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On 15 December 2010, in order to raise funds for expansion and growth of our Group, our Company, Mr. Lee Rie-Ho and Mr. Lee Chia Ling (the “**Principal Shareholders**”) and the Financial Investors entered into a share subscription agreement (the “**Share Subscription Agreement**”), pursuant to which our Company agreed to allot and issue to the Financial Investors, and each of the Financial Investors agreed to subscribe for, an aggregate of 7,478,746 Shares in the capital of our Company for an aggregate subscription price of US\$30,000,000.

The investment was completed, and the Shares were issued to the Financial Investors, on 20 December 2010. The funds raised were used for the development of retail outlets in the PRC and general working capital of our Company.

On 15 December 2010, the Principal Shareholders and the Financial Investors entered into an investors’ rights agreement (the “**Investors Rights Agreement**”). Neither the Company nor any other Group company is a party of the Investors Rights Agreement. The Investors Rights Agreement will terminate on the earlier of (a) the [●]; (b) the parties agreeing in writing to terminate the Investors Rights Agreement; and (c) liquidation, administration, winding-up, bankruptcy or dissolution of our Company, or in respect of any party, it ceases to hold any Share in our Company save for any of its provisions which are expressed to continue in force after termination.

A brief summary of the terms of the Share Subscription Agreement and the Investors Rights Agreement is set out below:

The respective shareholding information of each of the Financial Investors:

Financial Investor	Date of settlement of Subscription Price	Number of Shares subscribed	Shareholding in the Company immediately after the completion of the Share Subscription Agreement	Subscription Price <i>(in US\$)</i>
Pearl Ever Group Limited	20 December 2010	2,492,916	2.45%	10,000,000
Sequoia Capital China Tenfu Limited	20 December 2010	498,583	0.49%	2,000,000
Heartland Capital Management Limited	22 December 2010	997,166	0.98%	4,000,000
Ten Ren Tea (Hong Kong) Limited	17 December 2010	1,246,458	1.22%	5,000,000
Future Champion Holdings Limited	20 December 2010	1,495,750	1.47%	6,000,000

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Financial Investor	Date of settlement of Subscription Price	Number of Shares subscribed	Shareholding in the Company immediately after the completion of the Share Subscription Agreement	Subscription Price <i>(in US\$)</i>
Mr. Tsai Song Maw	12 January 2011 (US\$600,000) 17 January 2011 (US\$400,000)	249,291	0.24%	1,000,000
IDG Technology Venture Investment IV, L.P.	22 December 2010	249,291	0.24%	1,000,000
Mr. Lee Jui-Chi	20 December 2010	249,291	0.24%	1,000,000
Total:		<u>7,478,746</u>	<u>7.34%</u>	<u>30,000,000</u>

Pearl Ever Group Limited (“**Pearl Ever**”), an investment vehicle incorporated in the British Virgin Islands, is wholly owned by CICC Growth Capital Fund 1, L.P.. The general partner of CICC Growth Capital Fund 1, L.P. is CICC Growth Capital Fund GP, L.P., and the general partner of CICC Growth Capital Fund GP, L.P. is CICC Growth Capital Fund GP, Ltd., which is indirectly wholly owned by China International Capital Corporation Limited.

Sequoia Capital China Tenfu Limited (“**Sequoia**”) is a company incorporated in the British Virgin Islands whose sole shareholder is Sequoia Capital China Advisors Limited, a Cayman Islands incorporated company ultimately controlled by Shen Nan Peng.

Heartland Capital Management Limited (“**Heartland Capital**”) provides investment advisory services and also acts as an investment holding company. The investment advisory activity is focused on the listed and unlisted securities of companies operating in the PRC. The company also invests in the African region on an opportunity arising basis.

Ten Ren Tea (Hong Kong) Limited, a company incorporated in Hong Kong, is 83% owned by Ten Ren and 17% owned by Ten Ren Enterprise Co., Ltd. (天仁實業股份有限公司), which is 90% owned by Ten Ren and 10% owned by Hwa Jo Products Co., Ltd. (華喬物產股份有限公司). The ultimate shareholders of Hwa Jo Products Co., Ltd. are Independent Third Parties. As of the Latest Practicable Date, Ten Ren’s market capitalisation on The Taiwan Stock Exchange Corporation was New Taiwan Dollars [●] million (equivalent to HK\$[●] million). Ten Ren was incorporated in Taiwan on 11 December 1975 and is principally engaged in the production and sale of tea products in Taiwan.

Future Champion Holdings Limited, an investment company incorporated in the British Virgin Islands in 2010, and is controlled by Mr. Tiong Ing Hing, an Independent Third Party. Mr. Tiong is an entrepreneur in Malaysia. Future Champion Holdings Limited is focused on investment opportunities in Asia.

Mr. Tsai Song Maw is the father of Mr. Tsai Shan-Jen, who is interested in approximately 6.3% in the issued share capital of our Company as of the Latest Practicable Date. Mr. Tsai demonstrated his support to his son by subscribing for an amount of US\$1 million in the Investments.

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IDG Technology Venture Investment IV (“IDG”), a Delaware limited partnership controlled by IDG Technology Venture Investment IV, LLC, which is in turn jointly controlled by Mr. Patrick J. McGovern and Mr. Zhou Quan, respectively. IDG Technology Venture Investment IV invests mainly in early and growth stage companies operating in the PRC’s technology, media, telecommunications and new media sectors.

Mr. Lee Jui-Chi, is an Independent Third Party, is an entrepreneur in Taiwan. As the Tenfu (天福) brand is a well-known household brand, under which a majority of our tea products are sold, Mr. Lee intends to participate in the growth of our Group by participating in the Investments.

Our Directors confirm that as at the Latest Practicable Date, apart from Mr. Tsai Song Maw who is the father of Mr. Tsai Shan-Jen and one of our Founding Members, the other Financial Investors are Independent Third Parties and do not have any relationship with our Company and our Directors or Shareholders (save for (a) the entry into of the Share Subscription Agreement and the Investors Rights Agreement and (b) the interest of our Directors and their relatives in Ten Ren as disclosed in the section entitled “Relationship with Controlling Shareholders” in this document).

Consent matters:

Prior to the [●] and as long as any Financial Investor is a shareholder of our Company holding not less than 1.7% in the issued capital of our Company, the Principal Shareholders have agreed (and the Principal Shareholders shall procure that our Company so performs) not to take certain actions without the prior consent of Pearl Ever Group Limited together with any two other Financial Investors (other than Ten Ren Tea (Hong Kong) Limited). These restricted actions include, among others:

- (i) alteration or change of the rights, preferences or privileges of the Financial Investors as set out in the Investors Rights Agreement;
- (ii) issue of any equity interests or equity linked securities that rank senior in right of payment or preference to the Shares;
- (iii) issue of any equity or equity linked securities, except: (a) any Share to be issued which has an effective subscription price that is higher than the subscription price per Share under the Share Subscription Agreement; or (b) to the employees or executives of any member of our Group in accordance with employee equity incentive plans approved by the Shareholders’ meeting; or (c) in relation to the [●];
- (iv) amendment of any provision of our Company’s memorandum or articles of association or other organisational or constitutional documents in a manner that would alter or change the rights of any Financial Investor’s Shares;
- (v) taking any action that would result in the repurchase of any Shares (except any repurchase of shares on termination of employment of any employee under the relevant share incentive scheme);
- (vi) other than in connection with the [●], taking any action that would result in any merger, consolidation, share acquisition or other corporate reorganisation, or any transaction or series of transactions in which (a) in excess of 50% of our Company’s voting power is transferred; or (b) pursuant to which all or substantially all of the key assets of our Group being dispose of; and

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(vii) taking any action that would result in the liquidation, dissolution or winding up of our Company.

Performance adjustments

The Principal Shareholders covenanted that adjustments would be made to each Financial Investor's shareholding in our Company in the event that our Group's consolidated net profit after taxation for the year ended 31 December 2010 is less than RMB190,000,000 in accordance with the following formula:

Financial Investor's revised shareholding percentage = (A) Financial Investor's initial shareholding percentage x RMB225,000,000/(B) the Group's consolidated net profit after taxation for the year ended 31 December 2010.

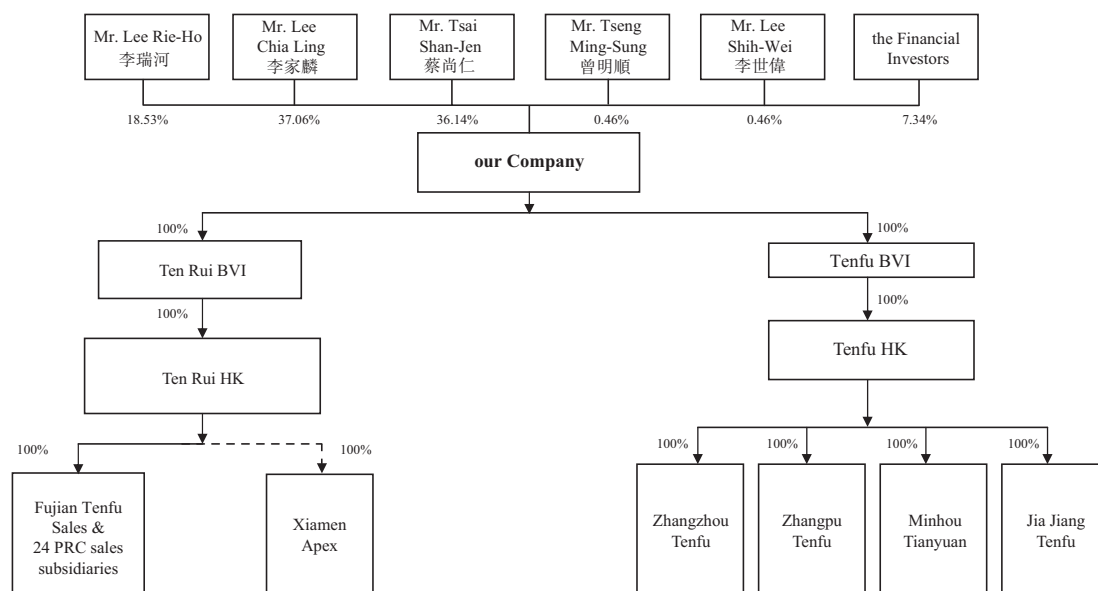
To satisfy the adjustments, the Principal Shareholders can elect to either (i) transfer to each Financial Investor at nil consideration such additional Shares as calculated by the formula (i) or (ii) pay each Financial Investor a compensation amount based on the formula: number of shares to be transferred by the Principal Shareholders as compensation x US\$4.011 per Share.

As our final audited consolidated net profit after taxation for the year ended 31 December 2010 is more than RMB190,000,000, no performance adjustment was required.

Information rights:

We would provide each Financial Investor the latest financial information of our Group and such other information as each of the Financial Investor may reasonably require.

After completion of the equity investment by the Financial Investors, the corporate structure of our Group was as follows:



Polaris provided advisory services to us and acted as our placing agent in respect of the Investments. Polaris was the principal channel of communication in respect of the Investments, in particular, liaising between us, the Financial Investors and various other parties, including but not limited to offshore legal advisers and organised potential investors' plans and conducted retail outlets due diligence.

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Restriction on disposals by the Financial Investors

In September 2011 each of the Financial Investors has entered into a Deed of Undertaking pursuant to which each of them has undertaken that, without prior written consent, it

- (i) will not, whether directly or indirectly, at any time during the period of six months following [●] (the "**Lock Up Period**"), dispose of any of the Shares subscribed for by it pursuant to the Share Subscription Agreement;
- (ii) will not, and will procure that none of its affiliates or companies controlled by it or any nominee or trustee holding in trust for it will, offer, accept subscription for, pledge, charge, allot, sell, lend, mortgage, assign, contract to allot or sell, sell any option or contract to purchase, purchase any option or contract to sell, hedge, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, directly or indirectly, conditionally or unconditionally, any of the Shares or securities convertible into or exchangeable or exercisable for any of the Shares, enter into a transaction which would have the same effect (through the issuance of depositary receipts or otherwise), or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of the Shares or any interest in them, whether any such aforementioned transaction is to be settled by delivery of the Shares or such other securities, in cash or otherwise, or offer or agree or announce any intention to do any of the foregoing; and
- (iii) will not, during the Lock-Up Period, make any demand for or exercise any right with respect to, the registration of any Shares or any security convertible into or exercisable or exchangeable for the Shares.

Any Shares acquired by the Financial Investors in the open market after the [●] will not be subject to the aforesaid Deed of Undertaking.