option to its full extent or, if our Company shall give the relevant notification, to the extent notified by our Company, at any time within such period as shall be notified by our Company.

If a general offer for Shares by way of scheme of arrangement is made to our Shareholders and has been approved by the necessary number of Shareholders at the requisite meetings, our Company shall forthwith give notice thereof to the grantee and the grantee may at any time thereafter (but before such time as shall be notified by our Company) exercise the option to its full extent or, if our Company shall give the relevant notification, to the extent notified by our Company.

(q) *Rights on winding up*

In the event a notice is given by our Company to our Shareholders to convene a general meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall forthwith give notice thereof to the grantee and the grantee (or in the case of the death of the grantee, his personal representatives(s)) may at any time within such period as shall be notified by our Company, subject to the provisions of all applicable laws, exercise the option to its full extent or, if our Company shall give the relevant notification, to the extent notified by our Company, and our Company shall as soon as possible and in any event no later than three days prior to the date of the proposed general meeting, allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such option.

(r) *Adjustments to the subscription price*

In the event of a capitalization issue, rights issue, subdivision or consolidation of Shares or reduction of capital of our Company whilst an option remains exercisable, such corresponding adjustment (if any) certified by the auditors for the time being of or an independent financial adviser to our Company as fair and reasonable will be made to (a) the number or nominal amount of Shares to which the Post-IPO Share Option Scheme or any option relates, so far as unexercised, and/or (b) the subscription price of the option concerned, and/or (c) the method of exercise of the Option, provided that (i) any adjustments shall give a grantee the same proportion of the issued share capital to which he was entitled prior to such alteration; (ii) the issue of Shares or other securities of our Group as consideration in a transaction may not be regarded as a circumstance requiring adjustment; and (iii) no adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value. In addition, in respect of any such adjustments, other than any adjustment made on a capitalization issue, such auditors or independent financial adviser must confirm to our Directors in writing that the adjustments satisfy the requirements of the relevant provision of the Listing Rules and such other applicable guidance and/or interpretation of the Listing Rules from time to time issued by the Stock Exchange (including, but not limited to, the “Supplementary Guidance on Main Board Listing Rule 17.03(13) and the Note immediately after the Rule” attached to the letter from the Stock Exchange dated September 5, 2005 to all issuers relating to the share option scheme).

(s) *Cancellation of options*

Any options granted but not exercised may be cancelled if the grantee so agrees. Issuance of new options to the same grantee may only be made if there are unissued options available under the Post-IPO Share Option Scheme (excluding the cancelled options) and in compliance with the terms of the Post-IPO Share Option Scheme.

(t) *Termination of the Post-IPO Share Option Scheme*

Our Company may by ordinary resolution in a general meeting at any time resolve to terminate the Post-IPO Share Option Scheme prior to the expiry of the Post-IPO Share Option Scheme and in such event no further options shall be offered or granted but in all other respects

the provisions of the Post-IPO Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provisions of the Post-IPO Share Option Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the Post-IPO Share Option Scheme.

(u) *Lapse of option*

An option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (i) the expiry of the period referred to in sub-paragraph (xi);
- (ii) the expiry of the periods or dates referred to in sub-paragraphs (xiii), (xiv), (xv), (xvi) and (xvii);
- (iii) the date on which the grantee commits a breach of the provision which restricts the grantee to transfer or assign an option granted under the Post-IPO Share Option Scheme or sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest in favor of or enter into any agreement with any other person over or in relation to any option except for the transmission of an Option on the death of the Grantee to his personal representative(s) on the terms of this Scheme;
- (iv) the date on which the grantee (being an employee or a director of any member of our Group) ceases to be a participant of the Post-IPO Share Option Scheme by reason of the termination of his or her employment or engagement on the grounds that he or she has been guilty of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his or her debts or has become bankrupt or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty or on any other ground on which an employer would be entitled to terminate his or her employment summarily;
- (v) the date on which the grantee joins a company which the board believes in its sole and reasonable opinion to be a competitor of our Company;
- (vi) the date on which the grantee (being a corporation) appears either to be unable to pay or to have no reasonable prospect of being able to pay its debts or has become insolvent or has made any arrangement or composition with its creditors generally; and
- (vii) unless our Board otherwise determines, and other than in the circumstances referred to in sub-paragraphs (xiii) or (xiv), the date the Grantee ceases to be a Participant (as determined by a Board resolution) for any other reason.

(v) *Others*

- (i) The Post-IPO Share Option Scheme is conditional on the Listing Committee granting or agreeing to grant approval of (subject to such condition as the Stock Exchange may impose) the listing of and permission to deal in such number of Shares to be issued pursuant to the exercise of any options which may be granted under the Post-IPO Share Option Scheme, such number representing the General Scheme Limit. Application has been made to the Listing Committee for the listing of and permission to deal in the Shares to be issued within the General Scheme Limit pursuant to the exercise of any options which may be granted under the Post-IPO Share Option Scheme.
- (ii) The terms and conditions of the Post-IPO Share Option Scheme relating to the matters set forth in Rule 17.03 of the Listing Rules shall not be altered to the advantage of grantees of the options except with the approval of our Shareholders in a general meeting.
- (iii) Any alterations to the terms and conditions of the Post-IPO Share Option Scheme which are of a material nature or any change to the terms of options granted must be approved by our Shareholders in a general meeting and the Stock Exchange, except where the alterations take effect automatically under the existing terms of the Post-IPO Share Option Scheme.
- (iv) The amended terms of the Post-IPO Share Option Scheme or the options shall comply with the relevant requirements of Chapter 17 of the Listing Rules.
- (v) Any change to the authority of our Directors or the scheme administrators in relation to any alteration to the terms of the Post-IPO Share Option Scheme shall be approved by our Shareholders in a general meeting.

(w) *Value of options*

Our Directors consider it inappropriate to disclose the value of options which may be granted under the Post-IPO Share Option Scheme as if they had been granted as of the Latest Practicable Date. Any such valuation will have to be made on the basis of a certain option pricing model or other method that depends on various assumptions including the exercise price, the exercise period, interest rate, expected volatility and other variables. As no options have been granted, certain variables are not available for calculating the value of options. Our Directors believe that any calculation of the value of options granted as of the Latest Practicable Date would be based on a number of speculative assumptions that are not meaningful and would be misleading to investors.

(x) *Grant of options*

As of the date of this prospectus, no options have been granted or agreed to be granted under the Post-IPO Share Option Scheme.

Application has been made to the Listing Committee for the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of the options to be granted under the Post-IPO Share Option Scheme.

2. Pre-IPO Share Option Scheme

(a) *Purpose and Principal Terms*

The purpose of the Pre-IPO Share Option Scheme is to give the participants an opportunity to acquire a personal stake in our Company and help motivate such participants to optimize their performance and efficiency, and also to help retain the participants whose contributions are important to the long-term growth and profitability of our Group. The principal terms of the Pre-IPO Share Option Scheme adopted by our Company on August 1, 2013 are substantially the same as the terms of the Post-IPO Share Option Scheme (where applicable) except for the following principal terms:

- (i) The maximum number of Shares in respect of which options may be granted under the Pre-IPO Share Option Scheme is 17,916,667 Shares for Pool A and 19,166,667 Shares for Pool B, representing approximate 0.90% and 0.96%, respectively, of the issued share capital of our Company immediately following completion of the Capitalization Issue and the Global Offering (excluding Shares which may be allotted and issued upon the exercise of the Over-allotment Option or the options which were granted under the Pre-IPO Share Option Scheme or may be granted under the Post-IPO Share Option Scheme).
- (ii) No option will be granted under the Pre-IPO Share Option Scheme after the Latest Practicable Date.
- (iii) A nominal consideration of HK\$1.00 shall be paid by the grantee upon acceptance of the grant of an option by our Company under the Pre-IPO Share Option Scheme.
- (iv) An option granted under the Pre-IPO Share Option Scheme shall be personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any option granted under the Pre-IPO Share Option Scheme or attempt to do so (save that the grantee may nominate a nominee in whose name the Shares issued pursuant to the Pre-IPO Share Option Scheme may be registered).
- (v) The exercise price per Share under the Pre-IPO Share Option Scheme shall be HK\$1.80, representing a 41.6% discount to the Offer Price (assuming an Offer Price of HK\$3.08 per Share, being the mid-point of the Offer Price range of HK\$3.00 to HK\$3.15 per Share).

- (vi) Each grantee to whom an option has been granted under the Pre-IPO Share Option Scheme will be entitled to exercise his/her option in such a manner based on whether his/her entitlement of such grantee falls under Pool A or Pool B (as determined by the Board), as set out below:

Pool A:

- (1) up to ten (10)% of the Shares that are subject to the option so granted to him/her (round down to the nearest whole number), exercisable at any time during the period commencing on the Listing Date and ending on the first (1st) anniversary of the Listing Date;
- (2) up to thirty-five (35)% of the Shares that are subject to the option so granted to him/her less the number of Shares in respect of which the option has been exercised (rounded down to the nearest whole number), exercisable at any time during the period commencing from the expiry of the first (1st) anniversary of the Listing Date and ending on the second (2nd) anniversary of the Listing Date;
- (3) up to sixty-five (65)% of the Shares that are subject to the option so granted to him/her less the number of Shares in respect of which the option has been exercised (rounded down to the nearest whole number), exercisable at any time during the period commencing from the expiry of the second (2nd) anniversary of the Listing Date and ending on the third (3rd) anniversary of Listing Date;
- (4) such number of Shares subject to the option so granted to him/her less the number of Shares in respect of which the option has been exercised (rounded to the nearest whole number), exercisable at any time commencing from the expiry of the third (3rd) anniversary of the Listing Date and ending on the expiration of 8 years from the date of grant of the option (subject to the provisions for early termination under the Pre-IPO Share Option Scheme).

Pool B:

- (1) up to ten (10)% of the Shares that are subject to the option so granted to him/her (round down to the nearest whole number), exercisable at any time during the period commencing on the Listing Date and ending on the first (1st) anniversary of the Listing Date;
- (2) up to thirty (30)% of the Shares that are subject to the option so granted to him/her less the number of Shares in respect of which the option has been exercised (rounded down to the nearest whole number), exercisable at any time during the period commencing from the expiry of the first (1st) anniversary of the Listing Date and ending on the second (2nd) anniversary of the Listing Date;

- (3) up to fifty (50)% of the Shares that are subject to the option so granted to him/her less the number of Shares in respect of which the option has been exercised (rounded down to the nearest whole number), exercisable at any time during the period commencing from the expiry of the second (2nd) anniversary of the Listing Date and ending on the third (3rd) anniversary of Listing Date;
 - (4) up to seventy (70)% of the Shares that are subject to the option so granted to him/her less the number of Shares in respect of which the option has been exercised (rounded down to the nearest whole number), exercisable at any time during the period commencing from the expiry of the third (3rd) anniversary of the Listing Date and ending on the fourth (4th) anniversary of Listing Date;
 - (5) such number of Shares subject to the option so granted to him/her less the number of Shares in respect of which the option has been exercised (rounded to the nearest whole number), exercisable at any time commencing from the expiry of the fourth (4th) anniversary of the Listing Date and ending on the expiration of 9 years from the date of grant of the option (subject to the provisions for early termination under the Pre-IPO Share Option Scheme).
- (vii) Any option granted or agreed to be granted pursuant to the Pre-IPO Share Option Scheme shall be of no effect and no person shall be entitled to any rights or benefits or be under any obligations in respect of the Pre-IPO Share Option Scheme or any such option unless the following conditions are satisfied on or before the date which is 30 days after the date of this prospectus:
- (1) The Listing Committee granting or agreeing to grant approval of (subject to such condition as the Stock Exchange may impose) the listing of and permission to deal in the Shares to be allotted and issued pursuant to the exercise of options granted under the Pre-IPO Share Option Scheme; and
 - (2) the commencement of dealing of the Shares on the Stock Exchange.

(b) Outstanding Options

As of the Latest Practicable Date, options to subscribe for an aggregate of 37,083,334 Shares have been granted to a total of 57 eligible participants by our Company under the Pre-IPO Share Option Scheme.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

Particulars of the options granted to the grantees under the Pre-IPO Share Option Scheme are set forth below:

Pool	Name of grantee	Position in our Group	Address	Number of underlying Shares pursuant to the options granted	Approximate percentage of shareholding upon exercise of all the options⁽¹⁾
Pool A	Dong Chen (董晨)	Chairman of Tenwow Tea Co., Ltd.	Room 4A, Ruiyuan South Building, No. 298, Urumqi South Road, Xuhui District, Shanghai	416,667	0.02%
	Chen Lanzhen (陳蘭珍)	Controller of Nanpu Food Pudong	Room 502, No. 6, Lane 180, Huanzhen North Road, Baoshan District, Shanghai	833,333	0.04%
	Lv Zhongbao (呂忠寶)	Deputy general manager of Nanpu Food Pudong	Room 604, No.16, Lane 2567, Pudong Avenue	833,333	0.04%
	Wei Jieming (魏傑明)	Chairman of Royal Wines and Spirits	Room 502, Unit 2, Building 8, No. 300, Shuidian Road, Shanghai	416,667	0.02%
	Tang Peiyun (唐培雲)	Chairman of Tiansheng Wines and Spirits	No. 108, Lane 888, Nanqichang Road, Songjiang District, Shanghai	416,667	0.02%
	Fang Xiao (方曉)	Deputy general manager of Nanpu	Room 102, No. 6, Lane 1898, Changning Road	416,667	0.02%
	Yang Ping (楊評)	Deputy general manager of Nanpu Wines Shop Trading	Room 101, No. 63, Lane 175, Hongsong Road, Minhang District, Shanghai	416,667	0.02%
	Zhang Le (張樂)	Deputy general manager of Puxing Trading	Room 101, No. 131, Lane 3088, Jinxiu Road, Pudong New Area	416,667	0.02%
	Xu Jianmin (徐劍敏)	Deputy general manager of Tiancheng Enterprise	Room 1101, No. 176, Lane 1662, Sanlin Road, Pudong Area, Shanghai	166,667	0.01%
	Shen Weinian (沈偉年)	Deputy general manager of Tenwow Food (Group) Co., Ltd	No. 183, Danfeng Road, Shanghai	416,667	0.02%

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

Pool	Name of grantee	Position in our Group	Address	Number of underlying Shares pursuant to the options granted	Approximate percentage of shareholding upon exercise of all the options ⁽¹⁾
	Lin Hongqing (林洪清)	Chairman of Shanghai Royal Winery Co., Ltd.	Room 601, No. 51, Lane 501, Sichen Road, Songjiang District, Shanghai	416,667	0.02%
	Gong Yuxiong (龔玉雄)	General manager of Chuanxiang Flavouring	Room 401, No. 33, Lane 501, Sichen Road, Sijing Town, Songjiang District, Shanghai	416,660	0.02%
	Li Shoushan (李壽山)	General manager of Shanghai Tenwow Tea Co., Ltd.	No. 13 of 25, Pitou, Madou Town, Tainan County	416,667	0.02%
	Xu Yiqin (徐一沁)	General manager of Tiansheng Wines and Spirits	No. 1, Lane 394, Ruihong Road, Hongkou District, Shanghai	416,667	0.02%
	Lin Bizhen (林碧珍)	Deputy financial controller of Tiansheng Wines and Spirits	Room 602, No. 11, Lane 411, Changli East Road, Shanghai	166,667	0.01%
	Zhou Zhimin (周志民)	General manager of Tenwow (Fujian) Food	No. 31, Tianbao Street, Wuxue City, Hubei Province	416,667	0.02%
	Gong Zifeng (龔孜峰)	Deputy general manager of Nanpu Wines Shop Trading	Room 605, No.2, Lane 1288, Dalian Road	416,667	0.02%
	Zhou Guangsheng (周廣生)	Deputy general manager of Tenwow Food (Group) Co., Ltd	Room 401, No.17, Lane 555, Linqing Road	1,166,667	0.06%
	Wang Jialei (王嘉磊)	Controller of Nanpu Food Pudong	Room 302, No.22, Lane1518, Wanping South Road, Xuhui District	250,000	0.01%
	Wu Ying (吳瑩)	Deputy general manager of Tiancheng Enterprise	Room 501, No.11, Lane 180, Yuyao Road	250,000	0.01%
	Mao Liansheng (茅聯生)	Consultant of Chuanxiang Flavouring	Room 2901, No.8, Lane 1083, Pingxingguan Road, Shanghai	250,000	0.01%

APPENDIX IV
STATUTORY AND GENERAL INFORMATION

Pool	Name of grantee	Position in our Group	Address	Number of underlying Shares pursuant to the options granted	Approximate percentage of shareholding upon exercise of all the options⁽¹⁾
	Xi Ji (奚戟)	Controller of Puxing Trading	Room 302, No.1, Lane 25, Leshan Road, Xuhui District, Shanghai	250,000	0.01%
	Shen Zheng (沈暉)	General manager assistant of Nanpu Food Pudong	Room 501, No.23, Lane 2999, Zhangyang Road	250,000	0.01%
	Miao Kangwei (繆康維)	Assistant to president of Tenwow Food (Group) Co., Ltd	Room 1703, No.20, Lane 2399, Guyang North Road, Songjiang District, Shanghai	250,000	0.01%
	Wu Ping (吳萍)	Controller of Nanpu Wines Shop Trading	Room 405, No.88, Lane 100, Deping Road	250,000	0.01%
	Yan Minshen (嚴旻坤)	Senior manager of Nanpu Wines Shop Trading	Room 904, No.1, Lane 123, Hengbang Road, Hongkou District, Shanghai	416,667	0.02%
	Yan Minkun (嚴旻坤)	Business director of Puxing Trading	Room 2405-2406, No.1, Lane 188, Jiaotong West Road, Putuo District, Shanghai	250,000	0.01%
	Cheng Jiliang (程繼良)	Deputy general manager of Tenwow Food (Group) Co., Ltd	Room 2021, No.81, the Ninth Village of Songnan, Shanghai	416,667	0.02%
	Wang Tongfu (王同富)	General manager of Shanghai Royal Winery Co., Ltd	No.71, Lane 888, Nanqichang Road, Songjiang District, Shanghai	416,667	0.02%
	Huang Bihua (黃碧華)	General manager assistant of Nanpu Wines Shop Trading	Room 402, No.4, Lane 900, Jiutingqiuqing Road, Songjiang	250,000	0.01%
	Lin Qingshan (林慶杉)	Controller of Puxing Trading	Room 1701, No.94, Lane 1200, Jiutinglaiyin Road, Songjiang District, Shanghai	416,667	0.02%
	Hua Zhibin (華智濱)	Controller of Puxing Trading	Room 101, No.24, Lane 1698, Zhangyang Road	416,667	0.02%

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

Pool	Name of grantee	Position in our Group	Address	Number of underlying Shares pursuant to the options granted	Approximate percentage of shareholding upon exercise of all the options⁽¹⁾
	Shi Yinli (史寅莉)	Controller of Nanpu	Room 401, No.10, Lane 355, Weifang Road, Pudong New District, Shanghai	416,667	0.02%
	Lin Jinxia (林錦霞)	Senior manager of Tiancheng Enterprise	Lane 348, Gulou Road, Sijing Town, Songjiang District	416,667	0.02%
	Cheng Lei (程雷)	Senior manager of Tiancheng Enterprise	Room 801, No.6, Lane 700, Lianhuashan Road	416,667	0.02%
	Xu Bin (徐斌)	General manager assistant of Tiancheng Enterprise	Room 1701, No.18, Dalangwan street, Lane 958, Xinsong Road	416,667	0.02%
	Shi Xiaogang (時小崗)	Controller of Tiancheng Enterprise	Room 203, No.57, Lane 160, Guonian Road, Yangpu District, Shanghai	250,000	0.01%
	Zhai Hua (翟華)	Deputy controller of Puxing Trading	Room 305, No.1, Lane 2001, Zhongshan south 2nd Road	250,000	0.01%
	Tong Yiyu (童亦愚)	Deputy general manager of Puxing Trading	Room 602, No. 19, Zhi Hui Yuan, Lane 129, Jiaotong West Road, Putuo District	833,333	0.04%
	Zhang Hui (張輝)	Sales controller of Shenzhen Nanpu Industrial	Room 902, Block 34, New Town Ju Xian Yuan, Nancheng District, Dongguan	250,000	0.01%
	Liu Shaolin (劉紹林)	Executive deputy general manager of Wuhan Nanpu	D4-3-2-102, Li Shui Jia Yuan, Dongxihu District, Wuhan	250,000	0.01%
	Zhao Hui (趙暉)	Executive deputy general manager of Wuhan Nanpu	Room 302, Unit 2, Block 1, Da Jiang Yuan North, Jiangan District, Wuhan	250,000	0.01%
	Zhou Yan (周豔)	Executive deputy general manager of Wuhan Nanpu	22-1-202, Dong Fang Hua Fu, Xingye Road, Back lake, Jiangan District, Wuhan	250,000	0.01%

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

Pool	Name of grantee	Position in our Group	Address	Number of underlying Shares pursuant to the options granted	Approximate percentage of shareholding upon exercise of all the options⁽¹⁾
	Jiang Bo (江波)	Factory manager of Shanghai Tenwow Tea Co., Ltd.	Room 504, Unit 2, Block 17, Panxin Garden, Pancheng Town, Pukou District, Nanjing	250,000	0.01%
	Zhuo Nan'an (卓南安)	Deputy general manager of Tenwow (Fujian) Food	No.39, Gezai, Futing Village, Xiangyun Town, Nanan City, Fujian Province	250,000	0.01%
	Wang Tianyi (王天屹)	General manager assistant of Tiancheng Enterprise	Room 202, No. 143, Lane 1858, Gulou Road, Sijing Town, Songjiang District, Shanghai	83,333	0.00%
	Zha Xiuyuan (查修遠)	Senior manager of Tiancheng Enterprise	Room 502, No.15, Lane 190, Nanda Road, Baoshan District, Shanghai	416,667	0.02%
Pool B	Wang Juewei (王珏璋)	Executive Director	No. 179, Lane 168 Changdong Road Songjiang District Shanghai	1,666,667	0.08%
	Zhou Guangzhao (周光照)	Deputy general manager of Nanpu Food Pudong	11C, No.58, Qindian Street, Pudong new area	1,666,667	0.08%
	Shi Yahua (史雅華)	Managing director of Puxing Trading	Room 302, No.30, Lane 600, Lingshan Road, Pudong new area	1,666,667	0.08%
	Yeung Yue Ming (楊瑜銘)	Executive Director	Flat H, 8/F. Pak Sing Court (Tower 29) Bedford Garden 161 Tin Hau Temple Road North Point, Hong Kong	1,666,667	0.08%
	Chen Lei (陳磊)	Deputy managing director of Nanpu	Room 402, No.20, Lane 6869, Shangnan Road, Pudong	1,666,667	0.08%
	Lu Ying (陸影)	Deputy general manager of Tenwow Food (Group) Co., Ltd	Room 1202, No.5, Lane 2242, Zhangyang Road, Pudong new area, Shanghai	1,666,667	0.08%

Pool	Name of grantee	Position in our Group	Address	Number of underlying Shares pursuant to the options granted	Approximate percentage of shareholding upon exercise of all the options ⁽¹⁾
	Yang Xuyi (楊旭怡)	Deputy general manager of Tiancheng Enterprise	Room 1403, No. 4, Lane 111, Fudu Road, Minghang District	1,666,667	0.08%
	Lam Hang Boris (林鏗)	Executive Director	Flat G, 1/F, Block 5 Castello, Shatin	4,166,664	0.20%
	Au Lai Hang (區勵恒)	Executive Director	Flat B, 22/F, Park Avenue Tower 6, Mongkok, Hong Kong	1,666,667	0.08%
	Zhou Yanwen (周延文)	General manager of Wuhan Nanpu	Room 1402, Block C, Shi Ji Hua Ting, Xibei Road, Jiang'an District, Wuhan	1,666,667	0.08%
Total	—	—	—	<u>37,083,334</u>	<u>1.82%</u>

Note:

- (1) The percentage is for illustrative purpose only and is calculated based on the number of Shares in issue immediately following completion of the Global Offering and the Capitalization Issue (without taking into account the Shares which may be allotted and issued upon the exercise of the Over-allotment Option or the Shares to be issued pursuant to the exercise of the options which may be granted under the Post-IPO Share Option Scheme) and assuming that all options granted under the Pre-IPO Share Option Scheme has been exercised in full.

Save as disclosed above, no other options have been granted or agreed to be granted by our Company under the Pre-IPO Share Option Scheme. No option will be granted under the Pre-IPO Share Option Scheme after the Listing Date.

Application has been made to the Listing Committee for the listing of and permission to deal in the 37,083,334 Shares that may be issued pursuant to the exercise of options granted under the Pre-IPO Share Option Scheme.

Our Company will not permit the conversion of any options granted under the Pre-IPO Share Option Scheme if as a result of the conversion our Company would not be able to comply with the minimum public float requirement of the Listing Rules.

(c) Effect on Earnings per Share as a Result of the Pre-IPO Share Option Scheme

The total number of shares subject to the options granted under the Pre-IPO Share Option Scheme is 37,083,334 Shares, representing approximately 1.85% of the issued share capital of our Company upon completion of the Capitalization Issue and the Global Offering (excluding all Shares

which may fall to be issued upon the exercise of the Over-allotment Option or the options granted or to be granted under the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme), or approximately 1.82% of the enlarged issued share capital of our Company upon full exercise of all the outstanding options granted under the Pre-IPO Share Option Scheme on completion of the Capitalization Issue and the Global Offering (excluding all Shares which may fall to be issued upon the exercise of the Over-allotment Option or the options to be granted under the Post-IPO Share Option Scheme). As such, assuming full exercise of the outstanding options granted under the Pre-IPO Share Option Scheme, the shareholding of our Shareholders immediately following the Listing will be diluted by approximately 1.37%. Further, assuming that (i) our Company had been listed on the Stock Exchange since January 1, 2011 with 2,000,000,000 Shares in issue; and (ii) our Company had been listed on the Stock Exchange since January 1, 2011 with 2,000,000,000 Shares in issue and all the options granted under the Pre-IPO Share Option Scheme in respect of 37,083,334 Shares were exercised in full on January 1, 2011, the earnings per Share on a pro forma diluted basis would be approximately RMB0.11 (unaudited) and RMB0.05 (unaudited) respectively for the year ended December 31, 2012 and the six months ended June 30, 2013.

3. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

4. Tax and other indemnity

Mr. Lin and Zhi Qun (together, the “**Indemnifiers**”) have entered into a deed of indemnity in favour of our Group (being a material contract referred to in the paragraph “B. Further Information About Our Business — 1. Summary of material contracts” in this Appendix) to provide the indemnities on a joint and several basis in respect of, among other matters, taxation resulting from profits or gains earned, accrued or received, as well as any penalties imposed due to non-compliance with environmental or fire-safety laws, non-compliant bill financing and regulations on or before the date when the Global Offering becomes unconditional.

5. Litigation

During the Track Record Period and up to the Latest Practicable Date, save as disclosed in this prospectus and so far as our Directors are aware, no litigation or claim of material importance (to the Group’s financial condition or results of operation) is pending or threatened against any member of our Group.

6. Joint Sponsors

The Joint Sponsors have made an application on our behalf to the Listing Committee for a listing of, and permission to deal in, the Shares in issue, the Shares to be issued pursuant to the Capitalization Issue and the Shares to be issued as mentioned in this prospectus (including any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option, options which were granted under the Pre-IPO Share Option Scheme or may be granted under the Post-IPO Share Option Scheme).

7. Preliminary Expenses

Our preliminary expenses are estimated to be approximately US\$3,500 and are payable by our Company.

8. Promoter

We do not have any promoter. Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters.

9. Taxation of holders of Shares**(a) Hong Kong**

The sale, purchase and transfer of Shares registered with our Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration of, if higher, of the fair value of the Shares being sold or transferred. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax. The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on February 11, 2006 in Hong Kong. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for a grant of representation in respect of holders of Shares whose death occurs on or after February 11, 2006.

(b) Cayman Islands

There is no stamp duty payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(c) Consultation with professional advisers

Intending holders of the Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares. It is emphasized that none of our Company, our Directors or the other parties involved in the Global Offering will accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in the Shares or exercise of any rights attaching to them.

10. Qualification of Experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

Name	Qualifications
Appleby	Cayman Islands legal advisers to our Company
Deutsche Securities Asia Limited	Licensed corporation under the SFO to conduct type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 5 (advising on futures contracts), type 6 (advising on corporate finance) and type 7 (providing automated trading services) regulated activities as defined under the SFO
HSBC Corporate Finance (Hong Kong) Limited	Licensed corporation under the SFO to conduct type 6 (advising on corporate finance) regulated activities as defined under the SFO
PricewaterhouseCoopers	Certified Public Accountants
Commerce & Finance Law Offices	PRC legal adviser to our Company
Savills Valuation and Professional Services Limited	Independent property valuer and consultant to our Company
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry consultant

11. Consents of Experts

Each of Appleby, Deutsche Securities Asia Limited, HSBC Corporate Finance (Hong Kong) Limited, PricewaterhouseCoopers, Commerce & Finance Law Offices, Savills Valuation and Professional Services Limited and Frost & Sullivan (Beijing) Inc., Shanghai Branch Co. has given and has not withdrawn its consent to the issue of this prospectus with the inclusion of its report and/or letter and/or opinion (as the case may be) and references to its name included herein in the form and context in which it respectively appears.

None of the experts named above has any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

12. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance on the exemption provided in section 4 of the Companies Ordinance (Exemption of Companies and Prospectus from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

13. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies Ordinance so far as applicable.

14. Miscellaneous

- (a) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:
- (i) no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;
 - (ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
 - (iii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;
 - (iv) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries;
- (b) save as disclosed in this prospectus, there are no founder, management or deferred shares nor any debentures in our Company or any of our subsidiaries;
- (c) save as disclosed in this prospectus, none of the persons named in the sub-paragraph “10. Consents of experts” in this Appendix is interested beneficially or otherwise in any shares of any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any securities in any member of our Group;
- (d) our Directors confirm that there has been no material adverse change in the financial or trading position of our Group since June 30, 2013 (being the date to which the latest audited consolidated financial statements of our Group were made up);
- (e) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus;

- (f) the register of members of our Company will be maintained in Hong Kong by Computershare Hong Kong Investor Services Limited. All transfer and other documents of title of the Shares must be lodged for registration with and registered by our share register in Hong Kong. All necessary arrangements have been made to enable the Shares to be admitted to CCASS;
- (g) no company within our Group is presently listed on any stock exchange or traded on any trading system and at present, our Group is not seeking or proposing to seek any listing of, or permission to deal in, the share or loan capital of our Company on any other stock exchange; and
- (h) there is no arrangement under which future dividends are waived or agreed to be waived.

1. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were:

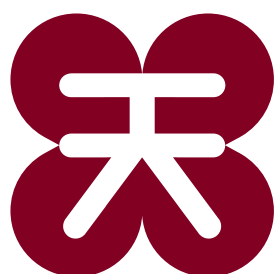
- (a) copies of each of the **WHITE, YELLOW** and **GREEN** Application Forms;
- (b) a copy of each of the material contracts referred to the section “Statutory and General Information — B. Further Information About Our Business — 1. Summary of Material Contracts” in Appendix IV; and
- (c) the written consents referred to in the section “Statutory and General Information — D. Other Information — 10. Consents of Experts” in Appendix IV.

2. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Paul Hastings, 21st and 22nd Floors, Bank of China Tower, 1 Garden Road, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) the Memorandum and Articles of Association;
- (b) the Accountant’s Report for the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2013 from PricewaterhouseCoopers, the text of which is set out in Appendix I;
- (c) the report on the unaudited pro forma financial information from PricewaterhouseCoopers, the text of which is set out in Appendix II;
- (d) the legal opinions issued by Commerce & Finance Law Offices, our PRC legal adviser, dated September 5, 2013 in respect of certain aspects of the Group and the property interests of the Group;
- (e) the letter of advice prepared by Appleby, our Cayman legal advisers, summarizing certain aspects of the Cayman Islands company law referred to in Appendix III;
- (f) the material contracts referred to the section “Statutory and General Information — B. Further Information About Our Business — 1. Summary of Material Contracts” in Appendix IV;
- (g) the written consents referred to in the section “Statutory and General Information — D. Other Information — 10. Consents of Experts” in Appendix IV;
- (h) service contracts entered into between the Company and each of the executive Directors;

- (i) the letter of appointment entered into between the Company and the non-executive Director;
- (j) the letters of appointment entered into between the Company and each of the independent non-executive Directors;
- (k) the rules of the Pre-IPO Share Option Scheme;
- (l) the rules of the Post-IPO Share Option Scheme;
- (m) the Cayman Companies Law;
- (n) the Frost & Sullivan Report as defined in the Industry Overview section;
- (o) the property summary and due diligence report issued by Savills Valuation and Professional Services Limited; and
- (p) the opinion letter on certain connected transactions issued by Savills Valuation and Professional Services Limited.



天喔國際控股有限公司
Tenwow International Holdings Limited

