
CONNECTED TRANSACTIONS

CONTINUING CONNECTED TRANSACTIONS

Upon Listing, the transactions set forth below will continue following the Listing Date, thereby constituting continuing connected transactions (as such terms are defined under the Listing Rules) of our Company under Chapter 14A of the Listing Rules.

Relationship between our Group and our connected persons

The relevant connected persons with whom certain members of our Group have entered into continuing connected transactions with are as follows:

(i) *Our ultimate Controlling Shareholder*

Mr. Chen is an executive Director of our Company and substantial shareholder of our Company and is therefore, a connected person of our Company by virtue of Rule 14A.11(1) of the Listing Rules.

(ii) *Huzhou Weiyuan*

The sole director and controlling shareholder of Huzhou Weiyuan is Mr. CHEN Weidong, the elder brother of Mr. Chen. Huzhou Weiyuan is therefore, a connected person of our Company by virtue of Rule 14A.11(4) of the Listing Rules.

Exempted Continuing Connected Transaction

Upon Listing, the following connected transactions will continue, thereby constituting continuing connected transactions. However, they will be exempted from the reporting, annual review, announcement and independent Shareholders' approval requirements stipulated under the Listing Rules because each of the continuing connected transaction is conducted on normal commercial terms where each of the percentage ratios (as defined in the Listing Rules) (other than the profits ratio as defined in the Listing Rules) is, on an annual basis, less than 0.1% or less than 5% and the annual consideration is less than HK\$1 million.

(i) *Exclusive Recipes Licensing Agreement and Recipes Transfer Agreement with Mr. Chen*

Pursuant to an Exclusive Recipes Licensing Agreement dated January 1, 2013 and entered into between Mr. Chen and Lao Heng He, Mr. Chen agreed to grant Lao Heng He and its subsidiaries and any future newly set up subsidiaries ("**Lao Heng He Entities**") an exclusive right to use his trade-secret cooking wine recipes (the "**Recipes**") for free in the manufacturing of some of our products. The Exclusive Recipes Licensing Agreement will remain in force from the date of the agreement until all Lao Heng He Entities cease operation. The Recipes can be used in the manufacturing, product improvements and product sales of our products. Mr. Chen will not license the Recipes to any other third parties so long as this Exclusive Recipes Licensing Agreement is in force. If, during the use of the Recipes, Lao Heng He Entities improve the Recipes, they have the right to continue to use the improved Recipes in accordance with the Exclusive Recipes Licensing Agreement, but ownership of the improved Recipes will remain with Mr. Chen. The Directors consider that the Exclusive Recipes Licensing Agreement is favourable to our Company, and it is in the interests of our Company and our Shareholders as a whole.

CONNECTED TRANSACTIONS

To support our efforts in completing the Global Offering, on August 23, 2013, Mr. Chen entered into a Recipes Transfer Agreement with Lao Heng He to transfer the Recipes to Lao Heng He for nominal consideration (the “**Recipes Transfer**”). After the Recipes Transfer, and in order to maintain confidentiality (i) the Recipes will be placed in the care of the chairman of the board of directors of Lao Heng He, a position currently held by Mr. Chen; and (ii) when Mr. Chen ceases to be the chairman of the board of directors of Lao Heng He, he is required to deliver the Recipes to the incoming chairman of Lao Heng He that replaces him. The Recipes Transfer is to become effective on the Listing Date.

(ii) *Tenancy agreement with Huzhou Weiyuan regarding a warehouse*

Pursuant to a tenancy agreement dated March 1, 2012 and entered into between Lao Heng He as the tenant and Huzhou Weiyuan as the landlord, Huzhou Weiyuan agreed to lease to Lao Heng He a commercial warehouse located at Balidian Food Industrial Park, Huzhou City, Zhejiang Province, PRC from March 1, 2012 to December 1, 2017 at an annual rental of RMB15,000. The annual rental payable is below market level based on the rentals of commercial warehouses of similar size around the same area. The Directors consider that the rental payable by Lao Heng He is more favorable than the prevailing market rate and such tenancy agreement is on normal commercial terms and is in the interests of our Company and our Shareholders as a whole. DTZ Debenham Tie Leung Limited has reviewed the current market conditions and is of the opinion that the current market rent of “Property No. 3” (as disclosed in Appendix IV — Property Valuation of this prospectus), which is a warehouse leased from Huzhou Weiyuan, a connected party of the Group, is about RMB98,500 per annum.

The Directors’ Views

In the view of the Directors (including the independent non-executive Directors), it is in the interests of our Group to continue with the connected transactions described in this section after the Listing, and that the transactions are conducted on normal commercial terms, are entered into in the ordinary and usual course of business of our Group, the terms are in the interests of our Company and our Shareholders as a whole.