
RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

CONTROLLING SHAREHOLDERS

Immediately after completion of the Global Offering and the Capitalization Issue, the Controlling Shareholders will control the exercise of voting rights of approximately 52.19% of the Shares eligible to vote in the general meeting of our Company (assuming the Over-allotment Option is not exercised). Our Controlling Shareholders include Zhang International and Zhang's Family. Zhang International engages in investment holding. Zhang's Family, in addition to their investment in our Group, also conducts investment business through Zhang's Investment (Shantou) and engages in the manufacture and sales of preserved fruit products through Haoweijia Food, a wholly-owned subsidiary of Zhang's Investment (Shantou). Save and except for their interest in our Company, the Controlling Shareholders have no interest in any other companies as at the Latest Practicable Date which: (i) held interests in our business during the Track Record Period and ceased to hold such interests after the Reorganization; or (ii) may, directly or indirectly, compete with our Group's business.

DEED OF NON-COMPETITION

The Controlling Shareholders have entered into the Deed of Non-Competition in favor of our Company, pursuant to which the Controlling Shareholders have undertaken to the Company (for itself and for the benefit of each of the members of our Group) that with effect from the date of Listing and for as long as the Company's shares remain so listed on the Stock Exchange and the Controlling Shareholders are individually or collectively with any of his/her/its associates interested directly or indirectly in not less than 30% of the issued ordinary share capital of the Company:

- (a) he/she/it or his/her/its associates shall not, from the date of the Deed of Non-Competition,
 - (i) directly or indirectly engage, participate or hold any right or interest in or render any services to or otherwise be involved in any business (whether as owner, director, operator, licensor, licensee, partner, shareholder, joint venturer, employee, consultant or otherwise) in competition with or likely to be in competition with the existing business carried on by our Group (the "Business"), save for the holding of not more than 10% shareholding interests (individually or collectively with his/her/its associates) in any listed company; and
 - (ii) directly or indirectly take any action which constitutes an interference with or a disruption of the Business including, but not limited to, solicitation of our Group's customers, suppliers or personnel of any member of our Group;
- (b) if any new business opportunity which competes or may compete with the Business (the "Business Opportunity") is made available to any of the Controlling Shareholders or his/her/its associates:
 - (i) he/she/it shall direct to our Group any such Business Opportunity;
 - (ii) he/she/it shall provide to our Company all information and documents possessed by him/her/it or his/her/its associates in respect of the Business Opportunity to enable our Company to evaluate the merit of the Business Opportunity and all reasonable assistance as requested by our Company to enable our Group to secure the Business Opportunity; and

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- (iii) it shall not pursue the Business Opportunity unless and until our Company gives written notice to the Controlling Shareholders that our Group will not pursue such Business Opportunity.

CORPORATE GOVERNANCE MEASURES

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

- (i) the independent non-executive Directors will review, on an annual basis, the compliance with the non-compete undertaking by the Controlling Shareholders under the Deed of Non-Competition;
- (ii) the Controlling Shareholders undertake to provide all information requested by our Company which is necessary for the annual review by the independent non-executive Directors and the enforcement of the Non-Competition;
- (iii) our Company will disclose decisions on matters reviewed by the independent non-executive Directors relating to compliance and enforcement of the Deed of Non-Competition in the annual reports of our Company; and
- (iv) the Controlling Shareholders will make confirmation on compliance with their undertaking under the Deed of Non-Competition in the annual report of our Company.

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 five executive Directors, two non-executive Directors and three independent non-executive Directors. Zhang Lidian (張利鈿), Zhang Likun (張利坤), Zhang Liming (張利明) and Zhang Libo (張利波), each a member of Zhang's Family and our Controlling Shareholders, are our executive Directors. Zhang Lidian (張利鈿) is also the chairman of the Board and a sole director of Zhang International, one of the Controlling Shareholders of our Company which is engaged in investment holding business. Zhang Liming (張利明) is a sole director of Zhang's Investment (Shantou). Zhang Libo (張利波) is a sole director of Haoweijia Food.

Save as disclosed above, no other Controlling Shareholders hold any directorship in our Company. 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

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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.

Having considered the above factors, our Directors are satisfied that they are 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 the Controlling Shareholders after the Global Offering.

Operational Independence

We have independent access to sources of supplies or raw materials for the production of our products, as well as independent access to our distributors and other customers. We have also established a set of internal controls to facilitate the effective operation of our business. Our Group has our own registered trademarks for which we are able to utilize in marketing our products.

We have entered into the Shanghai Lease and the Chaoan Lease with Zhang's Investment (Shantou) and the Haoweijia Purchase Agreement and the Haoweijia Sales Agreement with its subsidiary, Haoweijia Food. Transactions under these agreements will continue after the Listing. Please refer to the section headed "Connected Transactions — Non-exempted continuing connected transactions" in this Prospectus for details of these transactions. Our Directors, including the independent non-executive Directors, consider that each of the Shanghai Lease, Chaoan Lease, Haoweijia Purchase Agreement and Haoweijia Sales Agreement was entered into on normal commercial terms that are fair and reasonable and in the interests of our shareholders as a whole and that the operational independence of our Group is not affected by these transactions. In particular, we do not rely on the Shanghai Lease and the Chaoan Lease for our operations because, as these leases are at prevailing market rates, we could, if necessary, relocate our operations which are currently conducted in premises leased under the Shanghai Lease and the Chaoan Lease to other locations with a similar level of rental rate. We do not rely on the Haoweijia Purchase Agreement because we purchase preserved fruit products under this agreement only for the purpose of reselling them as a wholesaler but not for our production and the business of distributing preserved fruit products only made up a relatively small part of our revenue. We also do not rely on the Haoweijia Sales Agreement because the sales of packaging products under the agreement by Bisheng is only incidental to Bisheng's primary business of supplying packaging materials for the Group's production.

In addition, our Directors consider that our operations do not depend on the operation of the Controlling Shareholders for the following reasons:

- (i) there is no competing business between our Group and any of our Controlling Shareholders; and
- (ii) we are not relying on any guarantee provided by any of our Controlling Shareholders in respect of bank borrowings nor have we been given any guarantee for the benefit of any of our Controlling Shareholder.

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On the basis of the matters described in this section, we believe that we are capable of carrying on our business independently of our Controlling Shareholders and their respective associates. Our Group, our Controlling Shareholders and their associates do not have any common, nor shared, facilities or resources during the Track Record Period and up to the Latest Practicable Date.

Financial Independence

Our Group has an independent financial system and makes financial decisions according to our Group's own business needs. During the Track Record Period, the Group has certain outstanding balances due to our Controlling Shareholders. The amount due to our Controlling Shareholders consists of advances from our Controlling Shareholders to our Group, was RMB154.0 million, RMB90.0 million, nil and RMB1.1 million as at 31 December 2007, 2008, 2009 and 30 June 2010, respectively. The significant amount of advance from our Controlling Shareholders outstanding as at 31 December 2007 arose from our capital expenditure in relation to acquisition of subsidiaries during 2007, which utilized such advance. The significant amount of advance from our Controlling Shareholders outstanding as at 31 December 2008 was primarily due to an increase in the advance provided by our Controlling Shareholders provided to our Group to mitigate the impact of the melamine incident on the working capital of our Group. During the Track Record Period, the amount of dividend payable to our Controlling Shareholders was RMB124.8 million, RMB59.0 million, nil and nil as at 31 December 2007, 2008, 2009 and 30 June 2010, respectively.

Our Directors confirm that during the Track Record Period and as at the Latest Practicable Date, none of our Controlling Shareholders or their associate had provided any guarantees to our Group except for guarantee provided by controlling equity owner for bank loan amounting to RMB64 million and RMB97 million as at 31 December 2007 and 2008 respectively. In addition, our Directors confirm that as at the Latest Practicable Date, there was no outstanding loan owed by our Group to any of our Controlling Shareholder. As of 30 June 2010, our Group has loans in total of RMB330 million extended by local banks all of which are secured by our own assets. As of 30 June 2010, we have sufficient property, plant and equipment, investment property and lease prepayment with book value of RMB677 million which can be utilized to secure more loans. Therefore, our Directors believe that our Group is capable of obtaining financing from external sources without reliance on our Controlling Shareholders. Therefore, there is no financial dependence on our Controlling Shareholders.