During the Track Record Period, we have entered into a number of related party transactions, details of which are set out in notes 18 and 35 to the Accountants' Report set out in Appendix I to this prospectus. Except for the sales of coal and rental of boiler with Wuzhou Sanjian, our Directors have confirmed that these related party transactions were conducted in the ordinary course of business and on normal commercial terms. Save as described below, these related party transactions have been discontinued before the Latest Practicable Date. These related party transactions, if continued after the Listing, may constitute connected transactions under the Listing Rules.

Following the Listing, the following transactions will be continued between our Group and the relevant connected persons (as defined in the Listing Rules), which will constitute continuing connected transactions under the Listing Rules.

Non-Exempt Continuing Connected Transactions

The following transactions have been carried out by our Group and our connected persons during the Track Record Period and are expected to be continued following the Listing. The transactions will constitute continuing connected transactions which are not exempt from all reporting, announcement and/or independent shareholders' approval requirements set out in Chapter 14A of the Listing Rules upon Listing:

Transactions with Exceltech

Exceltech is a sole proprietorship registered in Malaysia and is owned by Mr. Low, our non-executive Director, and is therefore a connected person of our Company under Chapter 14A of the Listing Rules.

During the Track Record Period, Exceltech had purchased our products for self-use and resale in Malaysia. The purchase prices paid by Exceltech were determined at regular review with our Group and with reference to the expected size of order, the production costs and the fluctuations of exchange rate. For the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009, the sales of our products to Exceltech amounted to RMB2.6 million, RMB4.4 million, RMB3.1 million and RMB0.8 million, respectively, representing approximately 1.4%, 1.7%, 0.7% and 0.2% of our Group's total revenue, respectively.

Our Directors and the Joint Sponsors confirm that the sales of our products to Exceltech during the Track Record Period were (i) conducted on normal commercial terms comparable to those offered to Independent Third Parties; (ii) carried out in our Group's ordinary and usual course of business and in accordance with the terms and agreements in relation to the sales of our products; and (iii) fair and reasonable and in the interest of our Shareholders as a whole.

On 19 September 2009, Exceltech, as purchaser, and Wuzhou Shenguan, as seller, entered into the Exceltech Sale and Purchase Agreement for the sales of our products for a term ending on 31 December 2011, pursuant to which the purchase prices paid by Exceltech are determined at each transaction with our Group and with reference to the expected size of order, the production costs, the introduction of new products, and the fluctuations of exchange rate. The consideration to be payable by Exceltech to our Group on an annual basis under the Exceltech Sale and Purchase Agreement will not be more than RMB2,400,000, RMB3,900,000 and RMB5,100,000 for each of the three years ending 31 December 2011, respectively. In arriving at the above annual caps, our Directors had considered (i) the positive outlook of the collagen sausage casings industry in the PRC; (ii) the historical growth in our revenue during the Track Record Period, which achieved a CAGR of approximately 59.6% from the year ended 31 December 2006 to the year ended 31 December 2008; (iii) the actual expansion of our production capacity since 1 January 2009 up to the Latest Practicable Date, on which we had 106 production lines in operation; (iv) the planned increase of the number of our production lines to 116 by the end of 2009; and (v) the planned increase of our production capacity for the two years ending 31 December 2011. In particular, taking into consideration the anticipated expansion of our production capacity and the launch of new types of Western-style sausage casing products in the second half of 2009, the transaction volume with Exceltech is expected to increase comparing to the first half of 2009.

Our Directors (including our independent non-executive Directors) and the Joint Sponsors are of the view that the Exceltech Sale and Purchase Agreement was entered into on normal commercial terms comparable to those offered to Independent Third Parties, in the ordinary and usual course of business of our Group and that the terms of the Exceltech Sale and Purchase Agreement, including the annual caps, are fair and reasonable and in the interests of our Shareholders as a whole.

Our Directors expect that the consideration ratio, being the only applicable percentage ratio under Rule 14.07 of the Listing Rules, for the Exceltech Sale and Purchase Agreement on an annual basis will be either (i) less than 2.5%; or (ii) equal to or more than 2.5% but less than 25%, and the annual consideration is less than HK$10,000,000. The Exceltech Sale and Purchase Agreement is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Transactions with C.T. Company

C.T. Company is an entity registered in California, the U.S. and is owned by Mr. Wei, a director of Wuzhou Shenguan, our subsidiary, and is therefore a connected person of our Company under Chapter 14A of the Listing Rules.

During the Track Record Period, C.T. Company had purchased our products for resales in the U.S. The purchase prices paid by C.T. Company for the purchases of our products were determined at regular review with our Group and with reference to the expected size of order, the production costs and the fluctuations of exchange rate. For the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009, the sales of our products to C.T. Company amounted to RMB2.6 million, RMB5.3 million, RMB0.9 million and RMB1.1 million, representing approximately 1.5%, 2.1%, 0.2% and 0.3% of our Group's total revenue, respectively. Our Directors and the Joint Sponsors confirm that the sales of our products to C.T. Company during the Track Record Period were (i) conducted on normal commercial terms comparable to those offered to Independent Third Parties; (ii) carried out in our Group's ordinary and usual course of business and in accordance with the terms and agreements in relation to the sales of our products; and (iii) fair and reasonable and in the interest of our Shareholders as a whole.

On 19 September 2009, C.T. Company, as purchaser, and Wuzhou Shenguan, as seller, entered into the CT Sale and Purchase Agreement for the sales of our products for a term ending on 31 December 2011, pursuant to which the purchase prices paid by C.T. Company are determined at regular review with our Group and with reference to the expected size of order, the production costs and the fluctuations of exchange rate. The consideration to be payable by C.T. Company to our Group on an annual basis under the CT Sale and Purchase Agreement will not be more than RMB2,800,000, RMB4,600,000 and RMB6,000,000 for each of the three years ending 31 December 2011, respectively. In arriving at the above annual caps, our Directors had considered (i) the positive outlook of the collagen sausage casings industry in the PRC; (ii) the historical growth in our revenue during the Track Record Period, which achieved a CAGR of approximately 59.6% from the year ended 31 December 2006 to the year ended 31 December 2008; (iii) the actual expansion of our production capacity since 1 January 2009 up to the Latest Practicable Date, on which we had 106 production lines in operation; (iv) the planned increase of the number of our production lines to 116 by the end of 2009; and (v) the planned increase of our production capacity for the two years ending 31 December 2011. In particular, by taking into consideration the expansion of our production capacity and the launch of new types of Western-style sausage casing products in the second half of 2009, the transaction volume with C.T. Company is expected to increase comparing to the first half of 2009.

Our Directors (including our independent non-executive Directors) and the Joint Sponsors are of the view that the CT Sale and Purchase Agreement had been entered into on normal commercial terms comparable to those offered to Independent Third Parties, in the ordinary and usual course of business of our Group and that the terms of the CT Sale and Purchase Agreement, including the annual caps, are fair and reasonable and in the interests of our Shareholders as a whole.

Our Directors expect that the consideration ratio, being the only applicable percentage ratio under Rule 14.07 of the Listing Rules, for the CT Sale and Purchase Agreement on an annual basis will be either (i) less than 2.5%; or (ii) equal to or more than 2.5% but less than 25%, and the annual consideration is less than HK$10,000,000. The CT Sale and Purchase Agreement is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Transactions with Wuzhou Junye Printing Material

Wuzhou Junye Printing Material is owned by Mr. Sha, the spouse of Ms. Zhou, as to 90% and by Mr. Sha Junqi (沙俊奇先生), the son of Mr. Sha and Ms. Zhou, as to 10%. Ms. Zhou is one of our executive Directors and Controlling Shareholders. Wuzhou Junye Printing Material is therefore a connected person of our Company under Chapter 14A of the Listing Rules.

During the Track Record Period, our Group had purchased inner packaging materials for our products from Wuzhou Junye Printing Material. The purchase prices paid by our Group were determined with Wuzhou Junye Printing Material annually, but subject to adjustments due to fluctuations in cost of production with reference to market price. For the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009, the prices paid by our Group for the purchase of the packaging materials from Wuzhou Junye Printing Material amounted to RMB2.3 million, RMB3.3 million, RMB6.2 million and RMB5.2 million, representing approximately 3.0%, 2.7%, 3.1% and 4.3% of our Group's cost of sales, respectively, and representing approximately 51.7%, 48.4%, 57.7% and 62.7% of our Group's total purchase of packaging materials for the years ended 31 December 2006, 2007 and 2008 and six months ended 30 June 2009, respectively. Our Directors and the Joint Sponsors confirm that the purchases of inner packaging materials from Wuzhou Junye Printing Material during the Track Record Period were (i) conducted on normal commercial terms and prices comparable to those obtained from Independent Third Parties; (ii) carried out in our Group's ordinary and usual course of business and in accordance with the terms and agreements governing the purchases; and (iii) fair and reasonable and in the interest of our Shareholders as a whole. Wuzhou Junye Printing Material is not an exclusive supplier of our inner packaging materials.

On 19 September 2009, Wuzhou Shenguan, as purchaser, and Wuzhou Junye Printing Material, as seller, entered into the Junye Sale and Purchase Agreement for the sales of inner packaging materials for a term ending on 31 December 2011, pursuant to which the purchase prices paid by our Group are determined annually with Wuzhou Junye Printing Material with reference to market price. The consideration to be payable by our Group to Wuzhou Junye Printing Material on an annual basis under the Junye Sale and Purchase Agreement will not be more than RMB10,500,000, RMB18,000,000 and RMB24,000,000 for each of the three years ending 31 December 2011, respectively. In arriving at the above annual caps, our Directors had considered (i) the positive outlook of the collagen sausage casings industry in the PRC; (ii) the historical growth in our revenue during the Track Record Period, which achieved a CAGR of approximately 59.6% from the year ended 31 December 2006 to the year ended 31 December 2008; (iii) the actual expansion of our production capacity since 1 January 2009 up to the Latest Practicable Date, on which we had 106 production lines in operation; (iv) the planned increase of the number of our production lines to 116 by the end of 2009; and (v) the planned increase of our production capacity for the two years ending 31 December 2011, all of which, in turn, will increase the purchase of inner packaging materials.

Our Directors (including our independent non-executive Directors) and the Joint Sponsors are of the view that the Junye Sale and Purchase Agreement had been entered into on normal commercial terms comparable to those offered by Independent Third parties, in the ordinary and usual course of business of our Group and that the terms of the Junye Sale and Purchase Agreement, including the annual caps, are fair and reasonable and in the interests of our Shareholders as a whole.

Our Directors expect that the consideration ratio, being the only applicable percentage ratio under Rule 14.07 of the Listing Rules, for the Junye Sale and Purchase Agreement on an annual basis will exceed 2.5% and the annual consideration will be more than HK$10,000,000. Therefore, the Junye Sale and Purchase Agreement is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Waiver from the Stock Exchange

We have applied to the Stock Exchange, and the Stock Exchange has agreed, to grant a waiver to us from strict compliance with the announcement and/ or independent shareholders' approval requirements under the Listing Rules, relating to the continuing connected transactions mentioned in the paragraph headed "Non-Exempt Continuing Connected Transactions" above on the condition that the aggregate value of each of the non-exempt continuing connected transactions for each financial year does not exceed the relevant cap as stated above.

We will comply with the requirements specified under Rule 14A.42(3) of the Listing Rules.

Exempt Continuing Connected Transactions

The following transactions have been carried out by our Group and our connected person during the Track Record Period and are expected to be continued following the Listing. The transactions will constitute continuing connected transactions which are exempt from all reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules upon Listing:

Transactions with C.T. Company

C.T. Company is an entity registered in California, the U.S. and is owned by Mr. Wei, a director of Wuzhou Shenguan, our subsidiary, and is therefore a connected person of our Company under Chapter 14A of the Listing Rules.

During the Track Record Period, C.T. Company had acted as an agent of our Group to locate new clients in South America and was entitled to commissions for successful referrals. The commissions paid by our Group to C.T. Company for successful referrals were determined at a net rate ranging from approximately 1.9% to 2.3% on the amount collected from the customers referred by C.T. Company. For the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009, the commissions paid by our Group to C.T. Company for successful referrals of new clients amounted to RMB0.1 million, RMB0.2 million, RMB0.3 million and RMB0.3 million, respectively, representing less than 0.1% of our total revenue for the corresponding periods. Our Directors and the Joint Sponsors confirm that the commissions paid to C.T. Company during the Track Record Period were (i) conducted on terms prevailing in the market; and (ii) carried out in our Group's ordinary and usual course of business and in accordance with the terms and agreements in relation to the commissions.

On 22 September 2009, C.T. Company and Wuzhou Shenguan entered into the CT Agency Agreement to engage C.T. Company as our Group's agent for locating new clients in South America for a term ending on 31 December 2011, pursuant to which the commissions to be payable to C.T. Company for successful referrals are determined at a net rate ranging from approximately 1.9% to 2.3%. It is expected that the commissions to be payable by our Group to C.T. Company on an annual basis under the CT Agency Agreement will be less than HK$1,000,000 for each of the three years ending 31 December 2011, respectively. In arriving at the above annual fee caps, our Directors had considered (i) the positive outlook of the collagen sausage casings industry in the PRC; (ii) the historical growth in our revenue during the Track Record Period, which achieved a CAGR of approximately 59.6% from the year ended 31 December 2006 to the year ended 31 December 2008; (iii) the actual expansion of our production capacity since 1 January 2009 up to the Latest Practicable Date, on which we had 106 production lines in operation; (iv) the planned increase of the number of our production lines to 116 by the end of 2009; and (v) the planned increase of our production capacity for the two years ending 31 December 2011. Our Directors (including our independent non-executive Directors) and the Joint Sponsors are of the view that the CT Agency Agreement was entered into on normal commercial terms, in the ordinary and usual course of business of our Group and that the terms of the CT Agency Agreement, including the annual fee caps, are fair and reasonable and in the interests of our Shareholders as a whole.

Our Directors expect that the aggregate annual consideration payable by our Group to C.T. Company under the CT Agency Agreement will be less than HK$1,000,000 and hence falls within the de minimis threshold under Rule 14A.33(3) of the Listing Rules, the CT Agency Agreement is exempt from all the reporting, announcement and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.