

OUR CONTROLLING SHAREHOLDERS

Immediately after completion of the Capitalisation Issue and the Global Offering, our Controlling Shareholders will together control the exercise of voting rights of more than 30% of the Shares eligible to vote in the general meeting of our Company (assuming the Over-allotment Option is not exercised). Other than (i) the interest of Mr. Ding Huirong, Mr. Ding Huihuang and Mr. Ding Wuhao in Sanliuyidu Hong Kong, which held 100% equity interests in Sanliuyidu China prior to 25 July 2008 and which does not have any other business activities as of the Latest Practicable Date; and (ii) their respective interests in Hui Rong International, Ming Rong International and Dings International, as of the Latest Practicable Date, none of our Controlling Shareholders nor any of their respective associates had interests in any other companies which (i) held interests in our business during the Track Record Period and ceased to hold such interests after the Corporate Reorganisation; or (ii) may, directly or indirectly, compete with our Group's business.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the matters described above and the following factors, we believe that our Group is capable of carrying on its business independently of our Controlling Shareholders and their respective associates after the Global Offering.

Management Independence

Our Board comprises four executive Directors and three independent non-executive Directors. Three directorships of our executive Directors are held by Mr. Ding Wuhao, Mr. Ding Huihuang and Mr. Ding Huirong, who are our Controlling Shareholders.

Each of our Directors is aware of his fiduciary duties as a Director of our Company which require, among other things, that he acts for the benefit and in the best interests of our Company and does not allow any conflict between his duties as a Director and his personal interest. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum. In addition, we have an independent senior management team to carry out the business decisions of our Group independently. Our Directors are satisfied that our senior management team is able to perform their roles in our Company independently, and our Directors are of the view that we are capable of managing our business independently from our Controlling Shareholders after the Global Offering.

Operational Independence

We have established our own organisational structure comprised of individual departments, each with specific areas of responsibilities. Our Group has independent access to sources of supplies or raw materials for production as well as customers. We have also established various internal controls procedures to facilitate the effective operation of our business. We used certain land and properties owned by, amongst others, Bieke Fujian, which is beneficially owned by Mr. Ting Tong Bun, the father-in-law of Mr. Ding Huirong, one of our Controlling Shareholders, during the Track Record Period pursuant to an agreement dated 5 August 2003. We acquired such land and properties from the relevant parties in 2008. Please refer to the section headed "History and Corporate Structure" in this prospectus for further details. Our Directors confirmed that our Group will not enter into any other transactions of similar nature with our Connected Persons and their associates after the Listing that will affect our operational independence.

Financial Independence

Our Group has an independent financial system and makes financial decisions according to our Group's own business needs. Our Directors confirm that as of the Latest Practicable Date, all financial assistance, including amounts due to, and loans or guarantees provided by our Controlling Shareholders to our Group, were

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repaid or released or otherwise settled in full. Therefore, there is no financial dependence on our Controlling Shareholders.

DEED OF NON-COMPETITION

Each of our Controlling Shareholders has entered into the Deed of Non-competition in favour of our Company, pursuant to which each of our Controlling Shareholders has undertaken to our Company (for itself and for the benefit of its subsidiaries) that such Controlling Shareholder would not and would procure that its or his associates (except any members of our Group) would not, during the period that the Deed of Non-competition remains effective, directly or indirectly, either on such Controlling Shareholder's own account or in conjunction with or on behalf of any person, firm or company, among other things, carry on, participate or be interested or engaged in or acquire or hold (in each case whether as a shareholder, partner, agent, employee or otherwise) any business which is or may be in competition with the business of any member of our Group from time to time (the "**Restricted Business**").

The above undertaking does not apply where:

- (a) the holding by our Controlling Shareholders of interests in the shares of a company other than our Group which are listed on a recognised stock exchange provided that:
 - (i) any Restricted Business conducted or engaged in by such company (and assets relating thereto) accounts for less than 5% of that company's consolidated turnover or consolidated assets, as shown in that company's latest audited accounts; or
 - (ii) the total number of the shares held by our Controlling Shareholders and/or their respective associates in aggregate does not exceed 5% of the issued shares of that class of the company in question and such Controlling Shareholders and/or their respective associates are not entitled to appoint a majority of the directors of that company and at any time there should exist at least another shareholder of that company whose shareholdings in that company should be more than the total number of shares held by our Controlling Shareholders and their respective associates in aggregate.
- (b) any opportunity to invest, participate, be engaged in and/or operate any Restricted Business has first been offered or made available by our Controlling Shareholders and/or their respective associates to us, and after decision by our independent non-executive Directors and approval by our Board of Directors and/or Shareholders as required under the relevant laws and regulations (including but not limited to the Listing Rules) and in accordance with our Articles of Association, has declined in writing such opportunity to invest, participate, be engaged in or operate the Restricted Business, and that the principal terms by which such Controlling Shareholder (or his or its respective associates) subsequently invests, participates, engages in or operates the Restricted Business are no more favourable than those offered to the member of our Group.

Pursuant to the Deed of Non-competition, the above restrictions would only cease to have effect upon the earlier of: (i) the Shares of our Company cease to be listed on the Stock Exchange; and (ii) in relation to each Controlling Shareholder, such Controlling Shareholder or such Controlling Shareholder's associate ceases to hold an equity interest in our Company and (iii) the relevant Controlling Shareholders and/or their respective associates jointly or severally are entitled to exercise or control the exercise of less than 30% in aggregate of the voting power at general meetings of our Company and no longer the single largest shareholder of our Company.

DEED OF INDEMNITY

Our Controlling Shareholders have also undertaken under the Deed of Indemnity to indemnify our Group against, among other things, any damages, losses or liabilities which are or become payable or incurred by any members of our Group, including relocation costs and expenses (if any), as a direct or indirect result of any title

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defects of the properties used by our Group after the Listing and certain taxation matters. Please refer to the section headed “Business—Properties” in this prospectus and the section headed “Other Information—Deed of Indemnity” in Appendix VI to this prospectus.

CORPORATE GOVERNANCE MEASURES

Our Company will adopt the following measures to manage any conflict of interests arising from the competing business of our Controlling Shareholders and to safeguard the interests of our Shareholders:

- (i) our independent non-executive Directors will review, at least on an annual basis, the compliance with the undertaking given by our Controlling Shareholders under the Deed of Non-competition;
- (ii) our Controlling Shareholders have undertaken to provide all information requested by our Company which is necessary for the annual review by our independent non-executive Directors and the enforcement of the Deed of Non-competition;
- (iii) our Company will disclose decisions on matters reviewed by our independent non-executive Directors relating to compliance and enforcement of the Deed of Non-competition in the annual reports of our Company; and
- (iv) our Controlling Shareholders will make an annual declaration in relation to compliance with the Deed of Non-competition in the annual reports of our Company.