

CONNECTED TRANSACTIONS

During the Track Record Period, the Group entered into transactions with a connected person under the Listing Rules in respect of the provision of restaurant services to members of the Group. Any transaction entered into between any such connected person and the Group will constitute a connected transaction for the Company under the Listing Rules upon Listing. Details of the connected transaction is set out below.

Continuing connected transaction under Rule 14A.33(3) of the Listing Rules which is exempted from the reporting, announcement and independent shareholders' approval requirements

Provision of restaurant services by Foshan Nanhai Lishui Zhongya Restaurant (佛山市南海區里水中亞食府) (the "Restaurant") to members of the Group (the "Restaurant Services Arrangement")

On 19 June 2009, the Company and the Restaurant entered into an agreement pursuant to which the Restaurant agreed to provide restaurant services to members of the Group from time to time on normal commercial terms which are no less favourable than those available to independent third parties. The agreement is for the period commencing on the date of the Listing and ending on 31 December 2011.

The arrangement involves the provision of food and beverages to staff members and business associates of the Group, including suppliers, contractors and customers of the Group.

Connected person

Mr. XH Li is an executive Director and the Controlling Shareholder and hence is a connected person of the Company under the Listing Rules. The Restaurant is beneficially wholly owned as to 67.7% and 32.3% by Mr. XH Li and Mr. LY Li, respectively. It is an associate of Mr. XH Li and hence a connected person of the Company under the Listing Rules.

Historical transaction values

For the three years ended 31 December 2008, fees paid to the Restaurant in respect of the Restaurant Services Arrangement amounted to approximately RMB1,041,000, RMB547,000 and RMB919,000, respectively.

Since each of the percentage ratios (other than the profits ratio) under Chapter 14 of the Listing Rules is less than 0.1%, the transactions in respect of the Restaurant Services Arrangement constitute continuing connected transactions for the Company under Rule 14A.33(3) of the Listing Rules which are exempted from the reporting, announcement and independent shareholders' approval requirements.

The Directors (including the independent non-executive Directors) consider that the continuing connected transaction exempted under Rule 14A.33(3) described above has been and will be entered into in the ordinary and usual course of business of the Group, on normal commercial terms, and are fair and reasonable and in the interests of the Shareholders as a whole.