

## CONNECTED TRANSACTION

Pursuant to Chapter 14A of the Listing Rules, our substantial shareholders, Directors and chief executive officers or those of our subsidiaries, any person who was our Director or a director of our subsidiaries within 12 months preceding the Listing Date and any of our associates will constitute a connected person. Upon the listing of our Shares on the Stock Exchange, our transactions with such connected persons will constitute connected transactions under Chapter 14A of the Listing Rules.

Our Directors confirm that the following transaction, which will continue after the listing of the Shares on the Stock Exchange, will constitute a continuing connected transaction for us under Chapter 14A of the Listing Rules.

### **Lease Agreement**

On June 23, 2011, Zall Holding entered into a property lease agreement (the “**Lease Agreement**”) with North Hankou Group, pursuant to which Zall Holding agreed to lease from North Hankou Group a property situated at 4/F, No. 1A building, 1# Chutian Avenue, Panlongcheng Economic Development Zone, Wuhan, with a total GFA of approximately 50 square meters for office use. The Lease Agreement has a term of three years commencing from January 1, 2011 to December 31, 2013 at an annual rent (exclusive of rates and utilities charges) of Rmb 12,000 for each of the three years ending December 31, 2011, 2012 and 2013. Rent paid for the years ended December 31, 2008, 2009 and 2010 was Rmb 3,000, Rmb 12,000 and Rmb 12,000, respectively.

Zall Holding is owned as to 95% by Mr. Yan, one of our Controlling Shareholders, and is a connected person of our Company for the purpose of the Listing Rules. The transaction under the Lease Agreement will constitute a continuing connected transaction for our Company under Chapter 14A of the Listing Rules upon Listing.

The rent received from Zall Holding under the Lease Agreement was determined on an arm’s length basis and reflected the prevailing market rent at that time. The Lease Agreement was entered into on normal commercial terms. The rent payable under the Lease Agreement is to be reviewed every three years, taking into account the market conditions and the prevailing market rent at the relevant time and no less favorable than that offered to independent third parties.

Savills, an independent property valuer to our Company, has reviewed the rent payable under the Lease Agreement and confirmed that the rent payable by Zall Holding to North Hankou Group reflects the prevailing market rates of comparable properties and is fair and reasonable.

Since each of the percentage ratios (other than the profits ratio) for the Lease Agreement is less than 0.1%, the transaction under the Lease Agreement is exempted from the reporting, annual review, announcement and independent shareholders’ approval requirements applicable under Chapter 14A of the Listing Rules as it falls within the de minimis threshold under Rule 14A.33 of the Listing Rules.

Our Directors (including the independent non-executive Directors) are of the view that the transaction under the Lease Agreement is conducted on normal commercial terms and is fair and reasonable and in the interests of our Company and our Shareholders as a whole and is in the ordinary and usual course of our business.