IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

DaChan Food (Asia) Limited

大成食品(亞洲)有限公司

(incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares	:	**310,000,000 Shares, comprising 250,000,000 New Shares and 60,000,000 Sale Shares (subject to the Over-allotment Option)**
Number of International Placing Shares	:	**279,000,000 Shares, comprising 219,000,000 New Shares and 60,000,000 Sale Shares (subject to adjustment and the Over-allotment Option)**
Number of Hong Kong Offer Shares	:	**31,000,000 New Shares (subject to adjustment)**
Offer Price	:	**Not more than HK$3.00 per Offer Share and expected to be not less than HK$2.20 per Offer Share (payable in full on application in Hong Kong dollars and subject to refund) plus 1% brokerage, SFC transaction levy of 0.004% and Stock Exchange trading fee of 0.005%**
Nominal value	:	**HK$0.10 per Share**
Stock code	:	**3999**

Global Coordinator, Sole Bookrunner, Sponsor and Lead Manager

CAZENOVE

Cazenove Asia Limited

The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the section headed "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix VII to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be determined by agreement between the Global Coordinator (on behalf of the Underwriters), us and the Selling Shareholder on or before 27 September 2007 (Hong Kong time) or such later date as may be agreed by us, the Selling Shareholder and the Global Coordinator (on behalf of the Underwriters), but in any event not later than 29 September 2007 (Hong Kong time). The Offer Price will not be more than HK$3.00 per Offer Share and is currently expected to be not less than HK$2.20 per Offer Share unless otherwise announced. Investors applying for the Hong Kong Offer Shares must pay, on application, the maximum Offer Price of HK$3.00 for each Offer Share together with 1% brokerage, 0.004% SFC transaction levy and 0.005% Stock Exchange trading fee, subject to refund if the Offer Price is lower than HK$3.00.

The Global Coordinator (on behalf of the Underwriters), with the consent from us and the Selling Shareholder, may reduce the indicative Offer Price range stated in this prospectus and/or reduce the number of Offer Shares at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offer. In such a case, a notice of the reduction in the number of Offer Shares being offered under the Global Offering and/or of the indicative Offer Price range will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) not later than the morning of the last day for lodging applications under the Hong Kong Public Offer. If applications for Hong Kong Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Hong Kong Public Offer, then even if the indicative Offer Price and/or the number of Offer Shares is so reduced, such applications cannot subsequently be withdrawn.

If, for any reason, the Offer Price is not agreed between us, the Selling Shareholder and the Global Coordinator (on behalf of the Underwriters) on or before 29 September 2007, the Global Offering will not become unconditional and will lapse.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States, except that Offer Shares may be offered, sold or delivered to QIBs in reliance on an exemption from registration under the U.S. Securities Act provided by, and in accordance with the restrictions of, Rule 144A or another exemption from the registration requirements of the U.S. Securities Act. The Offer Shares are being sold outside the United States in offshore transactions in accordance with Rule 903 or 904 of Regulation S.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including the risk factors set out in the section headed "Risk Factors" in this prospectus.

Pursuant to certain provisions contained in the Underwriting Agreements in respect of the Offer Shares, the Global Coordinator (on behalf of the Underwriters) has the right in certain circumstances, subject to the sole opinion of the Global Coordinator, to terminate the obligations of the Underwriters pursuant to the Underwriting Agreements at any time prior to 8:00 a.m. (Hong Kong time) on the day on which dealings in the Shares first commence on The Stock Exchange of Hong Kong Limited. Further details of the terms of such provisions are set out in the section headed "Underwriting" in this prospectus. It is important that you read that section carefully.

20 September 2007

2007
(Note 1)

Latest time for lodging **PINK** Application Forms . . . . 4:00 p.m. on Monday, 24 September

Application lists open(2) . . . . 11:45 a.m. on Tuesday, 25 September

Latest time for lodging **WHITE** and **YELLOW** Application Forms(2) . . . . 12:00 noon on Tuesday, 25 September

Latest time for giving **electronic application instructions** to HKSCC(3) . . . . 12:00 noon on Tuesday, 25 September

Application lists close(2) . . . . 12:00 noon on Tuesday, 25 September

Expected Price Determination Date(4) . . . . Thursday, 27 September

Announcement of the Offer Price, indication of the level of interest in the International Placing, the results of applications and basis of allocation of the Hong Kong Offer Shares under the Hong Kong Public Offer and the number of Shares, if any, reallocated between the International Placing and the Hong Kong Public Offer (with successful applicants' identification document numbers, where applicable) to be published through various channels, including the website of the Stock Exchange (www.hkex.com.hk), as described under the paragraph headed "Publication of Results" in the section headed "How to Apply for the Hong Kong Offer Shares" on or before . . . . Wednesday, 3 October

Despatch of share certificates or deposit of Share certificates into CCASS in respect of wholly or partially successful applications on or before(5)&(7) . . . . Wednesday, 3 October

Despatch of refund cheques in respect of wholly or partially unsuccessful applications (if applicable) on or before(6)&(7) . . . . Wednesday, 3 October

Dealings in the Shares on the Stock Exchange to commence on . . . . Thursday, 4 October

Notes:

(1) All times and dates refer to Hong Kong local times and dates. Details of the structure of the Global Offering including its conditions are set out in the section headed "Structure and Conditions of the Global Offering".

(2) If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, 25 September 2007, the application lists will not

open and close on that day. Please refer to the section headed “How to Apply for the Hong Kong Offer Shares — Effect of bad weather on the opening of the application lists” in this prospectus. If the application lists do not open and close on Tuesday, 25 September 2007, the dates mentioned in this section headed “Expected Timetable” may be affected. We will make a press announcement in such event.

(3) Applicants who apply for the Hong Kong Offer Shares by giving electronic application instructions to HKSCC should refer to the section headed “How to Apply for the Hong Kong Offer Shares — Applying by giving **electronic application instructions** to HKSCC” in this prospectus.

(4) The Price Determination Date, being the date on which the Offer Price is to be determined, is expected to be on or before Thursday, 27 September 2007 and, in any event, not later than Saturday, 29 September 2007. If, for any reason, the Offer Price is not agreed between the Global Coordinator (on behalf of the Underwriters), us and the Selling Shareholder by Saturday, 29 September 2007, the Global Offering (including the Hong Kong Public Offer) will not become unconditional and will lapse.

(5) Share certificates for the Offer Shares will only become valid certificates of title at 8:00 a.m. on Thursday, 4 October 2007 provided that (i) the Global Offering has become unconditional in all respects and (ii) the Underwriting Agreements have not been terminated in accordance with their terms. If the Global Offering does not become unconditional or the Underwriting Agreements are terminated in accordance with the terms, we will make an announcement as soon as possible.

(6) Refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offer and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the Offer Price per Share initially paid on application. Part of the applicant’s Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purpose. Banks may require verification of an applicant’s Hong Kong identity card number or passport number before cashing the refund cheque. Inaccurate completion of an applicant’s Hong Kong identity card number or passport number may lead to delay in encashment of or may invalidate the refund cheque.

(7) Applicants who have applied on **WHITE** Application Forms for 1,000,000 Hong Kong Offer Shares or more under the Hong Kong Public Offer and have indicated in their Application Forms that they wish to collect any refund cheques (if any) and share certificates in person, may do so from our Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 26/F, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong between 9:00 a.m. to 1:00 p.m. on Wednesday, 3 October 2007. Applicants being individuals who opt for personal collection must not authorise any other person to make collection on their behalf. Applicants being corporations who opt for personal collection must attend by their authorised representatives bearing letters of authorisation from their corporation stamped with the corporation’s chop. Both individuals and representatives of corporations must produce, at the time of collection, identification and (where applicable) documents acceptable to Tricor Investor Services Limited at the time of collection. Applicants who have applied on **YELLOW** Application Forms for 1,000,000 Hong Kong Offer Shares or more under the Hong Kong Public Offer may collect their refund cheques, if any, in person but may not elect to collect their share certificates which will be deposited into CCASS for the credit of their designated CCASS participants’ stock accounts or CCASS investor participant stock accounts, as appropriate. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants. Applicants who apply for Hong Kong Offer Shares by giving electronic application instructions to HKSCC should refer to the paragraph headed “Applying by giving electronic application instructions to HKSCC” under the section headed “How to Apply for the Hong Kong Offer Shares” in this prospectus for details.

Uncollected share certificates (if applicable) and refund cheques (if applicable) will be despatched by ordinary post and at the applicants' own risk to the addresses specified in the relevant Application Forms. Further information is set out in the section headed "How to Apply for the Hong Kong Offer Shares — Despatch/Collection of share certificates and refund cheques" in this prospectus.

(8) The share certificates and/or refund cheques for applicants who apply on **PINK** Application Forms will be sent to the addresses indicated in their **PINK** Application Forms on the date of despatch (which is expected to be on or about Wednesday, 3 October 2007), by ordinary post and at their own risk.

Particulars of the structure of the Global Offering, including the conditions thereto, are set out in the section headed "Structure and Conditions of the Global Offering" in this prospectus.

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You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. Neither our Company nor the Selling Shareholder has authorised anyone to provide you with information that is different from what is contained in this prospectus and the related Application Forms. Any information or representation not made in this prospectus and the Application Forms must not be relied on by you as having been authorised by us, the Selling Shareholder, the Sponsor, any of the Underwriters, any of their respective directors, or any other person or party involved in the Global Offering.

CONTENTS

This summary aims to give you an overview of the information contained in this prospectus. Since it is a summary, it does not contain all the information that may be important to you. You should read this prospectus in its entirety before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are one of the leading meat products and feed suppliers in the PRC with a particular focus on chicken meat products. According to China Meat Association (中國肉類協會), we were the largest chicken meat processor in the PRC in terms of the number of chickens slaughtered in 2005. According to China Feed Industry Association (中國飼料工業協會), we were one of the 10 largest feed enterprises in the PRC in both 2005 and 2006 in terms of the feed production and sales. We operate a highly vertically integrated business model encompassing (i) manufacture of feeds, (ii) chicken meat production and (iii) supply of processed foods.

We sell our chicken meat products under "DaChan" (大成) and "大成雞寶寶" brands and sell our processed chicken products under "Snow Yaki" (霜火照燒) and "DaChan" (大成) brands. We uphold strictly the quality, safety and high standard of hygiene of our "DaChan" (大成), "Snow Yaki" (霜火照燒), "大成雞寶寶" and "Dr. Nupak" (補克博士) branded products. Our "大成雞寶寶" was awarded "China's Famous Brand Product" (中國名牌產品) by the General Administration of Quality Supervision, Inspection and Quarantine of the PRC (中國國家質量監督檢驗檢疫總局) in 2005.

We are the largest chicken meat supplier to KFC in the PRC and the largest processed chicken product supplier in the PRC to the Ito-Yokado and 7-Eleven chains in Japan. We were also one of the largest chicken meat suppliers to Husi and McKey, the exclusive chicken meat sourcing agents of McDonald's in the PRC in 2006. For domestic sales of chicken meat, apart from our direct sales to KFC, Husi, McKey, Dicos and other retail and quick-service restaurant chains, we sell our products through a distribution network of over 600 independent distributors, over 200 authorised retail outlets and 3 self-operated retail stores.

We are currently capable of slaughtering approximately 267,000 tonnes of broilers per year, and in 2006 we slaughtered approximately 242,000 tonnes of broilers. We make use of our vertically integrated business model to ensure a stable supply of high quality broilers for the production of our chicken meat as well as our processed food products. At present, we have 7 chicken meat production facilities in the PRC, which are strategically situated along the corn belt in the PRC. Corn is the main source of ingredients for our feed products. We currently have 4 processed food production facilities in the PRC, and our processed food products have passed the stringent hygiene and quality standards of Japan and Korea where such products are sold. In addition to the chicken meat production facilities, we currently have 12, 2 and 1 feed production facilities in the PRC, Vietnam and Malaysia, respectively, and have the capability of producing a total of approximately 1.9 million tonnes of feeds per year. According to the Vietnam

Feed Association, our complete feeds ranked number 3 in Vietnam in 2006 in terms of the volume produced, and according to the Federation of Livestock Farmers' Association of Malaysia, our layer and pig feeds ranked number 2 in Malaysia in 2006 in terms of the volume produced.

In the PRC, the chicken meat consumption rate has risen rapidly from 1996 and 2005, with a CAGR of approximately 6.0%. In line with the growth of overall chicken meat consumption, the chicken meat consumption per capita also experienced continuing growth in the same period. In addition, the number of quick-service restaurants has increased at a high growth rate in recent years in the PRC. In particular, the number of KFC brand restaurants operated by Yum! China Division has grown from 1,192 in 2002 to 2,258 in 2006 with a CAGR of approximately 17.3%, while Dicos chain has grown from 246 in 2002 to 600 in 2006 with a CAGR of approximately 25%. These trends have helped boost our business significantly in the past few years in the PRC.

We have enjoyed rapid growth in recent years. During the Track Record Period, our total revenue grew from approximately USD429.7 million in 2004 to approximately USD637.4 million in 2006, representing a CAGR of approximately 21.8%. Our net profit attributable to equity holders of our Company increased from approximately USD2.6 million in 2004 to approximately USD13.4 million in 2006, representing a CAGR of approximately 127.0%. Our revenue and net profit attributable to equity holders of our Company were USD321.1 million and USD14.3 million, respectively, for the five months ended 31 May 2007. We believe that with our successful vertically integrated business model and dedication to product safety and quality, our sales and net profit will continue to increase in the future.

OUR COMPETITIVE STRENGTHS

We attribute our success in the past to several principal competitive strengths which provide us with a platform for our long-term growth. These competitive strengths include:

Market leader and well-recognised brand names

We are one of the leading meat product companies and feed manufacturing companies in the PRC with a particular focus on chicken meat products. According to China Meat Association (中國肉類協會), we were the largest chicken meat processor in the PRC in terms of the number of chickens slaughtered in 2005. We are the largest chicken meat supplier to KFC in the PRC and the largest processed chicken product supplier in the PRC to the Ito-Yokado and 7-Eleven chains in Japan. We were also one of the largest chicken meat suppliers to Husi and McKey, the exclusive chicken meat sourcing agents of McDonald's in the PRC in 2006.

We have the right to use a portfolio of well-recognised brand names including "DaChan" (大成), "Snow Yaki" (霜火照燒),"大成雞寶寶" and "Dr. Nupak" (補克博士). Our "大成雞寶寶" was awarded "China's Famous Brand Product" (中國名牌產品) by the General Administration of Quality Supervision, Inspection and Quarantine of the PRC (中國國家質量監督檢驗檢疫總局) in 2005.

According to the Vietnam Feed Association, our complete feeds ranked number 3 in Vietnam in 2006 in terms of the volume produced, and according to the Federation of Livestock Farmers' Association of Malaysia, our layer and pig feeds ranked number 2 in Malaysia in 2006 in terms of the volume produced.

We believe that our leading market position and our well-recognised brand names provide us with a foundation to further strengthen our market share.

Highly integrated and efficient business model

We operate a highly vertically integrated business model comprising of feed production, chicken hatching and slaughtering, processing of chicken meat and production of processed foods. We adopt Contract Farming arrangement for chicken growing, in which we recommend that our Contract Farmers raise chickens according to our guidelines. We sell the day old chicks to Contract Farmers and encourage them to use the high-quality feeds which we produce to ensure the quality of live chickens. We then use the live chickens raised by our Contract Farmers as the raw material for our chicken meat products, which in turn are used as the raw material for our processed food products. Together with our Contract Farming arrangement, we believe our vertically integrated business model combines feed production and chicken hatching, growing, slaughtering and processing in one single operational platform which not only reduces our production cost and enhances operating efficiencies, but also ensures that we are able to produce high-quality chicken meat and processed food products. In addition, we believe the vertically integrated business model also provides us with scale of economies which is not easily achieved by our competitors.

One of the key features of our vertically integrated business model that distinguishes us from the competitors in the market is traceability. All production processes are combined in one single platform, from the production of feeds, growing and procurement of live chicken, production of chicken meat to the production of processed foods. We keep records at each stage of the production processes, including production of feeds, chicken slaughtering and the production of chicken meat and processed food, as well as the chicken growing logbook which Contract Farmers are required to keep. Therefore, we are able to trace the information of each production stage along the entire production chain. We believe our vertically integrated business model provides us with an effective traceability and quality assurance system to consistently enforce stringent quality and hygiene control measures, and ensures the quality and safety of our products. We have adopted a set of quality control procedures by using distinctive labels, codes and serial numbers marked on the raw materials and products, which enable us to trace the origins of the sources of supply and all relevant information throughout the entire production process. The traceability embodied in our quality control procedures greatly enhances our ability to locate any problematic areas at various stages of our production and ensures the quality and safety of our products.

Stringent quality and hygiene control

Our stringent quality and hygiene control has earned us numerous awards and accreditations. Most of our feed production facilities have received ISO9001:2000 certifications. Two subsidiaries of our Group were selected by the Ministry of Agriculture of the PRC as the "Key Enterprises of Agricultural Industrialisation" (農業產業化國家重點龍頭企業). Most of our chicken meat production facilities have obtained ISO 9001:2000 and HACCP certifications. In 2004, we received the "KFC Global Star Award" for recognition of our overall supply capability and performance, and as at May 2007, we were the only KFC supplier in the PRC that received this award. We have obtained licenses and permits respectively from Japan, Korea and Singapore for exporting our chicken products from the PRC to these countries. In addition, after the outbreak of avian influenza in the PRC in 2004, 2 of our production facilities, among the then 35 licensed facilities in the PRC, were permitted to resume export of processed food products from the PRC to Japan. We believe that with the increasing health and hygiene awareness of our customers, a stringent product and hygiene quality would enable us to gain market share from our competitors.

Stable and long-standing relationship with nationally and internationally renowned customers

We have established close business relationships with our customers. In particular, we have become one of the largest suppliers of raw chicken meat to a number of nationally and internationally renowned customers, such as KFC in the PRC, Dicos, Husi and McKey, the latter two being the exclusive chicken meat sourcing agents of McDonald's in the PRC. We are also the largest processed chicken product supplier in the PRC to the Ito-Yokado and 7-Eleven chains in Japan. Ito-Yokado sells our products through its supermarket chain in Japan. We also have an extensive distribution network across the PRC. As at 31 March 2007, we had a total of over 2,400 distributors selling our feeds, chicken meat and processed foods, and over 200 authorised outlets selling our chicken meat in the PRC. We believe that our ability to maintain a broad and widespread customer base and to keep stable relationship with our major customers is mainly attributable to the quality of our products, our credibility and reputation, and our professional management.

Our Directors consider that a diversified portfolio of these renowned customers enables us to benefit from the overall growth potential of the quick-service restaurants and convenience stores, and reduce our reliance on any single customer. Our Group's long standing relationship with our customers, who are major industry players in the quick-service restaurant and convenience store sectors with strict criteria in selecting suppliers, also makes our Group more resilient to competition.

A scalable production capability with facilities in strategic locations around the PRC, Vietnam and Malaysia

Our vertically integrated business model provides us with a high level of scalability in our production. At present, we have 7 chicken meat production facilities in the PRC, capable of slaughtering approximately 267,000 tonnes of broilers annually. The chicken meat production facilities are strategically situated along the corn belt in the different regions of the PRC, providing a convenient supply of corn which is the main source of ingredients for our feed products. These locations are close to both highways and railways to cover our major customers in the PRC, and some locations are close to Dalian and Tianjin ports to facilitate our Group's exports overseas. The proximity to raw materials and customers enables our Group to maintain a stable supply of raw materials and provides timely service to customers as well as reinforces our relationship with these customers. We believe the scalability together with these strategic locations enable us to build a strong scalable network for production and sales, which can effectively help further expand our business to various locations and maximise our profitability.

Experienced and dedicated management team

Members of our senior management and key operating personnel possess extensive operating and industry experience in our business, the majority of whom have been with us or in the related industry for over 20 years. The long-term commitment of our senior management and operating team to our Group's business has helped them obtain in-depth knowledge of the relevant industries and enabled them to respond effectively to various challenges in the ever-changing market. Our senior management team built up our corporate culture to emphasise high quality and safety and positioned ourselves as a provider of high-end quality products. Our management team managed to convert Tianjin DaChan into a profitable enterprise within one year after our acquisition of Tianjin DaChan through Hong Kong DaChan in March 1999. Our management team also leads our Group to capture market opportunity to further grow our business even in light of adversity and crisis, such as the 2 outbreaks of avian influenza in the past few years.

We believe that the collective strengths and experience of our senior management as well as their dedication to our Group have contributed to the success of our business and will enable us to deliver the continuous growth and profitability of our business.

BUSINESS STRATEGIES

Leverage on vertically integrated business model and strive to gain dominant market position

Having become one of the leading meat products and feed suppliers in the PRC with a rapid growth in these segments in the past decade, our objective is to maximise returns to our shareholders through our vertically integrated business model with a view to becoming a dominant player against our competitors in the feed, chicken meat and processed food market in the PRC.

Aiming at expanding our feed, chicken meat and processed food operations concurrently to satisfy increasing market demands for our products, we believe that increasing supply of chicken meat and maximising sales will play a key role in our future expansion. Under our vertically integrated business model, our products in each of the segments are connected to one another. The increase in the production of chicken meat will not only bring about the increase in the demand for our feeds, but also enhance our supply of raw materials to our processed food production. Our Group has identified 5 strategic locations based on the expansion plan of our key clients to build or acquire chicken meat production facilities in the next 3 years. To replicate our vertically integrated business model, we expect to build a total of 6 feed production facilities in the PRC, Vietnam and Malaysia, and 3 processed foods production facilities in the PRC by the end of 2010, with the total estimated investment of over RMB415 million (approximately USD55.3 million).

Apart from increasing our production capacity, we will aim specifically at maximising our sales and profitability. For example, although we currently have no strategic alliance with KFC, we will focus on maintaining a close relationship with KFC with a view to boosting our growth and consolidate our leading position as its largest chicken meat supplier in the PRC. We will also strive to increase supply of chicken meat to our key clients, including McKey, Husi and Dicos. With respect to our export activities, we will continue to increase the sales of our products overseas. We will also strengthen our sales and distribution network by developing retail channels, including major supermarket chains in the PRC. To maximise our profitability, we will focus on increasing the sales of products with higher added-value and profit margin, particularly our processed foods.

Our goal is to establish the most complete and competitive chicken meat supply chain with a dominant position in the PRC. With the increase in our production capacity, together with our high quality products, brand name recognition as well as rising market demand, we will be able to increase our sales and expand our business in various regions including the PRC, Asian countries, North America and the European countries.

Diversify our product offerings and migrate to high value-added products

We also aim at satisfying different needs and ever-changing preferences of our customers. We will lay emphasis on diversifying our product offerings and migrating to high value-added products through various means, including extensive research and development for new products and market research on consumer trends. Our research and development team in our feeds segment has been dedicated to developing different types of feeds with improved efficiency and performance and enhancing the added-value of our products. We also have a team of research and development staff who are engaged in the market research for the purpose of understanding customers' preference and market trends and obtaining feedback on our processed foods. Such information will be used for the development of new processed food products. An example of the implementation of our strategy is a plan to launch a new brand in the fourth quarter of 2007 in the PRC, which will mainly focus on provision of semi-processed foods. We will also continue to open more retail stores to sell our chicken meat to end-customers which allow us to have direct contact with our end-customers and help us gather market information and feedback for upgrading our products. We believe that our ability to adopt product diversification and to develop high-value added products along our vertically integrated production chain enables us to respond quickly and efficiently to market demands and optimise our product portfolio to enhance profitability.

Enhance marketing and distribution and explore new opportunities

We plan to enhance our marketing efforts and distribution network as well as to explore new business opportunities in the future. We will continue to solidify our relationships with qualified distributors to sell our products and to further expand our distribution network as well as to coordinate with our distributors in marketing our products and brands. With respect to our key clients, we will seek to strengthen our customer services by providing more customised services to satisfy their particular needs. We plan to establish a sales team in Japan to cooperate with our Japanese partners closely with respect to the marketing of our processed foods in Japan. We will also focus on further developing direct sales to end-customers and other sales models which provide higher profit margin, such as opening more self-operated retail stores. We plan to invest approximately RMB1.6 million (approximately USD207,253.9) out of our working capital in opening approximately 20 retail stores in cities where our chicken meat production facilities are located in the next 2 years.

We believe that discovering new opportunities and developing new markets will best serve our marketing goals. For example, as at the Latest Practicable Date, we made several development plans to expand our business to the overseas market. In November 2006, we obtained a permit from the Singaporean government for exporting processed foods from the PRC to Singapore, and we expect to start exporting our processed foods to Singapore in the fourth quarter in 2007. We also plan to export our processed foods to North America and Europe, for which we will ensure that all relevant permits and approvals be obtained before the export takes place. Currently, we are working toward obtaining the permit from the US and European Union in 2008.

Enhance brand image and recognition

Since our establishment, we have positioned ourselves as a provider of high-quality products with the use of brand names owned by our parent company and licensed to us. We believe that brand names and image are among the key factors in consumers' purchasing decision. We will continue to build our brand names and image as a symbol of quality and safety. In addition to continuing to provide products of high quality and safety, we will continue to run various marketing campaigns to enhance our brand image and recognition, including advertisements, consumer education through our publications and strategic marketing at target consumers. We will also liaise with our distributors to promote both our products and our brand image.

Improve our expertise and technical know-how

It is our intention to invest additional resources to further strengthen our research and development capacities and to improve our expertise and technical know-how in relation to our product quality, production techniques and efficiency and hygiene control. Other than enhancing the quality and safety of our products on which we have always placed primary emphasis, we will also aim at improving production techniques and efficiency and reducing production costs. We also continue to maintain cooperation with renowned academic institutions such as Wuhan Polytechnic University and Chongqing Academy of Animal Science to keep abreast of the latest technical know-how and expertise. These will help strengthen our competitiveness in the market so as to enlarge our market share.

CONTRACT FARMING

Contract Farming is a mechanism through which we contract with Contract Farmers to raise chickens using our standardised procedures and under our direct supervision. In order to maintain a stable supply of high quality live chickens for our production, having taken into account the inherent business risks associated with the chicken growing process along with the cost-benefits assessment, we consider that it is more cost-effective to adopt Contract Farming embodied in our vertically integrated business model than to have our Group grow the chickens.

Inherent business risks

Our Company considers that the chicken growing process inherently involves business risks beyond our control, including but not limited to (i) death of pre-mature chickens due to infectious diseases such as avian influenza; (ii) change of government policies which may have adverse effects on the chicken growing process; and (iii) extensive capital investment which may have adverse effects on our Company's working capital position.

Cost-benefit assessment

- Growing the chickens by ourselves involves extensive capital investment and monitoring costs including (i) purchase or lease of a large piece of land that is suitable for raising chickens; and (ii) employing a large number of labour for chicken growing and monitoring.

- As the risks of and rewards from chicken growing are directly linked to their performance, Contract Farmers are motivated to grow quality chickens according to our requirements and we believe that risks of chicken death will be assumed and monitored by Contract Farmers through which we can save monitoring costs.

- Another key reason for us to adopt Contract Farming is that by doing so, we are able to keep track of the traceability of the chickens, thereby ensuring the customer's confidence in the quality of chicken meat and processed foods. As Contract Farmers may purchase chicks and shall purchase chicken feeds from our Group and are recommended to follow our chicken growing guidelines, we consider Contract Farming to be a preferred model in terms of maintaining the quality of chickens as compared to purchasing chicken from independent sources which offer no comparable assurance with respect to hygiene and quality.

Our Company believes that Contract Farming allows us to save costs of investment, enhances operating efficiencies and ensures the quality of chickens. Contract Farming has been adopted by our Group for a long period of time and has proven to be a viable business model.

We carefully select farmers and only engage them if their chicken houses, waste management, ventilation and water supply facilities satisfy our requirements. During the Track Record Period, our Group contracted with approximately 3,700, 4,000, 4,700 and 3,200 Contract Farmers, respectively, and our Directors confirm that all are individual farmers. The reason for the fluctuations in the number of Contract Farmers during the Track Record Period is due to our Group's increasing need for more supplies of grown chickens, together with the fact that our Group has targeted contracting with Contract Farmers with larger growing capacity so as to minimise our Group's management costs. The average number of chickens raised by each Contract Farmer is approximately 5,000 for 2006. For the three years ended 31 December 2006 and four months ended 30 April 2007, our largest Contract Farmer accounted for approximately 0.18%, 0.17%, 0.12% and 0.16% of the total number of live chickens which our Group purchased from Contract Farmers, and hence our spread of Contract Farmers are diverse.

In most cases, we enter into one-year contracts with our Contract Farmers. Under the contracts, Contract Farmers may purchase chicks and shall purchase chicken feeds from us and are recommend to follow our chicken growing guidelines in order to ensure quality of the live chickens. The prices of each batch of the chicks and chicken feeds sold to Contract Farmers and the price of the chickens purchased by us are agreed upon execution of the contract by the parties and are set out in the contract. The price of chicks and feeds are determined with reference to the prevailing market price, while the price of chickens is a forward price extracted by our Group taking into account the profit margin to Contract Farmers which can provide them with an economic incentive to perform the contract. Depending on the fluctuation of market prices, the price may be adjusted during the contract term with the mutual consent of the parties. Although we do not prevent Contract Farmers from growing chickens for other parties, the contract contains an exclusivity clause which provides that Contract Farmers cannot grow chickens for any other parties at the same place which we designate and approve in order to maintain the quality of the chickens. Similarly, in the event that any Contract Farmers purchase chicks from both our Group and other sources, the chicks from our Group and those from other sources have to be kept separate throughout the growing process because the price terms are different for each batch of chicks from different sources. Our experts will ensure that the chicks from different sources are kept separate during the visit. They will check the number of chicks during site visits and the number of grown chicken at the time of delivery by Contract Farmers because changes in the number may be indicative of mixture of chickens from different sources. In addition, as chicks from different sources are of different sizes and weight, our experts will also check the results of tests run on the chickens, including size, weight and blood test, to see if any chickens from different sources are mixed.

As the risks of chicken-growing are shifted to Contract Farmers, we are not liable to compensate them for any loss arising from situations beyond the control of both parties, except that chicks found defective within 7 days after birth can be returned to us within 10 days after delivery. Only Contract Farmers who have no security deposit with the Group must pay a security deposit and make full payment in cash for the chicks and chicken feeds upon delivery in the first transaction with us. The security deposit is to ensure Contract Farmers' compliance with, and to prevent Contract Farmers from violating the contract. The amount of the security deposit depends on the type of contract entered into between our Group and Contract Farmers;

it is either RMB1 (approximately USD0.13) or RMB0.3 (approximately USD0.04) multiplied by the number of chicks sold to Contract Farmers in the first transaction, and it will be refunded with interest to Contract Farmers upon expiry or termination of the contract. If Contract Farmers breach the contract, they may forfeit the security deposit.

We generally do not give credit period to Contract Farmers; however, to expedite subsequent transactions, we allow Contract Farmers who have long business relationships and a good credit record with our Group to set off their payment for chicks and chicken feeds against the amount payable by us for the purchase of live chickens from them. Invoices are issued to Contract Farmers for each sale of the chicks and chicken feeds and separate accounts are maintained by our Group in respect of these transactions.

The retention rate of Contract Farmers is approximately 50% on an annual basis from 2004 to 2006, and the top 10 Contract Farmers have an average of 3 years' relationship with the Group. To the best knowledge of our Directors, the main reasons for terminations of contracts between our Group and Contract Farmers are as follows:

- Some Contract Farmers rent henhouses to raise chicken. When the rental contract ends, some farmers may not continue to rent the henhouse and therefore terminate their cooperation with us; and

- Every year our Group evaluates performance of Contract Farmers and eliminates those who cannot meet our Group's requirement.

Please also refer to the charts in pages 108, 112 and 203 respectively for details of Contract Farming arrangement.

SALES NETWORK

In addition to the direct sales to the end-customers, we have developed a variety of sales channels to maximise our sales. We currently run 3 self-operated retail stores which sell our chicken meat products directly to end-customers. These retail stores enable us to obtain first-hand knowledge of the consumer preferences and the market. Besides our own retail stores, we also have authorised retail outlets owned and operated by independent operators to sell our chicken meat products. As at 31 March 2007, we had over 200 authorised retail outlets which are located respectively in Tianjin, Dalian, Yingkou and Tieling. These retail stores and outlets promote not only the sales of our products, but also our brand image. We carefully select our authorised retail outlets based on their past sales experience, management ability, commitment to selling our products, location, geographical sales range and the facilities which they have. We sell our chicken meat to the retail outlets which we select, and they in turn sell our chicken meat exclusively under our authorisation after entering into an authorisation agreement with us. The authorisation agreement sets out the contractual relations between the parties, exclusivity of selling our products, geographical area of sales, standardised sales mechanism to be followed by the retail outlets, order placing and delivery procedure, quality control and standard and pricing policy.

One of the sales channels of our products is sales to distributors, who are Independent Third Parties and in turn sell our products to end-customers. As at 31 March 2007, our Group had over 1,600, 600 and 170 distributors that sell our feeds, chicken meat and processed food, respectively. Sales through distributors have several advantages. As all the sales to distributors are cash deals, we assume no credit risk. We believe the distributors generally have strong local networks and the expertise to sell our products, and can contribute significantly to the marketing of our products and the expansion of our market. In addition, distributors are also responsible for the transportation of our products, which reduces our needs for logistics.

During the Track Record Period, our sales to distributors accounted for approximately 54.5%, 57.4%, 55.4% and 53.0% of the total sales of our products, respectively.

Impact of avian influenza and other diseases on our Group

We did not suffer significant damages in 2004 and 2005 when the outbreak of avian influenza occurred, which we believe was because of our stringent quality control and successful inventory policy. In addition, we are not aware of any cases of infections at the facilities of our Contract Farmers and none of our production facilities fell within the quarantined areas in the PRC during the outbreak of avian influenza in 2004 and 2005. The impact of avian influenza on our Group during the Track Record Period was mainly the temporary drop in the sale price and sales volume of chicken meat. During the outbreak of avian influenza in the first quarter of 2004, the average price and sales volume of chicken meat decreased by approximately 3.6 % and 14.1 %, respectively, as compared to those in the last quarter of 2003. However, the average price and sales volume in the second quarter of 2004 increased by approximately 7.5% and 12.7%, respectively, as compared to those in the first quarter. During the outbreak of avian influenza in November and December 2005, the average price of chicken meat decreased by approximately 20.9% as compared to the average price in the first 10 months of 2005. However, the average monthly quantity of chicken meat sold in November and December 2005 increased by approximately 11.8% as compared to the average monthly quantity sold in the first 10 months of 2005. Our Directors believe that the increase in sales volume was because it was close to the Chinese New Year and the sales volume usually increases during that period as compared to other months. The two impacts combined, our average monthly sales in November and December 2005 decreased by approximately 11.6% as compared to the average monthly sales in the first 10 months of 2005. However, after the outbreak of avian influenza in 2005, the average price of chicken meat quickly rebounded in the first quarter of 2006 and increased by approximately 11.7% as compared to the average price in November and December 2005. On a year-to-year basis, our sales of chicken meat still increased by approximately 8.1% between 2003 and 2004 and approximately 9.9% between 2004 and 2005, respectively. Therefore, we did not experience any significant financial impact on our overall results of operation in 2004 and 2005 as a result of the avian influenza. Our Group has since 2004 maintained insurance coverage on political risks covering losses arising from the failure to sell processed products overseas as a result of import bans or restrictions imposed by governments in other countries.

SUMMARY OF FINANCIAL INFORMATION

The tables below summarise the combined financial information of our Group for the three years ended 31 December 2006 and five months ended 31 May 2007. The following summaries are extracted from the accountants' report in Appendix I to this prospectus and you should read the entire audited financial statements, including the notes thereto, included in Appendix I for more details.

RESULTS OF OPERATIONS

	For the year ended 31 December			For the five months ended 31 May	
Combined income statements	**2004**	**2005**	**2006**	**2006**	**2007**
	USD ('000)	*USD ('000)*	*USD ('000)*	*USD ('000) (unaudited)*	*USD ('000)*
Revenue					
Chicken meat	268,225	303,912	376,744	144,410	199,999
Feeds	144,358	196,766	222,787	80,439	99,405
Processed foods	17,159	31,402	37,864	14,000	21,718
	429,742	532,080	637,395	238,849	321,122
Cost of sales	(401,180)	(488,626)	(583,881)	(221,489)	(293,074)
Gross profit	28,562	43,454	53,514	17,360	28,048
Change in fair value of biological assets less estimated point-of-sale costs	343	(67)	(193)	189	(84)
Fair value of agricultural produce on initial recognition	2,257	3,578	3,452	798	2,284
Reversal of fair value of agricultural produce due to sales and disposals	(2,483)	(3,662)	(3,126)	(697)	(1,827)
Other income	1,489	1,414	4,758	1,931	6,110
Distribution costs	(11,108)	(15,600)	(19,109)	(7,075)	(8,545)
Administrative expenses	(12,723)	(15,289)	(18,011)	(7,551)	(7,856)
Other operating expenses	(870)	(338)	(640)	(138)	(196)
Profit from operations	5,467	13,490	20,645	4,817	17,934
Finance costs	(2,653)	(2,882)	(2,746)	(1,197)	(1,374)
Share of profits less losses of jointly controlled entities	105	181	762	57	560
Profit before tax	2,919	10,789	18,661	3,677	17,120
Income tax	(1,224)	(1,875)	(2,166)	(441)	(702)
Profit for the year/period	1,695	8,914	16,495	3,236	16,418
Attributable to:					
Equity holders of the Company	2,631	8,523	13,355	2,264	14,331
Minority interests	(936)	391	3,140	972	2,087
Profit for the year/period	1,695	8,914	16,495	3,236	16,418
Dividend attributable to the year/period:					
Dividend proposed after the balance sheet date	1,000	—	—	—	—
Earnings per share					
- Basic (cents)	0.35	1.14	1.78	0.30	1.91

SUMMARY

Summarised combined balance sheet	At 31 December 2004	At 31 December 2005	At 31 December 2006	At 31 May 2007
	USD ('000)	*USD ('000)*	*USD ('000)*	*USD ('000)*
Assets				
Non-current assets	71,519	72,831	77,135	84,840
Current assets	87,983	105,169	127,831	155,213
Total assets	159,502	178,000	204,966	240,053
Equity and liabilities				
Total equity	61,095	69,881	88,095	105,842
Non-current liabilities	2,240	1,211	729	964
Current liabilities	96,167	106,908	116,142	133,247
Total equity and liabilities	159,502	178,000	204,966	240,053

Summarised combined cash flow	For the year ended 31 December 2004	For the year ended 31 December 2005	For the year ended 31 December 2006	For the five months ended 31 May 2006	For the five months ended 31 May 2007
	USD ('000)	*USD ('000)*	*USD ('000)*	*USD ('000)* *(unaudited)*	*USD ('000)*
Net cash generated from operating activities	16,225	13,797	12,931	7,827	3,061
Net cash used in investing activities	(6,988)	(5,842)	(6,967)	(3,082)	(8,727)
Net cash (used in)/generated from financing activities	(242)	(7,401)	(4,683)	(4,992)	12,938

PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2007

Forecast combined profit attributable to the equity holders of our Group(1)&(2)	Not less than USD22.6 million (approximately HK$176.3 million)
Forecast earnings per Share	
— weighted average(3)	Not less than USD2.8 cents (approximately HK$21.7 cents)
— pro forma fully diluted(4)	Not less than USD2.3 cents (approximately HK$17.6 cents)

Notes:

(1) The bases and assumptions on which the above profit forecast for the year ending 31 December 2007 have been prepared are summarised in Appendix III to this prospectus.

(2) The forecast of the combined profit attributable to equity holders of our Company for the year ending 31 December 2007 prepared by our Directors is based on, in the absence of unforeseen circumstances the unaudited combined income statements of our Group for the five months ended 31 May 2007, the unaudited management account of our Group for the two months ended 31 July 2007 and the forecast of the combined results of our Group for the remaining five months ending 31 December 2007. The Directors are not aware of any unforeseen circumstances which have arisen or are likely to arise during the year ending 31 December 2007. The forecast has been prepared on the basis of the accounting policies being consistent in all material respects with those currently adopted by our Group as set out in note 1 "Significant accounting policies" under section C in the accountants' report attached as Appendix I to this prospectus.

(3) The calculation of forecast earnings per Share on a weighted average basis is based on the forecast combined profit attributable to equity holders of our Company for the year ending 31 December 2007 and a weighted average number of 810,958,904 Shares expected to be in issue during the year. It does not take into account any Shares which may be issued upon the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme, or which may be allotted and issued or repurchased by our Company pursuant to the general mandate for the allotment and issue or repurchase of our Shares referred to under the paragraph headed "Resolutions in writing of all Shareholders passed on 14 September 2007" in Appendix VI to this prospectus.

(4) The calculation of the forecast earnings per Share on a pro forma fully diluted basis is based on the forecast combined profit attributable to equity holders of our Company for the year ending 31 December 2007, assuming that our Company had been listed since 1 January 2007 and a total of 1,000,000,000 Shares have been in issue during the entire year. The calculation of the pro forma fully diluted forecast earnings per Share does not take into account any Shares which may be issued upon the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme. If the Over-allotment Option is exercised in full, the number of Shares in issue would be 1,046,500,000 Shares, and the forecast earnings per Share on the pro forma fully diluted basis mentioned above would be USD2.2 cents (approximately HK$16.8 cents).

The forecasted earnings per Share is translated into HK$ at the exchange rate of USD1 to HK$7.80.

GLOBAL OFFERING STATISTICS[1]

	Based on an Offer Price of HK$2.20 per Share	Based on an Offer Price of HK$3.00 per Share
Market capitalisation of the Shares[2]	HK$2,200 million (USD285.0 million)	HK$3,000 million (USD388.6 million)
Prospective price/earnings multiple		
(a) Pro forma fully diluted[3]	approximately 12.50 times	approximately 17.05 times
(b) Weighted average[4]	approximately 10.14 times	approximately 13.82 times
Unaudited pro forma adjusted net tangible assets value per Share[5]	approximately USD0.15 (approximately HK$1.17)	approximately USD0.18 (approximately HK$1.40)

Notes:

(1) All statistics in this table assume the Over-allotment Option is not exercised.

(2) The calculation of market capitalisation is based on 1,000,000,000 Shares expected to be in issue immediately upon completion of the Global Offering and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme).

(3) The calculation of the prospective price/earnings multiple on a pro forma fully diluted basis is based on the forecast earnings per Share for the year ending 31 December 2007 on a pro forma fully diluted basis at the respective Offer Prices of HK$2.20 and HK$3.00.

(4) The calculation of the prospective price/earnings multiple on a weighted average basis is based on the forecast earnings per Share for the year ending 31 December 2007 on a weighted average basis assuming the Global Offering occurs on 4 October 2007, at the respective Offer Prices of HK$2.20 and HK$3.00.

(5) The unaudited pro forma adjusted net tangible assets value per Share has been arrived at after adjustments referred to in the paragraph headed "Unaudited pro forma adjusted net tangible assets" under the section headed "Unaudited Pro Forma Financial Information" in Appendix II to this prospectus and on the basis of 1,000,000,000 Shares in issue at the respective Offer Price of HK$2.20 and HK$3.00 per Share immediately following completion of the Global Offering and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme).

DIVIDEND POLICY

We intend to declare and pay dividends in the future. The payment and the amount of any dividends will depend on the results of operations, cash flows, financial condition, statutory and regulatory restrictions on the payment of dividends by us, future prospects and other factors that we may consider relevant. Holders of the Shares will be entitled to receive such dividends pro rata according to the amounts paid up or credited as paid up on the Shares. The declaration, payment, and amount of dividends will be subject to our Board's discretion.

Dividends may be paid only out of our distributable profits as permitted under the relevant laws. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in our operations. There can be no assurance that we will be able to declare or distribute any dividend in the amount set out in any of our plans or at all. Our dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future.

Subject to the factors described above, we currently intend to recommend at the annual general meeting of our Company for the financial year ending 31 December 2008 an annual dividend of approximately 25% of our net profit available for distribution to our shareholders after the Global Offering.

For the year ended 31 December 2005, NAC declared dividends of USD1 million in respect of the year ended 31 December 2004, which were distributed and fully paid in 2005. The amount represented the total dividend payments made by NAC to its then three shareholders. You should note that historical dividend distributions are not indicative of our future dividend policy.

USE OF PROCEEDS

The net proceeds from the New Issue, after deducting the underwriting fees and estimated expenses payable by our Company in connection with the Global Offering (assuming the Over-allotment Option and the options that may be granted under the Share Option Scheme are not exercised), will be approximately HK$685.5 million assuming an Offer Price of HK$3.00 per Share (being the upper end of the indicative range of Offer Price), or approximately HK$492.6 million assuming an Offer Price of HK$2.20 per Share (being the lower end of the indicative range of Offer Price) (or, if the Over-allotment Option is exercised in full, approximately HK$591.1 million assuming an Offer Price of HK$2.20 or approximately HK$819.8 million assuming an Offer Price of HK$3.00).

Assuming the Over-allotment Option is not exercised at all and based on an Offer Price of HK$2.60, being the mid-point of our Company's Offer Price range of HK$2.20 to HK$3.00 per Share, the fees and commissions in connection with the Hong Kong Public Offer and the International Placing, together with the Stock Exchange listing fees, SFC transaction levy of 0.004%, Stock Exchange trading fee of 0.005%, legal and other professional fees, printing, and other expenses relating to the Global Offering, are estimated to amount to approximately HK$75.0 million in aggregate, and will be payable by our Company and the Selling Shareholder in proportion to the number of Offer Shares issued or sold by each under the Global Offering.

The net proceeds from the New Issue, after deducting the underwriting fees and estimated expenses payable by our Company in connection thereto, are estimated to be approximately HK$589.1 million, assuming that the Over-allotment Option is not exercised and assuming an Offer Price of HK$2.6 per Share, being the mid-point of the proposed Offer Price range of K$2.20 to HK$3.00 per Share. Our Group currently intends to apply the net proceeds from the New Issue as follows:

- approximately HK$312.2 million for the expansion of our production capacity by way of procuring additional and improved production facilities, of which approximately HK$81.2 million is expected to be used for feed production, HK$118.6 million is expected to be used for operation of meat business and HK$112.4 million is expected to be used for operation of processed food business, respectively;

- approximately HK$176.7 million for the potential acquisitions and leases of similar business and facilities. We will consider various factors such as the legality of the property, market, sales potential, distribution and transportation network and supply of raw materials in the particular area. At present, our Group has not identified any specific investment target;

- approximately HK$35.3 million for expanding the sales and marketing function of the Group, in particular enhancing the marketing and distribution team and exploring new markets;

- approximately HK$11.8 million for improving research and development capabilities; and

- any remaining balance for working capital purposes and other general corporate purposes.

With the procurement of additional and improved production facilities, and acquisitions and leases of similar business and facilities with the net proceeds from the New Issue, it is expected that our production capacity will increase significantly. Our estimated maximum capacity for the production of feed, chicken meat and processed food will be approximately 233,000, 37,000 and 5,730 tonnes per month respectively. At present, our Group has not identified any specific investment target.

If the Offer Price is set at the high-end or low-end of the proposed Offer Price range, the net proceeds from the New Issue (assuming that the Over-allotment Option is not exercised) will increase or decrease by approximately HK$96.4 million, respectively. In such event, we intend to adjust the net proceeds allocated to the above uses in the proportions stated above.

If the Over-allotment Option is exercised in full, the net proceeds from the New Issue will increase to approximately HK$705.5 million, assuming an Offer Price of HK$2.6 per Share, being the mid-point of the proposed Offer Price range. Any additional proceeds received from any exercise of the Over-allotment Option will also be allocated to the above uses on a pro rata basis.

To the extent that the net proceeds from the New Issue are not immediately used for the above purposes, it is our present intention to place such proceeds on short-term deposits with authorised financial institution and/or licensed banks or invest the proceeds in short-term money market instruments.

RISK FACTORS

Our Group's operations are subject to a number of risks, a detailed discussion of which is set out in the section headed "Risk Factors" in this prospectus. These risks can be broadly classified into:

— Risks relating to our Group's operations;

— Risks relating to our industry;

— Risks relating to conducting business in the PRC;

— Risks relating to conducting business in Vietnam and Malaysia; and

— Risks relating to the Global Offering.

Set out below is a list of the risks referred to above.

Risks relating to our Group's operations

— The outbreak of animal diseases, including the recent avian influenza or any other similar epidemic could adversely affect our business

— We rely on Contract Farmers to grow live chickens which we use for production of our chicken meat products

— Our business, financial condition and operating results may be adversely affected by the volatility of prices and the interruption of supply of raw materials

— We rely on third-party distributors for our sales and marketing and any failure to maintain good relationships with or retain the distributors and authorised retail outlets may adversely affect our business

— Our future success depends on our ability to anticipate and respond in a timely manner to changes in consumer tastes and preferences as well as quality and food safety requirements for processed food products

— The continuance of our growth depends in part on our research and development capabilities

— We require various licenses, permits and government approvals to operate our business in the PRC, Vietnam and Malaysia and for exporting our processed food products, and failure to obtain and maintain any or all of these licenses and permits could adversely affect our business and future expansion plans

— We may lose preferential tax treatment after the new PRC enterprise income tax law becomes effective

— We may be required to comply with the increasingly stringent environmental protection regulations

— We derive a substantial portion of our revenue from sales in the PRC

— Our business and future expansion plans may be adversely affected if we are unable to repay existing debt or to secure additional financing

— Our operations are capital intensive, and failure to maintain sufficient working capital may have an adverse impact on our business

— Historical dividends should not be used as an indication for our future dividend policy

— We recorded net current liabilities during the Track Record Period

— Unexpected business interruptions may adversely affect our business

— Loss of any of our key personnel or any failure to attract such personnel in the future will adversely impact our business and growth prospects

— Counterfeit products and poor performance of our authorised retail outlets could have a negative impact on our corporate reputation and product image

— We may not be able to adequately protect our trademark, which could harm the "DaChan" brand and our business

— We may be subject to losses, legal liabilities or damages and our current insurance coverage may not be sufficient to cover the risks related to our operations

— Our sales may fluctuate due to seasonality and changes in market price of chicken meat

— Our owned and leased properties in the PRC may be subject to legal irregularities

— We had low profit margins during our historical accounting periods

— Our results of operation may be adversely affected by changes in fair value of our biological assets and agricultural produce

— Fluctuation in average market price of our Group's agricultural produce may adversely affect our results of operation and financial condition

Risks relating to our industry

— Changes in government regulations, including licensing requirements, quality standards, government charges and tax rates applicable to the corn refinery industry may adversely affect the industry players

— We operate in a competitive environment and may face increasing competition from both domestic and foreign companies which may affect our market share and profit margin

— We may be subject to substantial liability should the consumption of any of our food products cause personal injury or illness

Risks relating to conducting business in the PRC

— Changes in the economic, political and social conditions in the PRC and policies adopted by the PRC Government may adversely affect our business, operating results and financial condition

— The PRC legal system is not fully developed and has inherent uncertainties which could limit the legal protections available to us and adversely affect our operations

— Changes in foreign exchange regulations and future movements in the exchange rate of Renminbi may affect the value of any future dividend payments

— We are a holding company that heavily relies on dividend payments from our subsidiaries for funding

Risks relating to conducting business in Vietnam and Malaysia

— Economic, social and legal considerations

— Currency conversion and foreign exchange control

Risks relating to the Global Offering

— There has been no prior public market for our Shares and an active trading market for our Shares may not develop

— The trading price of our Shares may be volatile

— Future sales of Shares or a major divestment of Shares by any major shareholder could adversely affect the Share price

— Investors may face difficulties in protecting their interests because we are incorporated under Cayman Islands law, which may provide less protection to minority shareholders than the laws of Hong Kong and other jurisdictions

— The Controlling Shareholders may take actions that are not in, or may conflict with, public Shareholders' best interests

— Certain facts and other statistics with respect to the PRC, the PRC economy, the Vietnam and Malaysia economies and the meat processing and feeds manufacturing industries in this prospectus are derived from various official and industry sources and may not be reliable

— Forward-looking information contained in this prospectus may prove inaccurate

— Investors should not place any reliance on any information contained in press articles or other media coverage regarding our Group and the Global Offering

In this prospectus, unless the context otherwise requires, the following expressions have the following meanings. Certain other terms are explained in the section headed "Glossary of technical terms" in this prospectus:

"ANTC"	Asia Nutrition Technologies Corporation, formerly known as Shenton Investments Limited, a company incorporated in the Cayman Islands with limited liability on 8 December 1996 and a wholly-owned subsidiary of Great Wall International
"ANTIC-VN"	Asia Nutrition Technologies (VN) Investment Co., Ltd., formerly known as Chinfon Livestock (BVI) Co., Ltd., a company incorporated in the BVI with limited liability on 7 September 1998, the entire issued share capital of which is owned as to 65.51% by NAC and as to the remaining 34.49% by twelve parties, who are Independent Third Parties
"ANT-HN"	Asia Nutrition Technologies (HN) Co., Ltd. (亞洲營養技術(河內)有限公司 *), a company incorporated in Vietnam on 22 January 2003 and a non wholly-owned subsidiary of our Company
"ANT-LA"	Asia Nutrition Technologies (LA) Co., Ltd. (亞洲營養技術(隆安)有限公司 *), a company incorporated in Vietnam on 13 April 2007 and a non wholly-owned subsidiary of our Company
"ANT-VN"	Asia Nutrition Technologies (VN) Co., Ltd. (亞洲營養技術(越南)有限公司 *), formerly known as Chinfon (Vietnam) Livestock Co., Ltd, a company incorporated in Vietnam on 29 April 1995 and a non wholly-owned subsidiary of our Company
"Application Form(s)"	**WHITE** application form(s), **YELLOW** application form(s) and **PINK** application form(s) or where the context so requires, any of them, relating to the Hong Kong Public Offer
"Articles of Association" or "Articles"	the articles of association of our Company adopted on 14 September 2007 and as amended from time to time, a summary of which is set out in Appendix V to this prospectus
"associate(s)"	has the meaning ascribed thereto under the Listing Rules

"Beijing Trade"	北京漢亞商貿有限公司 (Beijing Hanya Trade Co., Ltd.*), a limited liability company established under the laws of the PRC on 21 May 1998 and an indirect wholly-owned subsidiary of our Company
"Board" or "Board of Directors"	the board of Directors
"Business Day"	a day on which banks in Hong Kong are generally open for business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"BVI"	the British Virgin Islands
"Capitalisation Issue"	the issue of new Shares to be made upon the capitalisation of certain sums standing to the credit of the share premium account of our Company referred to in the paragraph headed "Resolutions in writing of all Shareholders passed on 14 September 2007" under the section headed "Further Information about our Group" in Appendix VI to this prospectus
"Cazenove" or "Sole Bookrunner" or "Global Coordinator" or "Lead Manager" or "Sponsor"	Cazenove Asia Limited, the Global Coordinator, Sole Bookrunner, Sponsor and Lead Manager of the Global Offering, a licensed corporation to carry out Types 1, 4, 6 and 9 regulated activities under the SFO
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Broker Participant"	a person admitted to participate in CCASS as a broker participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Broker Participant or a CCASS Custodian Participant or a CCASS Investor Participant
"Changchun Agri"	東北農牧(長春)有限公司 (Dongbei Agri (Changchun) Co., Ltd.*), a wholly foreign-owned enterprise established under the laws of the PRC on 28 August 2006 and an indirect wholly-owned subsidiary of our Company

"China" or "PRC"	the People's Republic of China, for the purpose of this prospectus, excludes Hong Kong, the Macau Special Administrative Region of China and Taiwan
"Companies Law" or "Cayman Companies Law"	the Companies Law (2007 Revision) of the Cayman Islands and any amendments or other statutory modifications thereof
"Companies Ordinance"	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Connected Person(s)"	has the meaning ascribed thereto under the Listing Rules
"Continental Enterprises"	Continental Enterprises Ltd., a company incorporated in Bermuda with limited liability on 20 September 1973 which holds approximately 5.97% of the entire issued share capital of our Company
"Contract Farmers"	the farmers who enter into contracts with us for growing of the chicks mentioned below under Contract Farming and are Independent Third Parties
"Contract Farming"	the mechanism used by our Group to procure live chickens by entering into contracts with Contract Farmers, supplying chicks for growing by Contract Farmers under our recommended guidelines, and procuring the grown chickens from such Contract Farmers
"Controlling Shareholders"	has the meaning ascribed to it in the Listing Rules and, in the context of this prospectus, means Waverley Star, Great Wall International and Great Wall Enterprise
"Corporate Reorganisation"	the corporate reorganisation of our Group conducted in preparation for the Listing, details of which are set out in the paragraph headed "Corporate reorganisation" in Appendix VI to this prospectus
"Dalian Gourmet"	大成美食(大連)有限公司 (Great Wall Gourmet (Dalian) Co., Ltd.*), a wholly foreign-owned enterprise established under the laws of the PRC on 22 August 2000 and an indirect non wholly-owned subsidiary of our Company

"Dalian Great Wall"	大成食品(大連)有限公司 (Great Wall Food (Dalian) Co., Ltd.*), a wholly foreign-owned enterprise established under the laws of the PRC on 6 December 1995 and an indirect non wholly-owned subsidiary of our Company
"Dalian Investment"	Great Wall Dalian Investment Co., Ltd., a company incorporated in the BVI with limited liability on 23 February 1995, the entire issued share capital of which is owned as to 60% by Impreza and as to the remaining 40% by Marubeni Corporation
"Deed of Non-Competition"	the deed of non-competition dated 14 September 2007 executed by Great Wall Enterprise in favour of our Company, details of which are disclosed in the section headed "Relationship with Controlling Shareholders" of this prospectus
"Dicos"	天津德克士食品開發有限公司 (Dicos Foods Development Co., Ltd.*), one of our major customers and an Independent Third Party which is a restaurant franchise serving western-style foods, with approximately 600 restaurants in approximately 200 cities throughout the PRC as at 31 December 2006, and the parent company of which is 頂新國際集團 (Ting Hsin International Group*)
"Director(s)"	the director(s) of our Company
"Dongbei Agri"	Dongbei Agri Corporation, a company incorporated in the BVI with limited liability on 27 November 1996 and an indirect wholly-owned subsidiary of our Company
"Eiko Foods"	永康食品(大連)有限公司 (Eiko Foods (Dalian) Co., Ltd.*), a wholly foreign-owned enterprise established under the laws of the PRC on 8 August 2002, the entire issued share capital of which is owned by Miyasun-Great Wall
"FAO"	the Food and Agriculture Organisation of the United Nations
"Global Food"	Global Food Corporation, a company incorporated in Samoa on 23 January 2003 and a non wholly-owned subsidiary of our Company

"Global Offering"	the Hong Kong Public Offer and the International Placing
"Golden Harvest"	Golden Harvest Inc., a company incorporated in Samoa on 25 November 2003 and a non wholly-owned subsidiary of our Company
"Great Wall Enterprise"	Great Wall Enterprise Co., Ltd. (大成長城企業股份有限公司), an enterprise established under the laws of Taiwan on 28 December 1960 and listed on the Taiwan Stock Exchange (stock code: 1210) on 20 May 1978
"Great Wall International"	Great Wall International (Holdings) Ltd., a company incorporated in the BVI with limited liability on 13 March 1990, and a wholly-owned subsidiary of Great Wall Enterprise, and holds the entire issued share capital of Waverley Star
"Great Wall Malaysia"	Great Wall Nutrition Technologies Sdn. Bhd., a company incorporated in Malaysia with limited liability on 3 August 1990, and an indirect wholly-owned subsidiary of our Company
"Group", "we" and "us"	our Company and its subsidiaries or, where the context so requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, the present subsidiaries of our Company and the businesses carried on by such subsidiaries or (as the case may be) their predecessors
"Heilongjiang Greatwall"	大成農牧(黑龍江)有限公司 (Greatwall Agri (Heilongjiang) Co., Ltd.*), a wholly foreign-owned enterprise established under the laws of the PRC on 25 May 2005 and an indirect wholly-owned subsidiary of our Company
"HK$" and "cents"	Hong Kong dollars and cents respectively, the lawful currency for the time being of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC

"Hong Kong", "HKSAR" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong DaChan"	DaChan Wanda (HK) Limited (大成萬達(香港)有限公司), a company incorporated in Hong Kong with limited liability on 26 June 1984 and formerly known as ContiTrade Pacific Limited from 26 June 1984 to 24 August 1992 and as Conti Tianjin (HK) Ltd. from 25 August 1992 to 14 December 2006, respectively. To the best knowledge of the Directors, it was a wholly-owned subsidiary of Continental Enterprises and its associated corporation from April 1985 to March 1999 and became an indirect wholly-owned subsidiary of our Company from March 1999
"Hong Kong Public Offer"	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong for cash at the Offer Price (plus 1% brokerage, 0.004% SFC transaction levy and 0.005% Stock Exchange trading fee), on and subject to the terms and conditions described in this prospectus and in the Application Forms relating thereto
"Hong Kong Offer Shares"	the 31,000,000 New Shares being initially offered by our Company for subscription under the Hong Kong Public Offer at the Offer Price (subject to adjustment as described in the section headed "Structure and Conditions of the Global Offering" in this prospectus)
"Hong Kong Underwriters"	the several underwriters of the Hong Kong Public Offer whose names are set out in the paragraph headed "Hong Kong Underwriters" under the section headed "Underwriting" in this prospectus
"Hong Kong Underwriting Agreement"	the conditional underwriting agreement relating to the Hong Kong Public Offer dated 19 September 2007 between, among others, our Company, the Global Coordinator and the Hong Kong Underwriters, details of which are summarised in the section headed "Underwriting" in this prospectus
"Hunan Greatwall"	湖南大成科技飼料有限公司 (Hunan Greatwall Technologies & Feeds Co., Ltd*), a wholly foreign-owned enterprise established under the laws of the PRC on 8 October 2006 and an indirect wholly-owned subsidiary of our Company

"Husi"	上海市福喜食品有限公司 (Shanghai Husi Food Co., Ltd.*), one of our major customers and an Independent Third Party
"Hwabei Agri"	Hwabei Agri Corporation, a company incorporated in the BVI with limited liability on 23 December 1998 and an indirect wholly-owned subsidiary of our Company
"Impreza"	Impreza Investments Ltd., a company incorporated in the BVI with limited liability on 7 November 1996 and an indirect wholly-owned subsidiary of our Company
"Independent Third Party(ies)"	an individual(s) or a company(ies) who or which is/are not connected with (within the meaning of the Listing Rules) any Directors, chief executive or substantial Shareholders (within the meaning of the Listing Rules) of our Company, its subsidiaries or any of their respective associates
"International Placing"	the conditional placing of the International Placing Shares (a) in the United States to QIBs in reliance on Rule 144A under the U.S. Securities Act or another exemption from the registration requirement under the U.S. Securities Act, and (b) outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act, including to "professional investors" in Hong Kong within the meaning of SFO and professional and institutional investors in certain other jurisdictions, as further described in the section headed "Structure and Conditions of the Global Offering" in this prospectus
"International Placing Shares"	the 279,000,000 Shares which comprise 219,000,000 New Shares being initially offered by our Company for subscription and 60,000,000 Sale Shares offered by the Selling Shareholder for sale under the International Placing together, where relevant, with any additional Shares that may be issued pursuant to any exercise of the Over-allotment Option, subject to adjustment as described in the section headed "Structure and Conditions of the Global Offering" in this prospectus
"International Underwriters"	the several underwriters of the International Placing

"International Underwriting Agreement"	the underwriting agreement relating to the International Placing expected to be entered into between, among others, our Company, the Selling Shareholder, the Global Coordinator and the International Underwriters on or about the Price Determination Date
"Ito-Yokado"	Ito-Yokado Co., Ltd., one of our major customers and an Independent Third party
"KFC"	Kentucky Fried Chicken, a worldwide quick-service restaurant brand for a chain of restaurants with outlets in the PRC operated by Yum! China Division and an Independent Third Party
"Kuang-Ming Investment"	Great Wall Kuang-Ming Investment (BVI) Co., Ltd., a company incorporated in the BVI with limited liability on 17 March 1995 and an indirect wholly-owned subsidiary of our Company
"Latest Practicable Date"	14 September 2007, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information in this prospectus prior to its publication
"Liaoning Greatwall"	遼寧大成農牧實業有限公司 (Liaoning Greatwall Agri-Industrial Co., Ltd.*), a wholly foreign-owned enterprise established under the laws of the PRC on 19 July 1990 and an indirect wholly-owned subsidiary of our Company
"Liaoning Greatwall (BVI)"	Great Wall Agritech (Liaoning) Co., Limited, a company incorporated in the BVI with limited liability on 13 September 1990 and an indirect wholly-owned subsidiary of our Company
"Liaoning Greatwall (HK)"	Great Wall Agritech (Liaoning) Co., Limited (大成長城農技(遼寧)有限公司), a company incorporated in Hong Kong with limited liability on 24 July 1990 and an indirect wholly-owned subsidiary of our Company
"Listing"	listing of the Shares on the main board of the Stock Exchange
"Listing Committee"	the Listing Committee of the Stock Exchange

"Listing Date"	the date, expected to be on or about 4 October 2007, on which dealings in the Shares first commence on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
"Marksville"	Marksville Corporation, a company incorporated in the BVI with limited liability on 15 June 2007, the entire issued share capital of which is owned by NAC
"Memorandum of Association" or "Memorandum"	the memorandum of association of our Company
"McKey"	銘基食品有限公司 (McKey Food Services Ltd.*), one of our major customers and an Independent Third Party
"Miyasun Foods"	大成宮產食品(大連)有限公司 (Miyasun-Great Wall Foods (Dalian) Co., Ltd.*), a wholly foreign-owned enterprise established under the laws of the PRC on 20 May 1995, the entire issued share capital of which is owned by Miyasun-Great Wall
"Miyasun-Great Wall"	Miyasun-Great Wall (BVI) Co., Ltd., a company incorporated in the BVI with limited liability on 17 March 1995, the entire issued share capital of which is owned as to 50% by Kuang-Ming Investment and as to the remaining 50% by Miyasun Foods Co., Ltd.
"NAC"	Great Wall Northeast Asia Corporation, an exempted company incorporated in the Cayman Islands with limited liability on 3 December 1996, the entire issued share capital of which is owned by our Company
"New Issue"	the issue of New Shares under the Global Offering by our Company for subscription at the Offer Price
"New Shares"	the 250,000,000 new Shares being initially offered by our Company for subscription at the Offer Price under the Global Offering and where relevant, any additional Shares which may be issued pursuant to the exercise of the Over-allotment Option
"NT$"	New Taiwan dollar(s), the lawful currency of Taiwan

"Offer Price"	the final price per Offer Share (exclusive of 1% brokerage fee, 0.004% SFC transaction levy and 0.005% Stock Exchange trading fee) which will be not more than HK$3.00 and is expected to be not less than HK$2.20, such price to be determined in the manner as further described in the section headed "Structure and Conditions of the Global Offering"
"Offer Shares"	the Hong Kong Offer Shares and the International Placing Shares
"Our Company" or "the Company"	DaChan Food (Asia) Limited (大成食品(亞洲)有限公司), an exempted company incorporated with limited liability under the laws of the Cayman Islands on 18 May 2007
"Over-allotment Option"	the option to be granted by our Company to the International Underwriters exercisable by the Global Coordinator on behalf of the International Underwriters, pursuant to which our Company may be required to allot and issue up to 46,500,000 additional New Shares, representing 15% of the Shares initially being offered under the Global Offering at the Offer Price, to, among other things, cover over-allocations in the International Placing (if any) as further described in the section headed "Structure and Conditions of the Global Offering"
"PRC Government" or "State"	the central government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof
"Price Determination Agreement"	the agreement to be entered into between our Company, the Selling Shareholder and the Global Coordinator (on behalf of the Underwriters) on or prior to the Price Determination Date to record the Offer Price as agreed between our Company, the Selling Shareholder and the Global Coordinator (on behalf of the Underwriters)

"Price Determination Date"	the date, expected to be on or before 27 September 2007 (Hong Kong time) or such later date as may be agreed by us, the Selling Shareholder and the Global Coordinator (on behalf of the Underwriters), but in any event not later than 29 September 2007 (Hong Kong time), on which the Offer Price is fixed for the purposes of the Global Offering
"PVP" or "Selling Shareholder"	Prowell Ventures Pte. Ltd., a company incorporated in Singapore with limited liability on 27 September 1996, the entire issued shares of which is owned by Government of Singapore Investment Corporation (Ventures) Pte. Ltd., which will hold approximately 5.94% of the entire issued share capital of our Company immediately after the Global Offering and the Capitalisation Issue (assuming that the Over-allotment Option and any options that may be granted under the Share Option Scheme are not exercised). PVP is the selling shareholder of the Sale Shares
"QIBs"	qualified institutional buyers within the meaning of Rule 144A
"Regulation S"	Regulation S under the U.S. Securities Act
"RM"	Ringgit Malaysia, the lawful currency of Malaysia
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Rule 144A"	Rule 144A under the U.S. Securities Act
"Sale Shares"	the 60,000,000 then existing Shares being offered for sale by the Selling Shareholder at the Offer Price under the International Placing
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

"Shanghai Gourmet"	大成美食(上海)有限公司 (Greatwall Gourmet (Shanghai) Co., Ltd.*), formerly known as 立大企業(上海)有限公司 (Lee Tah Enterprises (Shanghai) Co., Ltd.*), a wholly foreign-owned enterprise established under the laws of the PRC on 5 September 1996 and an indirect wholly-owned subsidiary of our Company
"Share(s)"	ordinary share(s) with nominal value of HK$0.10 each in the share capital of our Company
"Share Option Scheme"	the share option scheme conditionally adopted by the Company on 14 September 2007, the principal terms of which are summarised under the paragraph headed "Share Option Scheme" in Appendix VI to this prospectus
"Shareholder(s)"	holder(s) of the Share(s)
"Shenyang Great Wall"	大成農技飼料(瀋陽)有限公司 (Great Wall Agrotech Feed (Shenyang) Co., Ltd.*), a wholly foreign-owned enterprise established under the laws of the PRC on 16 May 2007 and an indirect wholly-owned subsidiary of our Company
"Stock Borrowing Agreement"	a stock borrowing agreement to be entered into on or around the Price Determination Date between Cazenove and Waverley Star
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Tianjin DaChan"	大成萬達(天津)有限公司 (DaChan Wanda (Tianjin) Co., Ltd.*), formerly known as 康地萬達(天津)有限公司 (Conti Wanda (Tianjin) Co., Ltd.*), a wholly foreign-owned enterprise established under the laws of the PRC on 26 October 1992 and an indirect wholly-owned subsidiary of our Company
"Tieling Greatwall"	大成農牧(鐵嶺)有限公司 (Greatwall Agri (Tieling) Co., Ltd.*), a wholly foreign-owned enterprise established under the laws of the PRC on 16 May 1997 and an indirect wholly-owned subsidiary of our Company
"Tieling Trade"	鐵嶺大成商貿有限公司 (Tieling Greatwall Trade Co., Ltd.*), a limited liability company established under the laws of the PRC on 23 June 2004 and an indirect wholly-owned subsidiary of our Company

"Track Record Period"	the three years ended 31 December 2006 and the five months ended 31 May 2007
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"Union Manufacturing"	Union Manufacturing Limited, a company incorporated in the BVI with limited liability on 7 February 1996 and an indirectly wholly-owned subsidiary of our Company
"United States" or "US"	the United States of America within the meaning of Regulation S
"Universal Food"	Universal Food Corporation, formerly known as Dramamine Ltd. and Japan Food Corporation, a company incorporated in Samoa on 23 January 2003 and a non wholly-owned subsidiary of our Company
"US dollars" or "USD"	United States dollars, the lawful currency of the United States
"US Securities Act"	the United States Securities Act of 1933, as amended from time to time
"VND"	Vietnam Dong, the lawful currency of Vietnam
"Waverley Star"	Waverley Star Limited, a company incorporated in the BVI with limited liability on 20 November 1996 and a wholly-owned subsidiary of Great Wall International
"WTO"	World Trade Organisation
"Yingkou Great Wall"	大成農牧(營口)有限公司 (Great Wall Agri (Yingkou) Co., Ltd.*), a wholly foreign-owned enterprise established under the laws of the PRC on 1 April 1997 and an indirect wholly-owned subsidiary of our Company
"Yum! China Division"	a restaurant chain in the PRC, an Independent Third Party, owned by a company which is listed on the New York Stock Exchange

"%"	per cent.
"7-Eleven"	7-Eleven Japan Co., Ltd., one of our major customers and an Independent Third Party

In this prospectus, unless otherwise stated, certain amounts not derived from "Appendix I — Accountants' Report" and *"Appendix IV — Property Valuation" of this prospectus and denominated in Renminbi or VND have been translated into HK dollars or US dollars at an exchange rate of RMB0.99 = HK$1.00, RMB7.72 = USD1.00, or VND16,166 = USD1.00 respectively, for illustration purpose only. Such conversions shall not be construed as representations that amounts in Renminbi were or may have been converted into HK dollars or US dollars at such rates or any other exchange rates.*

No representation is made that any amounts in RMB, HK$, VND or USD can be or could have been converted at the relevant dates at the above rates or any other rates at all.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

In this prospectus, if there is any inconsistency between the Chinese names of the PRC entities or enterprises established in the PRC and their English translations, the Chinese names shall prevail. The provision of English translation of company names in Chinese or another language which are marked with "" is for identification purposes only.*

Unless otherwise specified, all relevant information in this prospectus assumes no exercise of the Over-allotment Option.

This glossary of technical terms contains explanations of certain terminology used in this prospectus which relate to us and our business. The terminologies contained in this glossary and their given meaning may not correspond to their standard meaning and usage adopted in the industry.

"breeder"	the individual chicken used for selective breeding, bred with the intent of producing chicken
"broiler"	a broiler is a type of chicken reared for meat rather than for eggs. It is bred in a highly controlled environment along with thousands of other broiler chicks and is given a special diet of high protein feed. Broilers are usually slaughtered within 4 - 8 weeks when they reach the required body weight. After processing, the poultry is delivered as broiler chicken meat
"CAGR"	compound annual growth rate
"GDP"	gross domestic products
"HACCP"	Hazard Analysis Critical Control Point, a systematic preventative approach to food industry that addresses physical, chemical and biological hazards as a means of prevention rather than finished product inspection
"ISO"	the International Organisation for Standardisation, a worldwide federation of national standardisation bodies
"ISO 9001:2000"	international standards for quality management developed by the International Organisation for Standardisation, which are primarily concerned with what an organisation does to ensure that its products conform to customer and applicable regulatory requirements and which set requirements for what an organisation must do to manage processes influencing product quality
"layer"	a hen commercially raised to produce eggs
"MT"	million tonnes
"ODM"	original design manufacturer, a business that manufactures a product which ultimately will be branded by another firm for sale
"OEM"	original equipment manufacturer, a business that manufactures goods or equipment for branding and resale by others
"processed foods"	food which has undergone different processing processes and/or cooking methods, such as flavoring, cooking, grilling, steaming or frying

Potential investors should consider carefully all the information set out in this prospectus and, in particular, should consider and evaluate the following risks associated with an investment in us before making any investment decision in relation to our Company. Additional risks and uncertainties not presently known to us or currently deemed immaterial could also harm our business, financial condition and operating results. If any of the possible events described below materialise, our business, financial condition and results of operations could be materially and adversely affected and the market price of the Offer Shares could fall significantly.

RISKS RELATING TO OUR GROUP'S OPERATIONS

The outbreak of animal diseases, including the recent avian influenza or any other similar epidemic could adversely affect our business

Recently, certain Asian countries, including the PRC, have encountered animal diseases including the foot-and-mouth disease and the avian influenza. The avian influenza, in particular H5N1 virus, is a type of disease which spreads through poultry and may, in certain circumstances, be transmitted to humans and become fatal. The outbreak of avian influenza in 2004 and 2005 caused considerable damage to the national and local economies in the PRC and some other Asian countries. During the outbreak of avian influenza in the PRC, a large number of poultry were exterminated, and the sales of chicken products in the PRC dropped significantly because of the general fear of H5N1 virus in the public.

As we are in the feeds, chicken meat and food processing industry, we may be directly required to suspend our business operation temporarily during the outbreak of avian influenza or similar animal diseases. We or our suppliers may be required to exterminate large quantities of poultry if any of our chickens are suspected to be carrying avian influenza. Our employees and staff may also be quarantined if they are identified as a possible source of spreading the avian influenza. Moreover, our export activities may also be influenced because of the possible ban or restrictions in those destination countries. A recurrence of an outbreak of avian influenza or any other similar epidemic could materially lower the sales of our feeds and chicken products and disrupt our production activities.

We rely on Contract Farmers to grow live chickens which we use for production of our chicken meat products

Our operations depend heavily on a sufficient and stable supply of live chickens. Under our vertically integrated business model, we procure approximately 85% (based on our 2006 figures) of the live chickens for use in the production of our chicken products through Contract Farming. As at 31 May 2007, we contracted with more than 3,000 Contract Farmers. These farmers are required to purchase feeds and are recommended to purchase new born chicks from us, and under our Contract Farming arrangement we agree to purchase from our Contract Farmers the chicken they raise at a specific price so long as they follow our prevailing procedures and standards. We have not entered into long term agreements with our Contract Farmers, and there is no assurance that Contract Farmers will continue to supply live chickens to us at a price acceptable to us or will continue to supply live chickens to us in the future.

There is no assurance that they will strictly abide by our standardised growing procedures and provide live chickens of sufficient quality to meet our quality control requirements. There is also no assurance that Contract Farmers will continue to honour their obligations under the contracts, especially when the market price of live chickens rises and they can make more profits by selling the chicken to third parties or in the market or by using feeds of lower quality. Any of the above incidents may have a negative impact on the supply of our live chickens, and may adversely affect our production and profitability.

Our business, financial condition and operating results may be adversely affected by the volatility of prices and the interruption of supply of raw materials

Corn and soybean meal are the major raw materials for feeds production and accounted for approximately 28% and 31%, respectively, of the total cost of sales of our feeds for the year ended 31 December 2006. The prices of corn and soybean meal may be affected by market demand and supply, domestic government policy, climate and other natural disasters. As we use our feeds for feeding the chicken grown by our Contract Farmers, and use our own chicken meat for the production of processed foods, any significant increase in the prices of major raw materials will have an adverse effect on our profit margin. For example, the monthly average corn price in 2005 fluctuated within the range of approximately RMB1,280 (approximately USD165.8) per tonne and RMB1,320 (approximately USD171.0) per tonne, which was followed by a progressive increase since 2006 from around RMB1,260 (approximately USD163.2) per tonne in January 2006 to around RMB1,540 (approximately USD199.5) per tonne in March 2007. In addition, we may also experience difficulty in obtaining other raw materials of acceptable quality from other suppliers on a timely basis, such as pork, vegetables and palm oil. If we are unable to pass on the increased cost to our customers by raising our selling prices, or overcome the interruption of sufficient supply of qualified raw materials for our products, our business, financial condition and results of operations may be adversely affected.

We rely on third-party distributors for our sales and marketing and any failure to maintain good relationships with or retain the distributors and authorised retail outlets may adversely affect our business

We sell a large portion of our products to independent distributors and authorised retail outlets, who in turn sell our products to end-customers. During the Track Record Period, sales to and through independent distributors and authorised retail outlets accounted for approximately 55.7%, 58.3%, 56.9% and 54.9%, respectively, of our total sales. We expect to continue to rely on these distributors and authorised retail outlets for our sales. We, however, have not entered into long-term contracts with many of these distributors. These distributors have no obligations to purchase products exclusively from us. Besides, these distributors play an important role in our sales and distribution network. If we fail to maintain the good relationship with these distributors or retain them in our sales and distribution network, our sales, financial condition and operating results may be adversely affected.

Our future success depends on our ability to anticipate and respond in a timely manner to changes in consumer tastes and preferences as well as quality and food safety requirements for processed food products

The success and popularity of our processed food products depend, to a large extent, on our ability to produce and sell products that appeal to the mass market. Consumer tastes and preferences as well as dietary habits, however, may change. In addition, consumers in the PRC are increasingly becoming conscious of food safety and quality and impact on health. If we are unable to anticipate and respond in a timely manner or we are unable to successfully develop new products according to changes in consumer trends, or if consumers lose confidence in the safety and quality of our products, the demand for our processed food products may decrease, and our business, financial condition and results of operations may be adversely affected.

The continuance of our growth depends in part on our research and development capabilities

We position ourselves as a provider of high-quality products. Our success has depended on our research and development capabilities. The research and development capabilities also enables us to produce processed food that appeal to the taste of the general public. Our ability to enhance the quality and performance of our products and to launch new products will depend on our own research and development capabilities. If we are unable to maintain or enhance our research and development capabilities to keep our products at the high end, or to develop new products to meet the market demands, our strength will be weakened and we may lose our competitiveness, which will adversely affect our results of operations and our business prospects.

We require various licenses, permits and government approvals to operate our business in the PRC, Vietnam and Malaysia and for exporting our processed food products, and failure to obtain and maintain any or all of these licenses and permits could adversely affect our business and future expansion plans

Under the PRC laws and regulations, we are required to obtain and maintain various licenses and permits in order to operate our businesses in the chicken meat processing and feed manufacturing in the PRC. These include, amongst others, Certificate of Compliance for Feed Manufacturing Enterprises (飼料生產企業審查許可證) and Permit for Manufacturing of Industrial Merchandise (Meat Processing) (工業產品生產許可證(肉類加工)). Similarly, we are required to obtain various licenses and permits to operate feeds manufacturing business in Vietnam and Malaysia. In addition to the above licenses and permits, we are also required to obtain various government approvals and comply with applicable hygiene and food safety standards in relation to our production process, premises and food products. In the event of any change in laws and regulations or change in any eligibility criteria for these licenses and permits prohibit us from obtaining or maintaining any or all of these licenses, permits and approvals, our business, results of operations and future expansion plans would be adversely affected.

In addition, in order to export our processed food products, we need to obtain licenses and permits from the country to which our products are exported. We have obtained licenses to export our processed foods to Japan, Korea and Singapore. However, there is no assurance that we will be able to maintain the licenses in the future to continue our export activities, nor can we guarantee that we will be able to obtain new licenses from the country of our target markets to expand our business. Moreover, the jurisdiction of import may change its regulations or policies in respect of the import license or permit at any time to our detriment. For example, the jurisdiction of import may make import rules more burdensome or stricter, or may relax regulations to allow more entities to import, thus enhancing competition. Our market share in the overseas market may decrease because of intensified competition. Our export business may be temporarily or permanently suspended if we cannot obtain or maintain the licenses and permits for exporting, or if the jurisdiction of import changes its regulations or policies to our detriment.

We may lose preferential tax treatment after the new PRC enterprise income tax law becomes effective

On 16 March 2007, the National People's Congress of the PRC promulgated the new Enterprise Income Tax Law of the PRC ("**New Tax Law**"), which will come into effect on 1 January 2008 and supersede the PRC Foreign Invested Enterprise and Foreign Enterprise Income Tax Law ("**FIE Tax Law**") and the Temporary Regulations on Enterprise Income Tax of the PRC at the same time. The New Tax Law will consolidate the current two separate tax regimes for domestic enterprises and foreign invested enterprises and impose a unified enterprise income tax rate of 25% for both types of enterprises.

Under the New Tax Law, enterprises that currently enjoy a preferential tax rate prior to the New Tax Law's promulgation will be subject to the new tax rate over five years from the effective date of the New Tax Law. Enterprises which currently enjoy a fixed period of tax exemption and reduction under currently applicable rules and regulations will continue to enjoy such preferential tax treatment until the expiry of such prescribed period, and for those loss making enterprises whose preferential tax treatment has not commenced, such preferential tax treatment will commence from the effective date of the New Tax Law.

Under the FIE Tax Law, Tianjin DaChan, Heilongjiang Greatwall, Dalian Gourmet and Changchun Agri, all being foreign invested enterprises, are entitled to an enterprise income tax exemption for the first two years of profitability, after offsetting all tax losses carried forward from previous years, and a 50% tax reduction for the following three consecutive years. All these companies have been approved by relevant authorities in the PRC to be entitled to a preferential state enterprise income tax rate of 24% and are exempted from the local enterprise income tax. The exemption from enterprise income tax for the first two years of profitability will have a significant positive effect on our profit after taxation. Under the New Tax Law, these companies will continue to be entitled to a 50% reduction of their enterprise income tax rate for three years, but the preferential state enterprise income tax rate of 24% will be replaced with the 25% fixed rate under the New Tax Law. We expect that upon expiry of the full exemption from enterprise income tax currently enjoyed by these four companies, our tax payment will increase.

Under the FIE Tax Law, Miyasun Foods enjoys a preferential state enterprise income tax rate of 12%. This preferential tax treatment may cease under the New Tax Law, and Miyasun Foods may be required to pay state enterprise income tax at the tax rate of 25% from 2008.

As the detailed implementation rules of the New Tax Law have not yet been published by the PRC Government, it is unclear how the tax rate will be raised during the transitional period. However, the New Tax Law and the change in the enterprise income tax rate would have an adverse impact on our results of operation and financial position.

We may be required to comply with the increasingly stringent environmental protection regulations

Our production and operations are subject to the environmental laws and regulations regarding environmental matters in the PRC, Vietnam and Malaysia. During the slaughtering of live chickens and the production process of our chicken meat, we produce a significant amount of waste water and waste substances which may be deemed as the source of pollution, such as the internal organs of chicken. We also incur costs and expenses arising from compliance with the environmental protection laws and regulations, which include the installation of facilities and equipment and the payment of waste disposal fees. If the PRC, Vietnam or Malaysia enact any amendments of the existing environmental laws and regulations or enact more stringent environmental protection laws and regulations in the future, our compliance with such legal requirements will become more burdensome and may increase our production costs. Ultimately our production and results of operations will be adversely affected.

In addition, there is no assurance that we will always be able to comply with all existing or future environmental protection laws and regulations in the PRC, Vietnam and Malaysia. Failure to comply with such laws and regulations may subject us to punitive measures, including penalties and liabilities or forced suspension of business, which may have a material adverse effect on our business, financial condition and results of operations.

We derive a substantial portion of our revenue from sales in the PRC

During the Track Record Period, approximately 80.4% to 89.5% of our total revenue was generated from our sales in the PRC. We expect that our sales in the PRC will continue to contribute substantially to our total revenue. Incidents such as significant decline of the economy or outbreak of an epidemic in the PRC will have a negative impact on the sales of our products and adversely affect our business, financial condition and results of operations.

Our business and future expansion plans may be adversely affected if we are unable to repay existing debt or to secure additional financing

We have relied on bank borrowings as one of the sources of funding our business operations. As at 31 December 2004, 2005 and 2006 and 31 May 2007, our Group's bank borrowings amounted approximately to USD45.8 million, USD38.0 million, USD44.2 million and USD60.8 million. There is the risk that we may encounter difficulty in repaying principal and/or interest, in the event that interest rates increase or our business, profits or financial position is adversely affected by any of the factors described in this prospectus. We may continue to depend on bank borrowings for expanding our business. Failure to obtain sufficient bank borrowings or alternative banking facilities on similar or more favourable terms may have an adverse effect on our financial position and our future expansion plans.

During the Track Record Period, our debt to equity ratio has been approximately 75.5%, 58.1%, 56.0% and 62.7%, respectively. Failure to maintain a low debt to equity ratio may place us in a vulnerable financial position and at a competitive disadvantage against other competitors. In addition, a high debt to equity ratio may prevent us from borrowing under existing loans, obtaining new loans or obtaining new loans on favourable terms. These may have a negative impact on our operations and financial position.

Our operations are capital intensive, and failure to maintain sufficient working capital may have an adverse impact on our business

Our operations are capital intensive as we require a large sum of working capital in the course of our business operations. In addition, our raw material suppliers generally require full payment within 30 days of delivery. Therefore, we need a significant amount of cash to fund our live chickens and other raw materials procurement. On the other hand, although we give our key clients a credit period of between 30 and 60 days, we typically require our distributors to make payment in full on delivery. We fund our working capital requirements out of cashflow from operating activities and short-term borrowings. If we fail to maintain sufficient working capital through our sales activities, collection of account receivables or maintenance of bank loans, we may not have sufficient working capital for our business operations and our financial position may be adversely affected.

Historical dividends should not be used as an indication for our future dividend policy

The declaration and payment of the dividends and their amount will be subject to our Directors' discretion, and may be influenced by our controlling shareholders. Whether we declare dividends and the amount of any dividend will also depend on factors including our business operation, earnings, surplus, financial conditions, and payments by subsidiaries of dividends to us. There is no assurance that any dividend will be declared and paid in the future.

We recorded net current liabilities during the Track Record Period

Our Group recorded net current liabilities of approximately USD8.2 million and USD1.7 million as at 31 December 2004 and 2005, respectively. Our Group recorded net current liabilities during the Track Record Period principally because throughout the Track Record Period we usually used short-term borrowings to finance our working capital requirements. We used short-term loans to minimise our overall financing costs as they generally offer more favourable interest rates than long-term loans. We recorded a net current assets position of approximately USD11.7 million as at 31 December 2006, primarily as a result of improvement in the business performance of our Group. For further details of the indebtedness and liquidity, financial resources and capital structure of our Group, please refer to the section headed "Financial Information" in this prospectus. There is no assurance that our Group will always be able to maintain a net current asset position in the future.

Unexpected business interruptions may adversely affect our business

Our business operations are vulnerable to interruption by natural disasters and force majeure, such as fire, flood, power cut or crackdown on food processing companies in the PRC. We do not carry business interruption insurance to insure against the risk relating to such incidents. Any losses or damages arising from the above incidents could disrupt our production activities and adversely affect our business operations.

Loss of any of our key personnel or any failure to attract such personnel in the future will adversely impact our business and growth prospects

Our future success depends upon the continued service of our senior management. Many of our key executive personnel, including our executive Directors, Mr. Han Jia-Hwan, Mr. Chang Tiee-Shen and Mr. Chen Fu-Shih, have been with us or working in the industry related to our business for over 20 years. Their talent, effort, experience and leadership are critical to the success of our business. If we lose the services of any of these key personnel without adequate replacement, we will lose our competitiveness in the market, which may adversely affect our operating results and future prospects. We intend to expand the scale of our production and develop other markets to increase our market share, and our expansion will require additional personnel. In addition, we may need to offer better employment packages in order to attract and retain key personnel which will increase our operating costs. There is no assurance that we will be able to retain our existing key executives or attract additional qualified personnel in the future.

Counterfeit products and poor performance of our authorised retail outlets could have a negative impact on our corporate reputation and product image

There is no assurance that counterfeiting incidents will not happen in the future, or that we will be able to discover each of the counterfeiting incidents that take place. Besides, we also have over 200 authorised retail outlets across the PRC that sell our products. As we allow them to use our brand name and posters at their premises, they may cause damage to our corporate image by performing poorly in the course of business. Counterfeit products and poor performance or management of our authorised retail outlets will have a negative impact on our corporate reputation and product image. They will also cause a reduction of our market share and loss of revenue.

We may not be able to adequately protect our trademark, which could harm the "DaChan" brand and our business

The principal trademark which we use is "", which is owned by our parent company Great Wall Enterprise and licensed to us. The trademark is in the process of registration in Hong Kong, the PRC and Taiwan. The success of the trademark registration depends on a number of factors, and there is no guarantee that it will be successfully registered. It is possible that third parties may seek to bring claims that the trademark infringes their intellectual property rights, and, as a result, we might be required to devote substantial management time and resources to defend such claims and there is no assurance that such defence will be successful. As many new registrations are currently under review in the PRC, it is not possible to determine whether

“ ” infringes, or will infringe intellectual property rights of others. If we are unsuccessful in defending any claim against us for infringement of others’ trademark, we may be required to take certain actions including paying monetary damages or altering or ceasing to use the principal trademark, any of which could adversely affect our business and reputation.

We may be subject to losses, legal liabilities or damages and our current insurance coverage may not be sufficient to cover the risks related to our operations

Our operations are subject to hazards and risks normally associated with manufacturing operations, which may cause damages to persons or property. Currently, we maintain insurance policies in respect of political risk to cover loss arising from the failure to sell our products overseas as a result of import bans or restrictions imposed by government in other countries. We do not have insurance coverage for product liability and therefore, we may be exposed to product liability claims in the event that any of our products is alleged to have caused bodily harm or other adverse effects. Further, we do not maintain business interruption insurance or third party liability insurance against claims for personal injury and environmental liabilities. The occurrence of any of these events may result in interruption of our operations and subject us to significant losses or liabilities. Any losses or liabilities that are not covered by our current insurance policies may have a material adverse effect on our reputation, our business, financial condition and results of operations.

Our sales may fluctuate due to seasonality and changes in market price of chicken meat

Our operating results have fluctuated in the past due to seasonality. Our sales in the PRC rise immediately before the Chinese New Year, Labour-day (May 1) week, National-day (October 1) week and summer time. The fluctuation is due to the fact that holiday seasons prompt consumption of chicken products and thus the sales of our products. During the period from May to August, sales of our products which are suitable for grilling and barbecue rise significantly because of the change of consumers’ eating habits during summer time. Any comparison of our operating results between our interim and annual results in a calendar year is not necessarily meaningful and, as a result, our interim results should not be referred to as an indicator of our performance for the year. In addition, our revenue derived from the sales of chicken meat may be adversely affected by changes in the market prices of chicken meat.

Our owned and leased properties in the PRC may be subject to legal irregularities

As at the Latest Practicable Date, we had not obtained the proper building ownership certificate for one building with a gross floor area of approximately 278.82 sq.m., which is used by us for residential purpose and is not crucial to our Group’s operation. Details of the property, are set out in no. 8 in the section headed “Group I — Property interests owned and occupied by our Group in the PRC” in Appendix IV to this prospectus. We may be required to vacate the property, in which case we will have to relocate the 4 staff members currently residing in the property. In the event that we are required to vacate the property, as advised by our PRC legal adviser, we may initiate actions against the seller of the property for loss and damages suffered by us.

Our Group has also leased five properties for production, residential or retail purposes with an aggregate gross floor area of approximately 4,978 sq.m. Details of the five properties are set out in nos. 29, 34, 35, 38 and 43 in the section headed "Group VI — Property interests rented and occupied by our Group in the PRC" in Appendix IV to this prospectus. The lessors of the relevant leases have not provided us with the relevant title certificates or other relevant documents evidencing that the lessors have the requisite titles or rights to lease the properties to us. If the lessors do not have title to the properties, or the legal and unfettered rights to lease the properties to us, the lease agreements may not be valid under the PRC laws and regulations and may be subject to challenge by third parties. As advised by our PRC legal adviser, we are entitled to claim loss and damages against the lessors for any loss and damages in under such a circumstance. Our Directors believe that these properties are not crucial to our Group's operation as such properties, in aggregate, only contributed to approximately 0.6% of our Group's turnover during the Track Record Period.

Our Group has also leased a property for production purpose with a gross floor area of approximately 9,030 sq.m., details of which are set out in no. 31 in the section headed "Group VI — Property interests rented and occupied by our Group in the PRC" in Appendix IV to this prospectus. As at the Latest Practicable Date, the tenancy agreement had not been registered with the relevant PRC authority as the title of the property is subject to change. The property had been mortgaged by the lessor as security for its debts owed to a certain financial institution and the lessor defaulted in the payment of the debt, resulting in the financial institution taking legal actions to enforce the right under the mortgage. Our Group has entered into a debt transfer agreement with the mortgagee being part of the process of acquiring the property, and the transfer of title of the property was approved by the court on 31 July 2007. As confirmed by our PRC legal adviser, the non-registration and change in title of the property during the term of the tenancy would not affect the validity of the tenancy agreement. Furthermore, the local land authority confirmed in writing that no tenancy agreement has been registered against the property. However, the tenancy agreement will not have priority over bona fide third parties who exercise the right to take possession of the property so long as the tenancy agreement remains unregistered.

Our Group also entered into 2 tenancy agreements (the "**Two Tenancy Agreements**") pursuant to which our Group has agreed to lease from the respective landlords, who are Independent Third Parties, 2 properties (the "**Two Properties**"), with an aggregate gross floor area of approximately 13,718 sq.m., which are erected on collective land for production, workshop and warehouse purposes. Details of the Two Properties are set out in nos. 40 and 41 in the section headed "Group VI — Property interests rented and occupied by our Group in the PRC" in Appendix IV to this prospectus. As advised by our PRC legal adviser, the uses of the Two Properties by our Group do not comply with the Land Administration Law of the PRC as the Two Properties are erected on collective land. Hence the Two Tenancy Agreements may be considered invalid by the relevant PRC authorities and it is possible that our Group may be evicted from the Two Properties.

As such, if our Group is evicted from the above properties for any of the above reasons, in the estimation of our Directors additional costs of approximately RMB4.4 million (approximately USD0.57 million) may be incurred, including relocation expenses, and it may take up to 6 months to complete the relocation, and hence our Group's business operation carried out in the above properties may be disrupted during such relocation. The Controlling Shareholders have undertaken to indemnify our Group against any damages, losses or liabilities which are or become payable by any members of our Group as a direct or indirect result of any title defects of the land or property of our Group after Listing, particulars of which are set out in the paragraph headed "Estate duty, tax and other indemnities" in Appendix VI to this prospectus.

We had low profit margins during our historical accounting periods

For the years ended 31 December 2004, 2005 and 2006 and the five months ended 31 May 2007, our gross profit margin was approximately 6.6%, 8.2%, 8.4% and 8.7%, respectively and our net profit margin was approximately 0.4%, 1.7%, 2.6% and 5.1%, respectively. The sustainability of our profit margins depends on a number of factors, including the selling price and production cost. Selling price may be affected by changes in consumer demand and the prevailing market condition, which are to a large extent outside our control. We cannot guarantee that our profit margin will not fluctuate from period to period. If we continue to have low profit margins in the future, we cannot assure that we can achieve or maintain profitability in the future. Please see the section headed "Financial Information" in this prospectus for a detailed discussion and analysis of our financial condition and results of operation during the Track Record Period.

Our results of operation may be adversely affected by changes in fair value of our biological assets and agricultural produce

In accordance with International Accounting Standard 41 (Agriculture) ("**IAS41**"), we are required to reflect movements in the fair value of our biological assets less estimated point-of-sale costs at each balance sheet date, with any resultant gain or loss recognised in our combined income statements. Agricultural produce is initially measured at fair value less estimate point-of-sales costs at time of lay and subsequently recorded at cost under inventory. Our biological assets comprising our immature and mature breeders from which we procure our broiler breeder eggs accounted for approximately 1.3%, 1.1%, 0.6% and 0.6% of our Group's total current assets as at 31 December 2004, 2005 and 2006 and 31 May 2007, respectively. Our agricultural produce consists of breeder eggs and accounted for approximately 0.3%, 0.2%, 0.4% and 0.6% of our Group's total current assets as at 31 December 2004, 2005 and 2006 and 31 May 2007, respectively.

To the best knowledge of our Directors, there are no professional valuers who are specifically qualified to carry out valuation on our breeders and there is no quoted price in the market for breeder eggs. Furthermore, there is no active market for breeders and market-determined prices or value is not available for the present condition of our breeders. Valuation of our biological assets and agricultural produce are performed by our experienced and well-educated management team based on the then prevailing market prices in the local area.

Such market price information is provided to us by our breeder suppliers and we also rely on our internal control system to keep track with the quantity and condition of our biological assets. Please refer to the paragraph headed "Critical Accounting Policies and Estimates — Biological assets and agricultural produce" in the section headed "Financial Information" of this prospectus.

Except for a gain of approximately USD343,000 recognised for the year ended 31 December 2004, we recognised a loss for the change in fair value of our biological assets of approximately USD67,000, USD193,000, and USD84,000 for the years ended 31 December 2005 and 2006 and the five months ended 31 May 2007, respectively. Our results of operation may fluctuate depending on changes in the fair value of our biological assets, which reflect the prevailing market conditions. We cannot assure you that the fair value of our biological assets will not decrease in the future, which may adversely affect our results of operation.

Fluctuation in average market price of our Group's agricultural produce may adversely affect our results of operation and financial condition

Our agricultural produce consists of breeder eggs and accounted for approximately 0.3%, 0.2%, 0.4% and 0.6% of our Group's total current assets as at 31 December 2004, 2005 and 2006 and 31 May 2007, respectively. We experienced fluctuation in average market price of our agricultural produce during the Track Record Period. The average market price of our agricultural produce increased by approximately 30.7% in 2005 compared to 2004, while the average market price of our agricultural produce decreased by approximately 6.1% in 2006 compared to 2005. The average market price of our agricultural produce is determined by a number of factors that are beyond our control, such as the outbreak of animal diseases, and we cannot guarantee that it will not fluctuate in the future. Fluctuation in average market price of our agricultural produce will affect their fair value as recognised on our combined income statement and may adversely affect our results of operation and financial condition.

RISKS RELATING TO OUR INDUSTRY

Changes in government regulations, including licensing requirements, quality standards, government charges and tax rates applicable to the corn refinery industry may adversely affect the industry players

Under the PRC laws, enterprises engaging in chicken slaughtering, meat processing and feed manufacturing industries are heavily regulated by a number of governmental agencies, including primarily the Ministry of Agriculture, the Ministry of Commerce, the Ministry of Health, the General Administration of Quality Supervision, Inspection and Quarantine and the State Environmental Protection Administration. These regulatory authorities have broad discretion and authority to regulate many aspects of these industries in the PRC. Enterprises are required to obtain appropriate licenses, certificates and permits from, as well as maintain relevant product quality standards of, relevant PRC governmental authorities. We have obtained all necessary licenses, certificates and permits for the procurement of our raw materials, the production and sales of our existing products, and our products have complied with relevant state product quality and hygiene standards (where available). However, there is no assurance that we will be able to renew such licenses, certificates and permits upon their expiration. The eligibility criteria for such licenses, certificates and permits and the relevant national standards on product quality and hygiene may change from time to time and may become more stringent. In addition, the introduction of any new and/or more stringent laws, regulations, and requirements for obtaining or renewing licenses, certificates and permits, and requirements on product quality and hygiene standards relevant to our business and operations may significantly escalate our compliance and maintenance costs or may hamper our business growth. Furthermore, any changes or introduction of additional government taxes and charges or any abolition of preferential tax treatments enjoyed by us may substantially increase our costs of operation. Any such event may have an adverse effect on our business, financial results and future prospects.

We operate in a competitive environment and may face increasing competition from both domestic and foreign companies which may affect our market share and profit margin

We face competition from companies offering similar products in the domestic markets respectively in the PRC, Vietnam and Malaysia. Our feed, chicken meat and processed food products are targeted at end consumers which generally require better quality products such as KFC in the PRC and Ito-Yokado and 7-Eleven chains in Japan, and we face increasing competition particularly from foreign suppliers for these end consumers. We cannot assure that our current or potential competitors will not develop products of a comparable or superior quality to ours, or adapt quicker than we do to evolving consumer preferences or market trends. Moreover, the entry into the WTO by the PRC, Vietnam and Malaysia has increased, and may continue to increase, competition in the relevant markets, as it is expected that more foreign competitors will build up their presence and business and operation in these markets. Increased competition may also lead to price wars or negative brand advertising, both of which may adversely affect our market share and profit margin. We cannot assure that we will be able to compete effectively with our current or potential competitors.

We may be subject to substantial liability should the consumption of any of our food products cause personal injury or illness

Our processed food products may suffer from tampering by unauthorised third parties or contamination or deterioration, including the presence of foreign contaminants, chemical, substances or residues during the various stages of the procurement, livestock raising and production process. Consumption of any contaminated or deteriorated processed food products may injure our consumers. Under certain circumstances, we may be required to recall products. While our products are subject to our stringent quality control procedures and governmental inspections and regulations, we cannot assure that consumption of our products will not cause a health-related illness in the future, or that we will not be subject to claims or lawsuits relating to such matters. Further, any product recall or any negative publicity asserting that our products caused personal injury or illness could adversely affect our reputation and our corporate and brand image. As we do not maintain product liability insurance, a product liability judgment against us could have a material adverse effect on our business, financial condition or results of operations.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

A substantial portion of our assets are located in the PRC and a substantial portion of our revenues are derived from our operations in the PRC. As a result, our operations and assets are subject to significant political, economic, legal and other uncertainties associated with doing business in the PRC, which are discussed in more detail below.

Changes in the economic, political and social conditions in the PRC and policies adopted by the PRC Government may adversely affect our business, operating results and financial condition

The PRC's economy differs from the economies of most developed countries in many respects, including structure, government involvement, level of development, growth rate, control of foreign exchange, capital reinvestment, allocation of resources, rate of inflation and trade balance position. The economy of the PRC has been transitioning from a planned economy to a more market-oriented economy. In recent years, the PRC Government has implemented measures emphasising market forces for economic reform, the reduction of State ownership of productive assets and the establishment of sound corporate governance in business enterprises. However, a large portion of productive assets in the PRC are still owned by the PRC Government. The PRC Government continues to play a significant role in regulating industrial development, the allocation of resources, production, pricing and management, and there can be no assurance that the PRC Government will continue to pursue a policy of economic reform.

We may not in all cases be able to capitalise on the economic reform measures adopted by the PRC Government. Our operations and financial results could be adversely affected by changes in political, economic and social conditions or the relevant policies of the PRC Government, such as changes in laws and regulations (or the interpretations thereof), measures which might be introduced to control inflation, changes in the rate or method of taxation, imposition of additional restrictions on currency conversion and the imposition of additional import restrictions.

The PRC legal system is not fully developed and has inherent uncertainties which could limit the legal protections available to us and adversely affect our operations

Although our Company is an exempted company incorporated with limited liability under the laws of the Cayman Islands, substantially all of our operations are conducted through our subsidiaries which are organised under the PRC laws. The PRC legal system is based on written statutes. Since the late 1970s, the PRC has promulgated laws and regulations dealing with such economic matters as the issuance and trading of securities, shareholder rights, foreign investment, corporate organisation and governance, commerce, taxation and trade. However, many of these laws and regulations are relatively new and will continue to evolve, are subject to different interpretations and may be inconsistently enforced. In addition, there is only a limited volume of published court decisions which may be cited for reference, but such cases have limited precedential value as they are not binding on subsequent cases. These uncertainties relating to the interpretation of the PRC laws and regulations can affect the legal remedies and protections that are available to you and can adversely affect the value of your investment.

Changes in foreign exchange regulations and future movements in the exchange rate of Renminbi may affect the value of any future dividend payments

The value of the Renminbi is subject to changes in the PRC Government's policies and depends to a large extent on the PRC domestic and international economic and political developments. The official exchange rate for the conversion of Renminbi to US dollars generally remained stable during the past decade. On 21 July 2005, the PRC government started to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. On the same day, the Renminbi was revalued upward by approximately 2.1% against the US dollar. As at the Latest Practicable Date, the value of Renminbi had further appreciated by approximately 7.3% against the USD. Since our income and profits are mainly denominated in Renminbi, any depreciation of the Renminbi would adversely affect the value of, and any dividends payable on, our Shares in foreign currency terms.

We are a holding company that heavily relies on dividend payments from our subsidiaries for funding

We are a holding company incorporated in the Cayman Islands and operate our core business through our subsidiaries in the PRC. Therefore, the availability of funds to us to pay dividends to our shareholders depends upon dividends received from these subsidiaries. If our subsidiaries incur debt or losses, such indebtedness or loss may impair their ability to pay dividends or other distributions to us. As a result, our ability to pay dividends will be restricted. The PRC laws require that dividends be paid only out of the net profit calculated according to PRC Accounting Rules and Regulations, which differ in many aspects from generally accepted accounting principles in other jurisdictions, including International Financial Reporting Standards. The PRC laws also require foreign invested enterprises to set aside part of their net profit as statutory reserves. These statutory reserves are not available for distribution as cash dividends. In addition, restrictive covenants in bank credit facilities or other agreements that we or our subsidiaries may enter into in the future may also restrict the ability of our subsidiaries to make contributions to us and our ability to receive distributions. Therefore, these restrictions on the availability and usage of our major source of funding may impact our ability to pay dividends to our shareholders.

RISKS RELATING TO CONDUCTING BUSINESS IN VIETNAM AND MALAYSIA

Economic, social and legal considerations

As we conduct part of our business operations in Vietnam and Malaysia, our business, prospects, financial condition and results of operations may be adversely affected by political, economic and social changes or developments in these two countries, or by regional events affecting the two countries. Such political, economic and social developments and changes may include, but are not limited to changes in government policies, political instability, expropriation, nullification of existing contracts, labor activism (such as general strikes), war, terrorism, riots, and changes in interest rates, foreign exchange rates, taxation, environmental regulations and import and export duties and restrictions. Any such changes in Vietnam and Malaysia may have a material adverse effect on our business, financial condition and results of operation.

Vietnam has a history of a planned economy. Although in recent years the Vietnamese government has commenced a number of economic reforms to transform the Vietnamese economy into a market economy and made policies to attract foreign investors, the significant changes may give rise to uncertainty and inconsistency with respect to interpretation, implementation and enforcement of laws and government policies. There is no assurance that the Vietnamese government will continue to adopt the desired policies to promote the economic development. In addition, the legal system in Vietnam is still in its infancy. Vietnamese law is subject to broad interpretation and different government officials and Vietnamese courts have broad powers to imply fairness terms into contractual obligations, and the government agencies may have still different views as to the interpretation of Vietnamese law and the basis on which Vietnamese law should be implemented.

Currency conversion and foreign exchange control

VND, the legal currency in Vietnam, is not freely convertible to other currencies, except under certain circumstances. Pursuant to the foreign exchange regulations, foreign-invested enterprises are permitted, among other things, to repatriate profits from business operations and to make payments for the provision of services or licensed technology transfer. The relevant rules and regulations have been relaxed to allow foreign-invested enterprises to convert VND into foreign currency through banks which are authorised to engage in foreign exchange business to cover current payments denominated in foreign currencies and to repay foreign loans. Nevertheless, there can be no assurance that sufficient foreign currencies, particularly US dollars, are available on the foreign exchange market in Vietnam and that the relevant rules and regulations would not change in the future.

Foreign exchange rate fluctuations in relation to Ringgit, the legal currency in Malaysia, may also result in our experiencing foreign exchange losses and hence may have a material adverse effect on our business, financial condition and results of operations at our Malaysian operations. Between mid-1997 and mid-1998, the Ringgit depreciated substantially in relation to the US dollar. On 2 September 1998, the Bank Negara Malaysia, Malaysia's central bank introduced a fixed exchange rate of RM3.80 to USD1.00, which represented a significant depreciation from the Ringgit's value relative to the US dollar at the end of June 1997. The Ringgit's fixed exchange rate relative to the US dollar remained in effect until 21 July 2005, when Bank Negara Malaysia announced that, with effect from such date, the exchange rate of the Ringgit would be allowed to operate in a managed float. If in the future the Ringgit is permitted to enter into a full float, this may result in a change in the value of the Ringgit against the US dollar and other currencies, which could have a material adverse effect on our business, financial condition and results of operations.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our Shares and an active trading market for our Shares may not develop

Prior to the Global Offering, there has been no public market for our Shares. We have applied to list and deal in the Shares on the Stock Exchange. However, being listed on the Stock Exchange does not guarantee that an active trading market for our Shares will develop or be sustained following the completion of the Global Offering. The Offer Price for our Shares will be determined by negotiations between ourselves and the Global Coordinator (on behalf of the Underwriters), and may differ significantly from the market price for our Shares after the Global Offering. Investors may not be able to resell their Shares at or above the Offer Price. In addition, as there will be a five Business Day gap between pricing and trading of our Shares offered in the Global Offering, the initial trading price of our Shares could be lower than the Offer Price.

The trading price of our Shares may be volatile

Following the Global Offering, the market price of our Shares may fluctuate substantially as a result of, amongst others, the following factors many of which are beyond our control:

— variations of the results of our operations (including variations arising from foreign exchange rate fluctuations);

— changes in securities analysts' estimates of our financial performance;

— investors' perceptions of us and the investment environment in Asia, including Hong Kong and the PRC;

— changes in policies and developments related to the industry in which we operate;

— changes in pricing policies adopted by us or our competitors;

— fluctuations in stock market prices and trading volume;

— recruitment or departures of key personnel; and

— economic and other general factors.

Moreover, in recent years, stock markets in general, and the shares of companies with substantial operations in the PRC in particular, have experienced increasing price and volume fluctuations, some of which have been unrelated or did not fully correspond to the operating performance of such companies. These broad market and industry fluctuations may adversely affect the market price of our Shares.

Future sales of Shares or a major divestment of Shares by any major shareholder could adversely affect the Share price

The sale of a significant number of Shares in the public market after the Global Offering, or the perception that these sales may occur, could adversely affect the market price of Shares. Except as otherwise described in the section headed "Underwriting", there are no restrictions imposed on our Controlling Shareholders to dispose of their Shares. Any major disposal of Shares by any of our major shareholders may cause the market price of the Shares to fall. In addition, these disposals may make it more difficult for us to issue new Shares in the future at a time and price we deem appropriate, thereby limiting our ability to raise capital.

Investors may face difficulties in protecting their interests because we are incorporated under Cayman Islands law, which may provide less protection to minority shareholders than the laws of Hong Kong and other jurisdictions

Our corporate affairs are governed by our Memorandum and Articles and by the Companies Law and common law of the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those in Hong Kong and other jurisdictions. Such differences may mean that our minority shareholders, including investors in our Shares, may have less protection than they would otherwise have under the laws of Hong Kong or other jurisdictions. For example, the Cayman Islands does not have a statutory equivalent of section 168A of the Companies Ordinance which provides a remedy for shareholders who have been unfairly prejudiced by the conduct of a company's affairs. See "Summary of the Constitution of Our Company and the Cayman Islands Companies Law" in Appendix V to this prospectus.

The Controlling Shareholders may take actions that are not in, or may conflict with, public Shareholders' best interests

The Controlling Shareholders will in aggregate beneficially own approximately 52.88% of our Shares immediately after completion of the Global Offering and the Capitalisation Issue (assuming the Over-allotment Option is not exercised). Therefore, the Controlling Shareholders will continue to be able to exercise controlling influence over our business through their ability to control actions which do not require the approval of independent shareholders. The Controlling Shareholders will also be able to control the election of our Directors, determine the timing and amount of our dividends, if any, and pass resolutions to acquire or merge with another company not connected with the Controlling Shareholders. The Controlling Shareholders may cause us to take actions that are not in, or may conflict with, the interests of us or the public shareholders. In the case where the interests of the Controlling Shareholders conflict with those of our other shareholders, or if the Controlling Shareholders choose to cause us to pursue objectives that would conflict with the interests of our other shareholders, such other shareholders could be left in a disadvantageous position by such actions caused by the Controlling Shareholders.

Certain facts and other statistics with respect to the PRC, the PRC economy, the Vietnam and Malaysia economies and the meat processing and feeds manufacturing industries in this prospectus are derived from various official sources and may not be reliable

Certain facts and other statistics in this prospectus relating to the PRC, the PRC economy, the Vietnam and Malaysia economies and the meat processing and feed manufacturing industries have been derived from official publications generally believed to be reliable. However, we cannot guarantee the quality or reliability of such official source materials. They have not been prepared or independently verified by us, the Underwriters or any of our or their respective affiliates or advisers and, therefore, we make no representation as to the accuracy of such official facts and statistics, which may not be consistent with other information compiled within or outside China. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the official statistics herein may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere.

In all cases, you should give consideration as to how much weight or importance you should attach to or place on such facts or statistics and should not place undue reliance on any of such official information and statistics.

Forward-looking information contained in this prospectus may prove inaccurate

This prospectus contains certain statements that are “forward-looking” and uses forward-looking terminologies such as “anticipate”, “believe”, “expect”, “estimate”, “may”, “ought to”, “should” and “will”. Those statements include, among other things, the discussion of our growth strategy and the expectations of our future operations, liquidity and capital resources. Purchasers and subscribers of our Shares are cautioned that reliance on any forward-looking statement involves risk and uncertainties and that, any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. The uncertainties in this regard include those identified in the risk factors discussed above. In light of these and other uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations or warranties by us that our Company’s plans and objectives will be achieved and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. We do not intend to update these forward-looking statements in addition to our on-going disclosure obligations pursuant to the Listing Rules or other requirements of the Stock Exchange. You should not place undue reliance on such forward-looking information.

Investors should not place any reliance on any information contained in press articles or other media coverage regarding our Group and the Global Offering

Prior to the publication of this prospectus, there were certain press articles and media coverage regarding us and the Global Offering appearing in Hong Kong Economic Times, Hong Kong Economic Journal and Apple Daily on 10 September 2007, and Hong Kong Economic Journal on 12 September 2007 which may include certain corporate information, forward-looking statements, profit forecasts, our Group's market share, corporate structure and other information about us that are not disclosed in this prospectus. We have not authorised the disclosure of any such information in the press or media. We do not accept any responsibility for any such press articles or media coverage or the accuracy or completeness of any such information. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information appearing in publications other than this prospectus is inconsistent or conflicts with the information contained in this prospectus, we disclaim it. In making the decision as to whether to invest in our Shares, investors should rely solely on the information included in this prospectus and the Application Forms and not to place any reliance on any other information.

In preparation for the Listing, we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules:

I. MANAGEMENT PRESENCE

Waiver from strict compliance with Rule 8.12 of the Listing Rules

An application has been submitted to the Stock Exchange for a waiver from strict compliance with Rule 8.12 of the Listing Rules which requires a new applicant applying for primary listing on the Main Board to have sufficient management presence in Hong Kong. This normally means that at least two executive directors must be ordinarily resident in Hong Kong.

Since our operations are primarily located and carried out in the PRC, Vietnam and Malaysia, we do not, and does not contemplate in the foreseeable future that we will, maintain a management presence in Hong Kong. Given that, other than Mr. Han Jia-Hwan, our other executive Directors are ordinarily residing outside Hong Kong, we would be required to appoint an additional executive Director or relocate at least one executive Director to Hong Kong in order to comply with the requirement under Rule 8.12 of the Listing Rules. In any of these events, it would result in a difficult situation for us and it would not be commercially feasible for us to implement.

In this regard, the Stock Exchange has granted a waiver to our Company from strict compliance with the requirement under Rule 8.12 of the Listing Rules. In this respect, our Company has appointed two authorised representatives pursuant to Rule 3.05 of the Listing Rules who will act as the principal channel of communication with the Stock Exchange. The two authorised representatives appointed are Mr. Han Jian-Hwan and Ms. Li Lau Lai Hing Joanna, with the latter also being a resident in Hong Kong and the company secretary of our Company. Each of the authorised representatives of our Company has confirmed that each of them will be available to meet with the Stock Exchange in Hong Kong within a reasonable time upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and electronic means. Each of the two authorised representatives will be authorised to communicate on behalf of our Company with the Stock Exchange. In addition, our Directors who are not ordinarily residents in Hong Kong possess valid travel documents to visit Hong Kong and will be able to meet the relevant personnel of the Stock Exchange within a reasonable time if required.

In order to further enhance the communication between the Stock Exchange, our authorised representatives and our Directors, we will implement the policies that:

- each executive Director will provide his office phone number, mobile phone number, residential phone number, fax number and e-mail address (if applicable) to the authorised representatives and his respective alternate;

- in the event that an executive Director expects to travel and be out of office, he will provide the phone number of the place of his accommodation to the authorised representatives and his respective alternate; and

- all our executive Directors will provide their office phone numbers, mobile phone numbers, residential phone numbers, fax numbers and e-mail addresses (if applicable) to the Stock Exchange.

In addition, we will appoint, before the Listing Date, Cazenove as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules for the period commencing on the Listing Date and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the financial year ending 31 December 2008.

Furthermore, we shall also appoint other professional advisers (including legal advisers and accountants) after the Listing to assist us in dealing with any questions which may be raised by the Stock Exchange and to ensure that there will be efficient communication with the Stock Exchange.

We will maintain a principal place of business in Hong Kong at Suite 1806, Tower 1, The Gateway, No. 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong.

II. CONNECTED TRANSACTIONS

Members of our Group have entered into certain transactions, which would constitute non-exempt continuing connected transactions of our Company under the Listing Rules after the Listing. Our Company has applied to the Stock Exchange a waiver from strict compliance with the relevant announcement and/or independent shareholders' approval requirements set out in Chapter 14A of the Listing Rules for such transactions. Further details of such non-exempt continuing connected transactions and the waiver are set out in the section headed "Connected Transactions" in this prospectus.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus contains particulars given in compliance with the Companies Ordinance, the Securities and Futures (Stock Market Listing) Rules and the Listing Rules for the purpose of giving information to the public with regard to us. Our Directors collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement in this prospectus misleading.

INFORMATION ON THE GLOBAL OFFERING

The Offer Shares are offered for subscription and sale solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorised to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorised by us, the Selling Shareholder, the Global Coordinator, any of the Underwriters, any of their respective directors, agents, employees or advisers or any other parties involved in the Global Offering.

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offer. For applicants under the Hong Kong Public Offer, this prospectus and the Application Forms contain the terms and conditions of the Hong Kong Public Offer.

The listing of the Shares on the Stock Exchange is sponsored by Cazenove. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offer is fully underwritten by the Hong Kong Underwriters. The International Underwriting Agreement is expected to be entered into on or about the Price Determination Date, subject to agreement on the Offer Price between us, the Selling Shareholder and the Global Coordinator (on behalf of the Underwriters). Further details about the Underwriters and the underwriting arrangements are contained in the section headed "Underwriting" in this prospectus.

DETERMINATION OF THE OFFER PRICE

The Offer Shares are being offered at the Offer Price which is expected to be determined by the Global Coordinator (on behalf of the Underwriters), us and the Selling Shareholder on the Price Determination Date.

If we, the Selling Shareholder and the Global Coordinator (on behalf of the Underwriters) are unable to reach an agreement on the Offer Price on or before the Price Determination Date or such later time or date as may be agreed by our Company, the Selling Shareholder and the Global Coordinator (on behalf of the Underwriters) but in any event not later than 29 September 2007, the Global Offering will not become unconditional and will lapse.

SELLING RESTRICTIONS

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offer will be required to, or be deemed by his acquisition of Offer Shares to, confirm that he is aware of the restrictions on offers of the Offer Shares described in this prospectus.

No action has been taken to permit an offering of the Offer Shares or the distribution of this prospectus and/or the Application Forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation.

The distribution of this prospectus or the related Application Forms and the offering of the Offer Shares in certain jurisdictions may be restricted by law and may not be made except as permitted under the applicable securities laws of such jurisdictions and pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom. Any failure to comply with these restrictions may constitute a violation of applicable securities law.

The following information is provided for guidance only. Prospective applicants for Offer Shares should consult their financial advisers and take legal advice as appropriate, to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for Offer Shares should inform themselves as to the relevant legal requirements of applying any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

Canada

The Offer Shares may only be offered in those jurisdictions in Canada and to those persons where and to whom they may be lawfully offered for sale, and therein only by persons permitted to sell the Offer Shares. This prospectus is not, and under no circumstances is to be construed as, an advertisement or public offering of the Offer Shares. No securities commission in Canada has reviewed or in any way passed upon this prospectus or the merits of the offering and any representation to the contrary is an offence.

The Offer Shares may not be offered or sold within Canada except with the prior approval of the Global Coordinator on a basis exempt from any requirement to prepare and file a prospectus with or obtain clearances from the relevant securities regulatory authorities of any province or territory in Canada.

Cayman Islands

No offer of the Offer Shares may be made to the public in the Cayman Islands.

Each person acquiring Offer Shares in the Global Offering will be required to confirm, or be deemed by its acquisition of Offer Shares to have confirmed, that it is aware of the restrictions on offers and sales of the Offer Shares described in this prospectus.

European Economic Area

In relation to each member state of the European Economic Area which has implemented EU Directive 2003/71/EC (including any implementing measure in any Relevant Member State, the "**Prospectus Directive**") (each, a "**Relevant Member State**"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") except (with effect from and including the Relevant Implementation Date), an offer to the public of new securities may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of new ordinary shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of: (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43,000,000; and (iii) an annual net turnover of more than €50,000,000, as shown in its last annual or combined accounts;

(c) an offer of securities to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Global Coordinator for any such offer; or

(d) in any other circumstances following within Article 3(2) of the Prospectus Directive, provided that no such offer of Shares shall result in a requirement for the publication by our Company, the Selling Shareholder or the Global Coordinator of a prospectus pursuant to Article 3 of the Prospectus Directive and each person who initially acquires any Shares or to whom any offer is made will be deemed to have represented, warranted and agreed to and with the Global Coordinator that it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2 (1)(e) of the Prospectus Directive.

For the purposes of this exemption, the expression an "offer to the public" in relation to any Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the International Placing and any Shares to be offered so as to enable an investor to decide to purchase any Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

In the case of any Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, warranted and agreed to and with the Global Coordinator, the Selling Shareholder and our Company that: (i) the Shares acquired by it have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, or in circumstances in which the prior consent of the Global

Coordinator has been obtained to each such proposed offer or resale; or (ii) where Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Shares to it is not treated under the Prospectus Directive as having been made to such persons. Our Company, the Selling Shareholder and the Global Coordinator and each of their respective affiliates, and others will rely upon the truth and accuracy of the foregoing representation, warranty and agreement.

Notwithstanding the above, a person who is not a qualified investor and who has notified the Global Coordinator of such fact in writing may, with the consent of the Global Coordinator, be permitted to subscribe for or purchase Shares.

Japan

The Offer Shares have not been and will not be registered under the Securities and Exchange Law of Japan (Law No. 25 of 1948), as amended (the "**SEL**"). The Offer Shares may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the SEL and any other applicable laws, regulations and ministerial guidelines of Japan. As used in this paragraph, a "resident of Japan" means any natural person residing in Japan and business offices located in Japan, including any corporation or other entity organised under the laws of Japan.

Norway

This prospectus has not been registered with or approved by the Norwegian Register of Business Enterprises under Chapter 5 of the Norwegian Securities Trading Act of 19 June 1997. The Offer Shares may not be offered or sold directly or indirectly in Norway except to persons who are registered with the Oslo Stock Exchange as professional investors (meaning a person who invests in securities as part of his professional activity and who is registered with the Oslo Stock Exchange as a professional investor) or in respect of offers for the purchase of or subscription for securities issued with a face value in minimum lots of 40,000 Euro or otherwise in circumstances which will not trigger the requirement to prepare and file a prospectus in connection with the offer of the Offer Shares under the Norwegian Securities Trading Act of 19 June 1997.

Singapore

This prospectus has not been and will not be lodged with and registered by the Monetary Authority of Singapore as a prospectus under the Securities and Futures Act (Cap 289) of Singapore (the "**SFA**") and the Offer Shares will be offered in Singapore pursuant to exemptions invoked under Subdivision 4, Division 1, of Part XIII of the SFA. Accordingly, this prospectus and any other Offering document or materials in connection with the offer of the Offer Shares may not be issued, circulated or distributed in Singapore nor may any of the Offer Shares be offered for subscription or purchase or made the subject of an invitation or offer for subscription or purchase, whether directly or indirectly, to the public or any member of the public in Singapore other than: (a) pursuant to, and in accordance with the conditions of, exemptions invoked under Subdivision 4, Division 1, of Part XIII, particularly sections 272B, 274 and 275, of the SFA and to persons to whom the Offer Shares may be offered or sold under such exemptions; or (b) otherwise pursuant to, and in accordance with the conditions of any other provision of the SFA (including any resale restrictions under Section 276 of the SFA).

Switzerland

The Offer Shares may not be offered or sold directly or indirectly in Switzerland, except in circumstances which will not result in the offer of the Offer Shares being a public offering in Switzerland within the meaning of the Swiss Code of Obligations.

Taiwan

The Offer Shares have not been and will not be registered with the Financial Supervisory Commission of Taiwan and are not being offered for subscription or sold and may not be offered for subscription or sold, directly or indirectly, in Taiwan.

United Kingdom

This document is being distributed only to, and is directed only at, persons (a) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion Order) 2005, as amended (the "**Order**"), (b) falling within Article 49(2)(a) to (d) of the Order; and (c) to whom it may otherwise lawfully be distributed (all such persons together with qualified investor (as defined in the Prospective Directive) being referred to as "relevant persons"). This document must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. Any investment or investment activity to which this document relate is available only in the United Kingdom to relevant persons, and will be engaged in only with such persons.

United States

The Offer Shares have not been and will not be registered under the US Securities Act or any state securities laws of the US for offer or sale in the Global Offering, including the International Placing. The Offer Shares may not be offered or sold within the US or except in transactions exempt from the registration requirements of the US Securities Act. The Global Coordinator, on behalf of the International Underwriters, has advised us that the International Underwriters propose to offer and sell the Offer Shares:

- in the United States, only through U.S. broker-dealers registered as such under the United States Securities Exchange Act of 1934 to persons whom they reasonably believe to be QIBs in reliance on Rule 144A; and

- outside the United States in offshore transactions in reliance on Regulation S under the US Securities Act and in accordance with applicable foreign laws.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including any additional Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option and any options that may be granted under Share Option Scheme) and the Capitalisation Issue. Save as disclosed in this prospectus, no part of our Share or loan capital is listed on or dealt in on any other stock exchange. At present, we are not seeking or proposing to seek such listing of, or permission to deal in, our Shares or loan capital on any other stock exchange.

HONG KONG BRANCH REGISTER AND STAMP DUTY

All of the Shares issued and sold pursuant to applications made in the Hong Kong Public Offer and the International Placing will be registered on our branch register of members to be maintained in Hong Kong. Our principal register of members will be maintained by our Company's principal share registrar in the Cayman Islands.

Dealings in the Shares registered in our Hong Kong branch register will be subject to stamp duty in Hong Kong.

Unless we determine otherwise, dividends payable in Hong Kong dollars in respect of Shares will be paid to the Shareholders listed on our Hong Kong branch share register, by ordinary post, at the Shareholders' risk, to the registered address of each Shareholder.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, the Shares on the Stock Exchange and our compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for the Shares to be admitted into CCASS.

PROFESSIONAL TAX ADVICE RECOMMENDED

Applicants for the Offer Shares should consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding, disposing of and dealing in the Shares. It is emphasised that none of us, the Selling Shareholder, the Sponsor, the Underwriters, any of our and their respective directors, agents or advisers or any other person involved in the Global Offering accepts responsibility for any tax effects or liabilities of holders of the Shares resulting from the subscription, purchase, holding or disposal of the Shares.

PROCEDURE FOR APPLICATION FOR HONG KONG OFFER SHARES

The procedure for applying for the Hong Kong Offer Shares is set out in the section headed "How to Apply for the Hong Kong Offer Shares" in this prospectus and on the relevant Application Forms.

STRUCTURE OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure and Conditions of the Global Offering".

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. HAN Jia-Hwan (韓家寰)	Flat F, 11/F, Tower 12A Costa Del Sol Laguna Verde 8 Laguna Verde Avenue Hunghom Bay Kowloon Hong Kong	Taiwanese
Mr. CHANG Tiee-Shen (張鐵生)	5/F, No.39, Sec 2 Chen-te Road Taipei Taiwan	Taiwanese
Mr. CHEN Fu-Shih (陳福獅)	No. 8, Lane 10 Zhongyi Road Tainan Taiwan	Taiwanese
Non-executive Directors		
Mr. HAN Chia-Yau (韓家宇)	10/F, No. 20, Lane 154 Chung-cheng Road, Section 2 Taipei Taiwan	Taiwanese
Mr. HARN Jia-Chen (韓家宸)	No.6, Alley 3, Lane 8 Tsui Feng Street Hsi-chi Taipei County Taiwan	Taiwanese
Mr. Nicholas W. ROSA	44 Bogus Hill Road New Fairfield CT 06812 U.S.A.	American

DIRECTORS

Name	Address	Nationality
Independent non-executive Directors		
Mr. LIU Fuchun (劉福春)	No. 3, 16/F Beili West Quarter Donghua City Chongwen District Beijing China	Chinese
Dr. CHEN Chih (陳治)	102 Grand Hills Jing Shun Road Chao Yang District Beijing China 100015	American
Mr. PAI Nai-Yu (白迺玉)	20655 Acadia Ct. Cupertino, California 95014 U.S.A.	American

PARTIES INVOLVED IN THE GLOBAL OFFERING

Global Coordinator, Sole Bookrunner, Sponsor and Lead Manager	Cazenove Asia Limited 50th Floor, One Exchange Square 8 Connaught Place Central Hong Kong
Co-Lead Managers	China International Capital Corporation (Hong Kong) Limited Suite 2307, One International Finance Centre 1 Harbour View, Central Hong Kong
	Guotai Junan Securities (Hong Kong) Limited 27th Floor, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong
	Polaris Capital (Asia) Limited Room 6503-06 The Center 99 Queen's Road Central Hong Kong
Co-Managers	BOCI Asia Limited 26th Floor, Bank of China Tower 1 Garden Road Hong Kong
	First Shanghai Securities Limited 19/F., Wing On House 71 Des Voeux Road Central Hong Kong
	Taifook Securities Company Limited 25/F New World Tower 16-18 Queen's Road Central Hong Kong
Legal advisers to our Company	*As to Hong Kong law:* Kirkpatrick & Lockhart Preston Gates Ellis 35th Floor Two International Finance Centre Central Hong Kong

As to Taiwan law:
Kirkpatrick & Lockhart Preston Gates Ellis
2/F, 131 Min Sheng E. Road, Sec. 3
Taipei, Taiwan 105

As to PRC law:
King & Wood PRC Lawyers
28-29th Floor, Huai Hai Plaza
1045 Huai Hai Road (M)
Shanghai 200031
PRC

As to Cayman Islands law:
Appleby
5511 The Center
99 Queen's Road Central
Hong Kong

As to Vietnamese law:
Vision & Associates Legal
Unit 1801, 18th Floor, Saigon Trade Center
37 Ton Duc Thang, District 1
Ho Chi Minh City
Vietnam

As to Malaysian law:
Kadir Andri & Partners
8th Floor, Menara Safuan, 80 Jalan Ampang
50450 Kuala Lumpur
Malaysia

Legal adviser to the Sponsor and the Underwriters

As to Hong Kong and United States laws:
Coudert Brothers
in association with
Orrick, Herrington & Sutcliffe LLP
39th Floor
Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

Auditors and reporting accountants

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central
Hong Kong

Property valuer	Sallmanns (Far East) Limited 22nd Floor, Siu On Centre 188 Lockhart Road Wai Chai Hong Kong
Receiving banker	Standard Chartered Bank (Hong Kong) Limited 15th Floor, Standard Chartered Tower 388 Kwun Tong Road Kwun Tong Kowloon Hong Kong

Registered office	Clifton House 75 Fort Street George Town P.O. Box 1350 Grand Cayman KYI-1108 Cayman Islands
Head office in the PRC	22nd Floor, Office Tower 1 Henderson Center 18 Jianguomen Nei Avenue Dong Cheng District Beijing 100005 People's Republic of China
Principal place of business in Hong Kong	Suite 1806, Tower 1, The Gateway No. 25 Canton Road Tsimshatsui, Kowloon Hong Kong
Company's website	www.dfa3999.com *(information contained in this website does not form part of this prospectus)*
Qualified accountant	Mr. Wong Hing Keung, *AHKICPA, FCCA, MPA*
Company secretary	Ms. Li Lau Lai Hing Joanna *(Solicitor)*
Authorised representatives	Mr. Han Jia-Hwan Flat F, 11/F, Tower 12A Costa Del Sol Laguna Verde 8 Laguna Verde Avenue Hunghom Bay Kowloon Hong Kong
	Ms. Li Lau Lai Hing Joanna Ground Floor, Block E Wing Hing Court Shun Tat Road Tuen Mun New Territories Hong Kong
Audit committee	Mr. Pai Nai-Yu *(Chairman)* Mr. Liu Fuchun Dr. Chen Chih

Remuneration committee	Mr. Liu Fuchun *(Chairman)* Mr. Han Chia-Yau Mr. Han Jia-Hwan Mr. Pai Nai-Yu Dr. Chen Chih
Nomination committee	Dr. Chen Chih *(Chairman)* Mr. Harn Jia-Chen Mr. Han Jia-Hwan Mr. Liu Fuchun Mr. Pai Nai-Yu
Compliance adviser	Cazenove Asia Limited 50th Floor, One Exchange Square 8 Connaught Place Central Hong Kong
Principal bankers	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong DBS Bank (Hong Kong) Limited The Center 99 Queen's Road Central Central Hong Kong
Cayman Islands principal share registrar and transfer office	Butterfield Fund Services (Cayman) Limited Butterfield House 68 Fort Street P.O. Box 705 Grand Cayman KY1-1107 Cayman Islands
Hong Kong branch share registrar and transfer office	Tricor Investor Services Limited 26/F Tesbury Centre 28 Queen's Road East Wanchai Hong Kong

This section contains information and official statistics relating to the economies in the PRC, Vietnam and Malaysia and the industry in which we operate. We have derived such information and official data partly from publicly available government official sources and industry sources which have not been independently verified by us, the Underwriters or any of their respective affiliates or advisers. The official information in such government official sources and industry sources may not be consistent with the information compiled within or outside the PRC, Vietnam and Malaysia. We make no representation as to the correctness or accuracy of such official information and accordingly such official information should not be unduly relied on. We have taken such care as we consider reasonable in the reproduction and extraction of such official information.

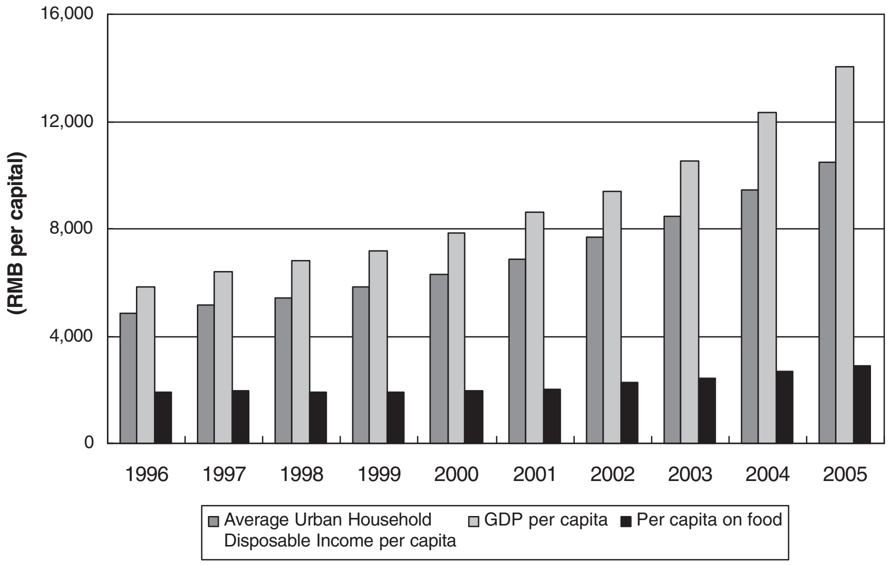
OVERVIEW OF THE PRC ECONOMY

The PRC economy has grown rapidly over the past two decades. According to the National Bureau of Statistics of the PRC, from 1996 to 2005, the GDP of the PRC achieved a CAGR of 11.3%, making the PRC one of the fastest developing economies in the world. According to the World Bank, the PRC was the fourth largest economy in the world with GDP of approximately USD2,234 billion for 2005.

The PRC has a population of approximately 1.3 billion as at 31 December 2005, according to the National Bureau of Statistics of the PRC, and there has been an accompanying increase in consumer purchasing power.

The annual GDP per capita of the PRC increased from approximately RMB5,846 (approximately USD757.3) in 1996 to approximately RMB14,040 (approximately USD1,818.7) in 2005, representing a CAGR of approximately 10.2%. During the same period, the average urban household disposable income per capita increased from approximately RMB4,839 (approximately USD626.8) to approximately RMB10,493 (approximately USD1,359.2), representing a CAGR of approximately 9.0%. Although the household disposable income per capita is still lower than those of many major economies, it indicates the large potential for growth of the PRC economy before it reaches the level of those economies. The following diagram shows the GDP per capita, the expense per capita on food and the average urban household disposable income per capita in the PRC from 1996 to 2005.

The GDP per capita, the expense per capita on food and the average urban household disposable income per capita in the PRC



Source: National Bureau of Statistics of the PRC

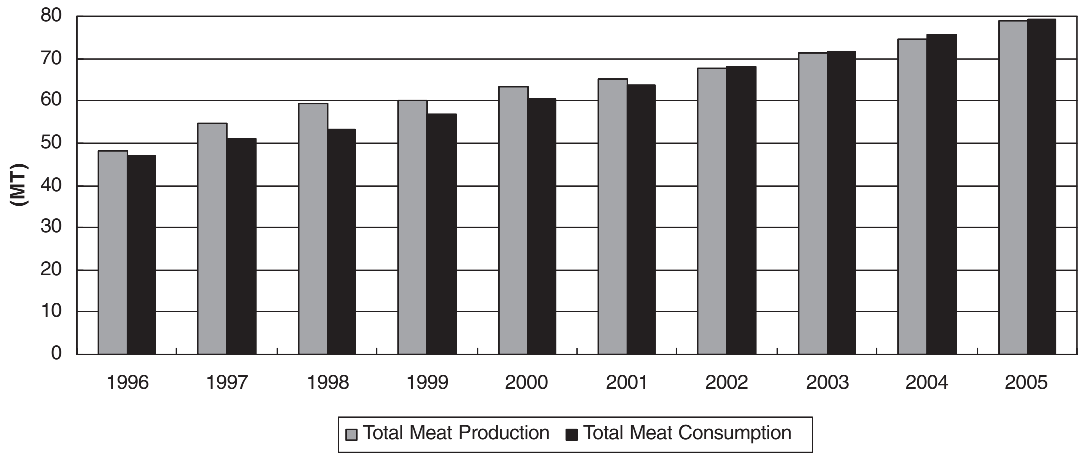
According to the National Bureau of Statistics of the PRC, an urban household in the PRC spent approximately RMB2,914 (approximately USD377.5) per capita on food in 2005, amounting to approximately 36.7% of total living expenditure on average, more than on any other single item. As GDP and personal disposable income continue to grow, we expect that consumers will seek a greater range of choices and that they will increasingly demand nutritious, convenient and hygienic quality food, while focusing less on mere quantity.

THE MEAT INDUSTRY IN THE PRC

Raw meat production and consumption

Driven by the increase in population, living standards and income, the PRC market for meat has experienced steady growth in the past decade. Between 1996 and 2005, the total raw meat product production in the PRC grew from approximately 48.1 MT to approximately 78.8 MT, representing a CAGR of approximately 5.6%. and making the PRC the largest meat product producing country in the world in 2005 according to the FAO. The following table shows the annual production and consumption of raw meat by volume in the PRC between 1996 and 2005.

Total meat production and total meat consumption in the PRC



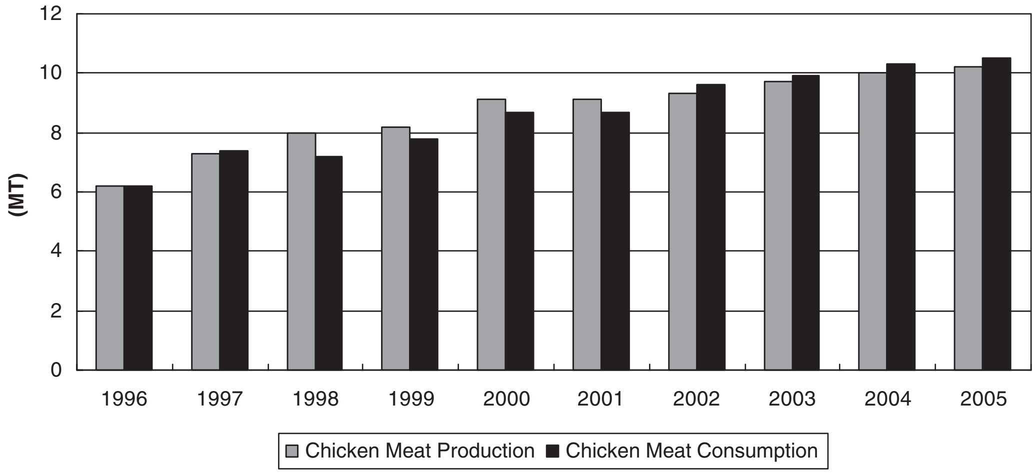
Source: FAO

We expect the PRC to experience continuing growth in the market for raw meat products, driven by increasing economic prosperity in the PRC and continuing population growth.

Chicken meat production and consumption

In line with the increase in meat consumption in the PRC, chicken meat consumption in the PRC has grown very rapidly in the past decade. Between 1996 and 2005, the total chicken meat production in the PRC grew from approximately 6.2 MT to approximately 10.2 MT, representing a CAGR of approximately 5.7%. The following table shows the annual production and consumption of chicken meat by volume in the PRC between 1996 and 2005.

Chicken meat production and consumption by volume in the PRC

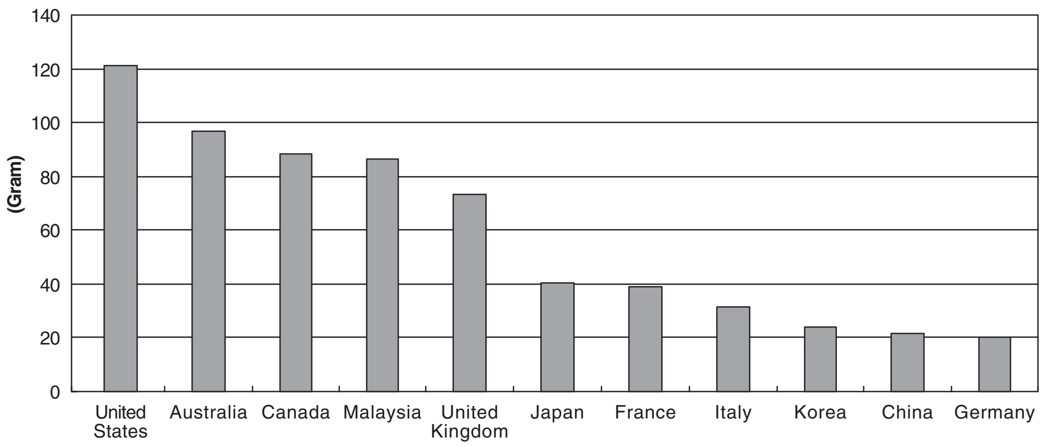


Source: FAO

Chicken meat consumption per capita comparison

Below is the chicken meat consumption per capita in the PRC compared with developed and developing countries for 2005.

Chicken meat consumption per capita per day



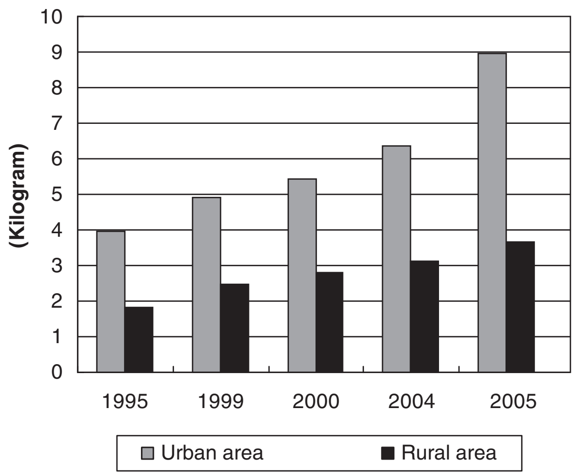
Source: FAO

The above table shows that the chicken meat consumption per capita in the PRC is still low compared to other countries.

Poultry consumption per capita

Below is the poultry consumption per capita per year in the PRC in both urban and rural areas.

Poultry consumption per capita per year in the PRC



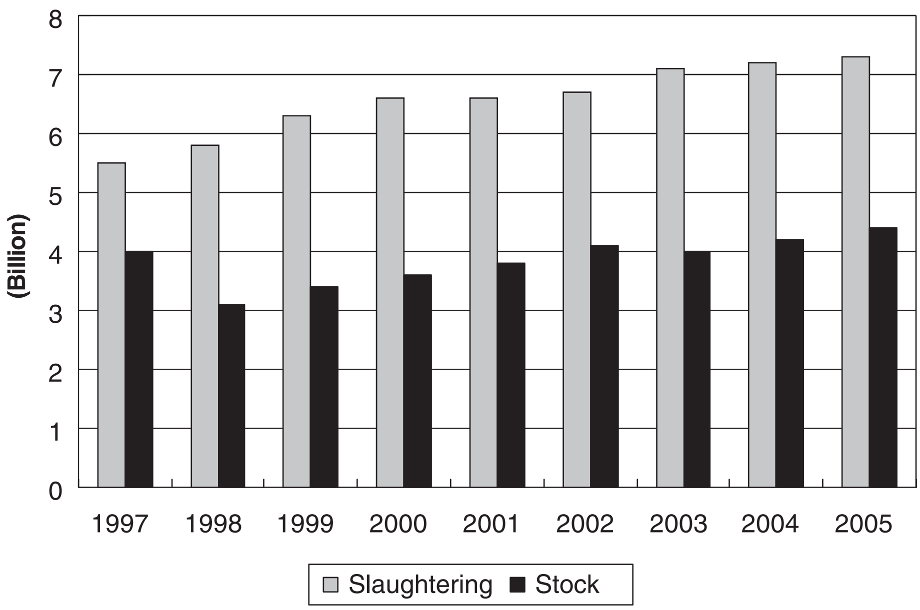
Source: China Statistical Yearbook 1999, 2000 and 2006

The above table shows the poultry consumption per capita in the PRC has grown consistently in the past decade. The CAGR of the poultry consumption per capita was 10.5% in urban areas and 5.5% in rural areas respectively from 2000 to 2005. It is expected that the poultry consumption will continue to grow in the PRC in the future.

Chicken breeding and slaughtering

Below is the table which shows the year-end chicken in stock and slaughtering of chicken per year in the PRC between 1997 and 2005.

Year-end chicken in stock and slaughtering in the PRC



Source: China Animal Agriculture Association (中國畜牧業協會)

Although the increase of the chicken slaughtering in the PRC is lower than that of the GDP per capita between 1995 and 2005, chicken slaughtering has still been increasing consistently since 1998. In contrast, year-end chicken in stock has fluctuated between 1997 and 2005. Chicken in stock was increasing from 1998 until 2002, but dropped in 2003. Since 2003, chicken in stock in the PRC has been increasing despite the second outbreak of avian influenza in 2005.

To the best knowledge of our Group, the reasons for gap between the number of chickens slaughtered per year and the number of chickens in stock at the year-end are (i) the time required to grow a chicken is around 2-3 months, and 4-6 batches of chickens can be raised within a year; and (ii) not all chickens raised within a single year are slaughtered in that year, and not all live chickens are in stock as at year-end date. As such, there is a continuing gap between the number of chickens slaughtered per year and the number of chickens in stock at the year-end, with the former being larger than the latter.

Ranking of chicken slaughtering in the PRC

According to China Meat Association (中國肉類協會), the rank of the enterprises in terms of the number of the chickens slaughtered in 2005 is as follows:

1. NAC, the wholly-owned subsidiary of our Company

2. 山東鳳祥(集團)有限責任公司 (Shandong Fambros (Group) Co., Ltd.*)

3. 吉林德大有限公司 (Jilin Deda Co., Ltd.*)

4. 內蒙古草原興發股份有限公司 (Inner Mongolia Prairie Xingfa Co., Ltd.*)

5. 諸城外貿有限責任公司 (Shandong Zhucheng Foreign Trade Group Corporation*)

6. 河南大用實業有限公司 (Henan Dayong Industrial Co., Ltd.*)

7. 青島九聯集團股份有限公司 (Qingdo Nine-Alliance Group Co., Ltd.*)

8. 山東六和集團有限公司 (Shandong Liuhe Group Co., Ltd.*)

9. 北京大發正大有限公司 (Beijing Dafa Chiatai Co., Ltd.*)

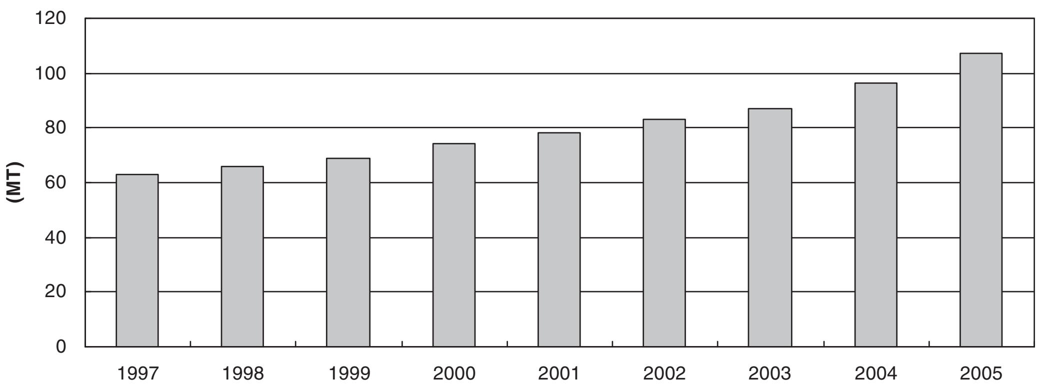
10. 河南省淇縣永達食業(集團)有限公司
(Henan Province Qi County Youngda Food Industry Co., Ltd.*)

THE FEEDS INDUSTRY

The PRC

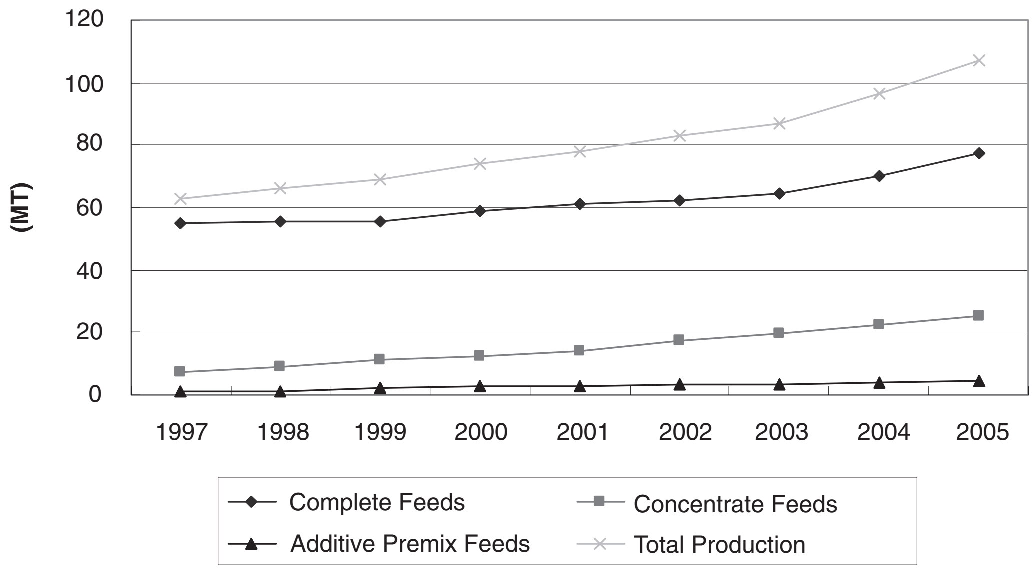
The following table shows the growth of feed productions in different categories over the past decade. Since 1997 feed production in the PRC has been growing steadily. The CAGR was 6.9% between 1997 and 2005.

Total feed production in the PRC



Source: China Feed Industry Yearbook (中國飼料工業年鑑)

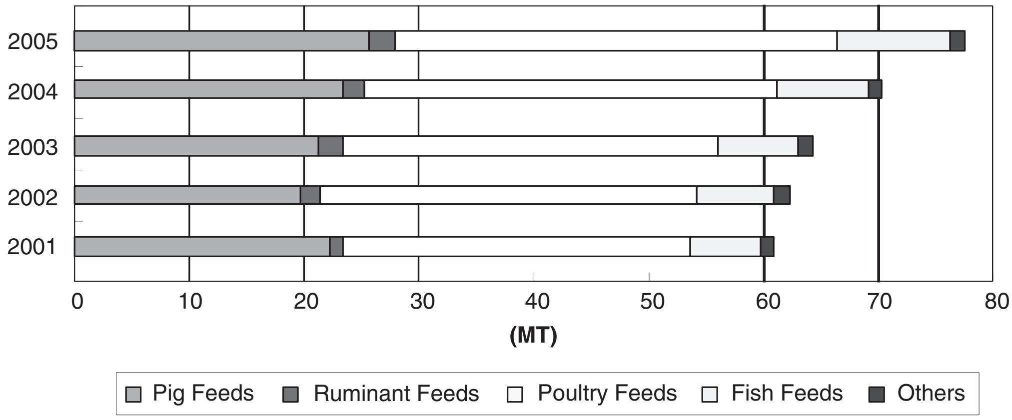
Feed production by segment



Source: China Feed Industry Yearbook (中國飼料工業年鑑)

The total production of feed had a stable growth between 1997 and 2005.

Complete feed production by animal type in the PRC



Source: *China Feed Industry Yearbook (中國飼料工業年鑑)*

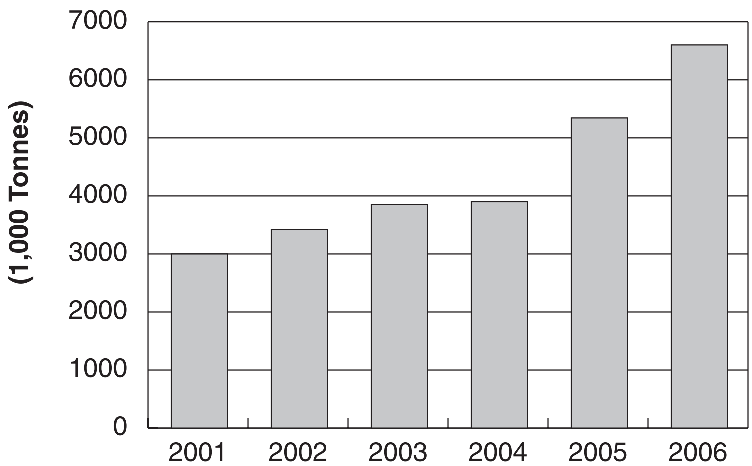
All of the pig feeds, ruminant feeds, poultry feeds and fish feeds recorded growth in the past five years.

Backed up by the large population and the continuing economic growth in the PRC, the feed industry is expected to enjoy a rapid growth together with the increase in the meat consumption in the PRC in the future.

Vietnam

The following chart illustrates the total feed production in Vietnam from 2001 to 2006:

Total feed production in Vietnam



Source: *Vietnam Feed Association*

The breakdown of gross output of some leading companies is as follows:

Unit: 1,000 Tonnes

Company	2001	2002	2003	2004	2005	2006 complete[1]	2006 concentrate[2]
Charoen Pokphand Group	398.7	584.0	603.9	662.2	719.1	795.5	45.5
Proconco Co.	278.1	356.4	449.0	480.6	624.4	540.1	62.8
Our Group:							
ANT-HN & ANT-VN	75.4	129.7	178.7	127.6	222.0	317.6	24.8
Cargill Vietnam	116.3	278.2	292.2	396.5	356.8	231.0	110.0
Other FDI[3]	230.0	286.7	384.4	725.0	593.0	700.0	110.0

Source: Vietnam Feed Association

Note 1: The feed that contains various ingredients according to the formula based on the animals' nutrition needs, and which can satisfy the animal's nutrition needs (except water);

Note 2: The feed contains protein, mineral and pre-mixed additives mixed evenly at the particular proportion;

Note 3: Foreign direct investment companies.

Malaysia

Top feed producers in Malaysia*

Unit: 1,000 Tonnes

Company	2004	2005	2006
Chern Tek	150	157	197
Great Wall Malaysia	103	102	167
Farmix	60	62	64
Yenher	60	63	64
Depco	52	53	53
Trizon	48	53	50

Note:

* *Limited to breeder and pig feeds only*

Source: Federation of Livestock Farmers' Associations of Malaysia

Quick-service restaurant industry in the PRC

Quick-service restaurants have been growing rapidly in the PRC in recent years, particularly for established branded chains. Yum! China Division reached 2,631 outlets in 2006, including 1,882 units of KFC and 254 units of Pizza Hut in the PRC. In the mean time, the units of McDonald's in the PRC increased from 430 in 2001 to 784 in 2006. According to the annual reports of Yum!, in the future, units of KFC and Pizza Hut in the PRC are expected to increase to over 15,000 and over 2,000 respectively.

Quick-service restaurant chains in the PRC

Units	2002	2003	2004	2005	2006
Yum! China Division[(1)]	1,380	1,615	1,905	2,291	2,631
- KFC	1,192	1,410	1,657	1,981	2,258
- Pizza Hut	182	204	246	305	365
- Taco Bell	—	1	1	2	2
Dicos	246	300	400	500	600

Notes:

(1) Yum! China Division was established in Shanghai in 1993 and provides operations, development, marketing, financial, human resources, public affairs and franchise support to all Yum! brands restaurants in the PRC, Taiwan and Thailand, including KFC, Pizza Hut and Taco Bell.

Source: *Yum! China Division: 2006 Annual Report of Yum.*
Dicos: Website of Dicos

THE REGULATORY SYSTEM IN THE PRC AND VIETNAM IN RELATION TO OUR BUSINESS

The laws regulating the production, distribution and sale of chicken meat, processed foods and feeds in the PRC and Vietnam include, but not limited to, the Food and Hygiene Law of the PRC (中華人民共和國食品衛生法) (the "**Food and Hygiene Law**"), the Environmental Protection Law of the PRC (中華人民共和國環境保護法) (the "**Environmental Protection Law**") and other laws and regulations relating to food hygiene and standardisation of exports of the PRC and Vietnam. Certain important provisions of the above laws and regulations relating to the chilled and frozen chicken, processed foods and feeds industry are set out below.

The PRC

Food and Hygiene Law of the PRC (中華人民共和國食品衛生法)

The Food Hygiene Law, which was promulgated in 1995, is the principal law regulating the production, operation and supervision of food. The Food Hygiene Law sets out the requirements in the various aspects of hygiene standards of food and food additive production operation, food packaging and containers and the prescribed contents of food packaging labels, as well as stipulating the hygiene requirements in respect of premises, facilities and equipment for food production, transportation and trading.

The Ministry of Health is in charge of the regulation and supervision of food hygiene in the PRC. The Food Hygiene Law provides that, enterprises intending to be engaged in food production operation must first obtain hygiene permits issued by local administrative departments of public health prior to being allowed to make applications to the local administrative departments of industry and commerce responsible for issuing business licences. Without a health permit, no one is allowed to engage in the activities of food production operation.

The Food Hygiene Law provides that certain hygiene requirements must be conformed to during the food production process, including but not limited to the following items:

- The environment inside and outside shall be clean and tidy and prescribed distances shall be kept from any toxic or dangerous sites;
- The layout of installations and the application of craftsmanship processes shall be designed to prevent cross-contamination among finished products, work-in-progress and raw materials;
- Facilities and installations for packaging, transportation and storage of food must be safe and kept clean; and

- Operators of food production shall maintain a constant standard of personal hygiene, wash their hands thoroughly and wear clean work clothes and headgear when preparing or selling food.

They Food Hygiene Law provides food packaging labels or product description must be clearly printed and easily identifiable and contain the following information, subject to the requirements of different products, which must be correct and not misleading:

- Name of product;
- Place of manufacture;
- Name of manufacturer;
- Date of manufacture;
- Approval number or code number;
- Specifications;
- Formula or major ingredients;
- Date of expiration of quality warranty;
- Method of consumption or use.

Enterprises in violation of the provisions of the Food Hygiene Law will, subject to individual circumstances, either be warned, ordered to rectify, have illegal gains confiscated, fined, ordered to stop production operation, required to make immediate an announcement recalling food sold, forfeited hygiene permit, or invoked criminal liability against the enterprises and its officers where serious harms on body health have been inflicted by matters.

Administration of Industrial Product Production Licences Regulations of the PRC (中華人民共和國工業產品生產許可證管理條例)

Promulgated in 2005, Administration of Industrial Product Production Licences Regulations of the PRC ("**Industrial Product Production Licences Regulations**") implements a production licensing system on enterprises that engage in the production of the important industrial products listed in the Catalogue of Industrial Products Subject to Production Licensing ("**Licensing Catalogue**"). Enterprises that produce products listed in the Licensing Catalogue, such as dairy products, meat products, beverages, rice, noodles, edible oil and alcohol, must apply to the provincial-level department in charge of industrial product production licences for a production licence. No enterprise may produce the products in the Licensing Catalogue without obtaining a production licence.

Regulations on the Management of Feed and Feed Additives of the PRC (飼料和飼料添加劑管理條例)

Regulations on the Management of Feed and Feed Additives of the PRC, which was promulgated in 1999 and emended in 2001, sets out requirements and standards for the production, operation and management of feed and feed additives.

According to the Regulations on the Management of Feed and Feed Additives, the creation of feed, feed additives manufacturing enterprises, in addition to complying with the law, administrative regulations in the establishment of conditions, should also meet the following requirements:

- plants and equipment, process and storage facilities which was suitable for feed production, feed additives;
- full-time technical staff who are suitable for production of feed and feed additives;
- necessary product quality testing mechanism, inspection staff and testing facilities;
- production environment meets the national safety and hygiene requirements;
- pollution control measures in line with the state environmental protection requirements.

Enterprises which satisfy the requirements listed above, after being examined by the authorities of the State Council's agricultural administrative departments or feed management departments in provinces, autonomous regions, and municipal governments, can apply for business registration procedures.

After being examined by the relevant authorities of agricultural administrative departments of the State Council or feed management departments, the enterprises producing feed additives and pre-mixed feed additives are entitled to get a license issued by the State Council department in charge of it.

The State Council Office's Opinion on Rectifying and Regulating Market Order of Live Poultry Operations and Strengthening the Prevention and Control Work on High-pathogenic Avian Influenza (國務院辦公廳關於整頓和規範活禽經營市場秩序加強高致病性禽流感防控工作的意見)

The State Council Office's Opinion on Rectifying and Regulating Market Order of Live Poultry Operations and Strengthening the Prevention and Control Work on High-pathogenic Avian Influenza ("**the Opinion**") which was promulgated in 2006.

The Opinion provides that it is a measure of great importance to effectively prevent and control the outbreak and spread of high-pathogenic bird influenza through rectifying and regulating market order of live poultry operations and strengthening market supervision.

Environmental Protection Law of the PRC (中華人民共和國環境保護法)

Promulgated in 1989, the Environmental Protection Law of the PRC has formulated the legal framework for environmental protection in the PRC. The purposes of the Environmental Protection Law are to protect and enhance living environment, prevent and cure contamination and other public hazards, and safeguard human health. The State Administration for Environmental Protection ("**SAEP**") implements uniform supervision and administration of environmental protection work nationwide and formulates the national waste discharge standards. Local environmental protection bureaus at county level and above are responsible for the environmental protection in their jurisdictions.

Enterprises producing environmental contamination and other public hazards must incorporate environmental protection work into their planning and establish environmental protection systems. Those enterprises should also adopt effective measures to prevent contamination and hazards to the environment, such as waste gas, water, deposits, dusts, pungent gases, radioactive matters as well as noise, vibration and magnetic radiation.

Government authorities shall impose different penalties against persons or enterprises in violation of the Environmental Protection Law depending on the individual circumstances and the extent of contamination. Such penalties include warnings, fines, decisions to impose deadlines for cure, orders to stop protection, orders to re-install contamination prevention and cure facilities which have been removed or left unused, imposition of administrative actions against relevant responsible persons, or orders to close down those enterprises or authorities. Any of the above penalties together with fines may be imposed by government authorities. Where the violation committed is serious, persons in violation may be required to pay damages to victims. Persons directly responsible may be subjected to criminal liability.

Laws Governing Prevention of Water and Air Pollution

The Law on the Prevention and Treatment of Water Pollution of the PRC (中華人民共和國水污染防治法), promulgated in 1984 and amended in 1996 and the Law for the Prevention and Treatment of Air Pollution of the PRC (中華人民共和國大氣污染防治法), promulgated in 1987 and amended in 2000, set out the legal framework for the prevention and treatment of water and air pollution. The environmental protection authorities at various levels of the government are required to implement a centralised system of supervision and administration in relation to the prevention and elimination of water and air pollution. The State Environmental Protection Administration formulates the national standards on water and air quality and standards in relation to the discharge of pollutants.

Construction, expansion and alteration projects which discharge pollutants into water or the air must comply with relevant regulations. An enterprise which discharges pollutants into water or the air must submit a report to the local environmental protection authority giving details of pollutant discharge facilities and treatment facilities which it applies and the types, quantity and concentration of pollutants which it discharges. It must also provide technical information in respect of pollution prevention and elimination. The pollutants discharged by enterprises into water or the air shall not exceed the discharge standard stipulated by the central and local authorities. Any sewage charge should be paid according to the types and quantities of pollutants discharged.

With regard to any violation of the provisions of the Law on the Prevention and Treatment of Water Pollution or the Law on the Prevention and Treatment of Air Pollution, environmental protection authorities may require the enterprise responsible for such violation to stop the discharge of pollutants and rectify the problem by a certain deadline, issue a warning, impose a fine or require the suspension of the enterprise's business or even its closure. Enterprises which create water or air pollution hazards are responsible for eliminating such hazards, and must compensate those directly affected by the pollution for their losses.

Law of Animal Epidemic Prevention of the PRC (動物防疫法)

The Law of Animal Epidemic Prevention of the PRC, which came into force on 1 January 1998, has set up a legal framework on quarantine of animal and animal products, epidemic prevention and health protection in the PRC. The supervisory department for veterinary medicine is the principal authority of animal epidemic prevention.

In accordance with the law of animal epidemic prevention,

- Quarantine supervision shall be implemented on animal slaughtering which shall pass quarantine inspection prior to becoming foods;
- Delivery equipment, containers and packaging used for food must conform to the epidemic prevention conditions set by the administrative department for husbandry and veterinary medicine of State Council;
- Animal food for sales and delivery shall have quarantine certification and inspection label for sales and delivery;
- Quarantine certification shall not be transferable, altered or imitated.

In respect of enterprises in violation of the law of animal epidemic prevention, the animal epidemic prevention supervisory authorities shall impose warnings, orders to stop operation, orders to rectify, penalties, shall confiscate illegal gains and unsold animals and animal food, depending on individual circumstances. Criminal liabilities may also be imposed in accordance with the laws.

Administrative Measures for Meat and Meat Product Hygiene of the PRC (肉與肉製品衛生管理辦法)

"Administrative Measures for Meat and Meat Product Hygiene of the PRC" was promulgated by Ministry of Health on 20 November 1990. On 29 May 1996, Circular of Ministry of Health concerning the Amendments to Partial Contents of Current Department Rules in accordance with the Law (衛生部關於依法修定現行部門規章部分內容的通知) reiterated that this policy shall have effect in response to the implementation of "Food Hygiene

Law". This policy set out clear regulation to particularly aim at hygiene supervising administration of chilled (frozen) poultry and livestock meat and its products. Such administrative measures have more refined rules in certain areas, such as the layout of slaughtering and processing factories, inspection procedures of slaughtered poultry and livestock, handling procedures of slaughtered poultry and livestock, warehousing and delivery.

Measures of Food Safety Management in Circulation Domain of the PRC (流通領域食品安全管理辦法)

Measures of Food Safety Management in Circulation Domain of the PRC (the "**Measures**"), which was promulgated by the Ministry of Commerce on 19 January 2007, and came into effect on 1 May 2007, is one of the laws governing food circulation and food safety in wholesale and retail markets. The Measures provide requirements that include but are not limited to the following: the markets and dealers shall obtain relating licenses required by relating laws and regulations such as business license; the operation environment of food shall comply with the general standard provided by food-safety and sanitation laws and regulations.

Vietnam

Ordinance on Food Hygiene and Safety of Vietnam

Ordinance on Food Hygiene and Safety No.12/2003/PL-UBTVQH (the "**OHS**"), which was promulgated on 26 July 2003 and taking effect as from 1 November 2003, is the principal law regulating the assurance of food hygiene and safety in the process of food production and business; the prevention and overcoming of food poisoning and diseases transmitted food. OHS sets out a number of requirements in the various aspects of hygiene standards of food and food additive production operation, food packing and containers and the prescribed contents of food packing labels.

The Ministry of Health is in charge of the regulation and supervision of food hygiene in Socialist Republic of Vietnam ("**Vietnam**"). OHS provides that organisations and individuals that manufacture and trade in food sector in accordance with business registration must publicise the application of Vietnamese Standards according to the prevailing regulations; in case of publication of establishment standards, such standards must not be lower than the branch standard and the Vietnamese standard and must strictly comply with standard they have published and the food hygiene and safety regulations promulgated by competent State Agencies.

Decree No.15/CP on the Management of Animal Feeds of Vietnam

Decree No.15/CP on the Management of Animal Feeds (the "**Decree 15**") which was promulgated on 19 March 1996, is the principal regulation providing for management in manufacture, trading, export and import of animal feeds.

Under Decree 15, enterprises engaged in manufacture of animal feeds in territory of Vietnam have to satisfy the following conditions:

- To have location, workshop and equipment and a technological process for manufacture of animal feeds that may ensure the norms in quality, veterinary and environmental hygiene;
- To have conditions or means to check the quality of the raw materials and products before their issue from the factory; and
- To have technical personnel who may meet the needs of production technology and check the quality of the animal feeds.

The enterprise engaged in manufacture of animal feeds must register their commodity quality standards in accordance with the prevailing regulations and before marketing the feeds must go through laboratory test and have the result of the check and a specimen filed for monitoring. Enterprise shall be allowed to manufacture only such animal feeds that meet the quality standards and have their quality registered and stuck with a trademark and enterprise that manufactures or does business in animal feeds is not entitled to manufacture and trade at the same location other commodities which are noxious.

Law on Environmental Protection of Vietnam

Law on Environmental Protection No.52/2005/QH11 (the "**LEP**"), which was promulgated on 29 November 2005 and taking effect as at 1 July 2006, has formulated the legal framework for environmental protection in Vietnam. LEP provides for activities of environmental protection; policies, measures and resources for environmental protection; rights and obligations of organisations, households and individuals in environmental protection.

Production, business and service establishments must comply with the following environmental protection requirements:

- Putting in place a wastewater collection and treatment system meeting environmental standards;
- Where wastewater is transferred to a concentrated wastewater treatment system, regulations set by the organisation that manages the concentrated wastewater treatment system must be complied with;
- Having adequate means and equipment for collection and storage of solid wastes which must be sorted at source;
- Taking measures to minimise and to treat dust and gas emissions up to standards before discharging them into the environment; ensuring that no gas emissions, toxic gas and fume will be leaked or dispersed into the environment; limiting noise, light and heat adversely affecting the surrounding environment and laborers;

- Ensuring adequate resources, facilities and equipment to prevent and respond to environmental incidents, particularly for production establishments using chemicals, radioactive substances, inflammables or explosives.

Those who violate the environmental protection law shall, depending on the nature and severity of their violations, be administratively sanctioned or examined for penal liability; if causing environmental pollution, degradation or incidents, damage to organisations or other individuals, they must remedy pollution, rehabilitate the environment and pay compensation for such damage in accordance with the provisions of LEP and other relevant laws.

Ordinance on Veterinary Medicine of Vietnam

The Ordinance on Veterinary Medicine (amended) No.18/2004/PL-UBTVQH11 (the "**OVM**"), which was promulgated on 29 April 2004 and effective as at 1 October 2004, has set up a legal framework on prevention and treatment of epidemics for animals, quarantine of animals and animal pro-ducts; slaughtering control, veterinary hygiene inspection; management of veterinary drugs, veterinary-use bio-products, microorganisms and chemicals; veterinary practice.

Malaysia

Food Act 1983 of Malaysia

In Malaysia, the Food Act 1983 (Act 281) (the "**Food Act**"), which applies throughout Malaysia, is the legislation which governs the production of food products. The Food Act sets out a number of requirements in relation to food production, and in particular, the following acts are strictly forbidden:

- To produce food containing substances injurious to health.

- To produce food unfit for human consumption.

- To produce adulterated food. Any food shall be deemed to be adulterated if:

  (a) it contains or is mixed or diluted with any substance which diminishes in any manner its nutritive or other beneficial properties as compared with such food in a pure, normal or specified state and in an undeteriorated and sound condition, or which in any other manner operates or may operate to the prejudice or disadvantage of the purchaser or consumer;

  (b) any substance or ingredient has been extracted, wholly or in part, or omitted, from the food and by reason of such extraction or omission, the nutritive or other beneficial properties of the food are less than those of the food in its specified state, or the food operates or may operate to the prejudice or disadvantage of the purchaser or consumer;

(c) it contains or is mixed or diluted with any substance of lower commercial value than such food in a pure, normal or specified state and in an undeteriorated and sound condition;

(d) it contains any substance the addition of which is not permitted by this Act or any regulations made under this Act;

(e) it does not comply with the standard or specification prescribed by any regulations made under this Act;

(f) it contains a greater proportion of any substance than is permitted by this Act or any regulations made under this Act;

(g) it is mixed, coloured, powdered, coated, stained, prepared or otherwise treated in a manner whereby damage or inferiority may be concealed; or

(h) it is in a package, and the contents of the package as originally packed have been removed in whole or in part and other contents have been placed in the package.

In relation to labeling, the Food Act also provides certain conditions and restrictions before the packed food can be delivered from the manufacturing factory, including the following:

- Where a standard has been prescribed for any food, any person who prepares, packages, labels or advertises any food which does not comply with that standard, in such a manner that it is likely to be mistaken for food of the prescribed standard, commits an offence and is liable on conviction to imprisonment for a term not exceeding three years or to a fine or to both; and

- Any person who prepares, packages, labels or sells any food in a manner that is false, misleading or deceptive as regards its character, nature, value, substance, quality, composition, merit or safety, strength, purity, weight, origin, age or proportion or in contravention of any regulation made under this Act commits an offence and is liable on conviction to imprisonment for a term not exceeding three years or to a fine or to both.

Industrial Co-ordination Act 1975 of Malaysia

The Industrial Co-ordination Act 1975 (Act 156) regulates “manufacturing activities” — defined as making, altering, blending, ornamenting, finishing or otherwise treating or adapting any article or substance with a view to its use, sale, transport, delivery or disposal and includes the assembly of parts and ship repairing but shall not include any activity normally associated with retail or wholesale trade. Manufacturing activities in Malaysia can only be engaged upon an issuance of a license hereunder and the licensee can only manufacture products that are specified in the license and may be subject to various conditions, including shareholding equity conditions. In a corporate restructuring involving companies with such licenses, or any share issuance involving a change in the effective interest in those companies, the approval of the Ministry of International Trade and Industry ("**MITI**") will be required. A license may also be revoked at the discretion of MITI if the manufacturer to whom a license is issued has not complied with any condition imposed in the license.

Quality Assurance Programme of Malaysia

The Department of Veterinary Services Malaysia has formulated and implemented a Quality Assurance Programme ("**QAP**") to ensure that the product manufactured meet the required standard. QAP is a management education programme for total quality management. QAP includes certain codes of practice and for the animal feed manufacturing. The code applicable is the Codes of Good Feed Manufacturing for feed mill (the "**Code**"). The Code uses the principles of HACCP (Hazard Analysis Critical Control Point), an internationally recognised system for ensuring safe animal production. The Code assures that livestock products derived fed with this feed are safe and wholesome to eat. The Code also deals with non-safety issues, including product quality and regulatory requirements such as labeling and compliance with waste management regulations.

Law of Environmental Protection of Malaysia

The Environmental Quality Act 1974 (Act 127) sets out the prevention, abetment, control of pollution and enhancement of the environment and for the purposes connected therewith. The Minister in charged with the responsibility for environmental protection, may by regulations specify the acceptable conditions of emission of noise into any area, segment or element of the environment. Unless a license is given, no person shall emit or discharge any environmentally hazardous substances, pollutants or wastes into the atmosphere or any noise greater in volume, intensity or quality. It is an offence if any person contravenes the aforesaid and shall be liable to a fine not exceeding Ringgit Malaysia 100,000 or to imprisonment for a period not exceeding five years or to both and to a further fine not exceeding Ringgit Malaysia 1,000 a day for every day that the offence is continued after a notice by the Director General requiring him to cease the act specified therein has been served upon him.

As confirmed by our Company's legal adviser as to Malaysian law, Great Wall Malaysia does not have any litigation, arbitration, administrative actions, judgments or other legal or governmental proceedings against them or pending or threatened to be made against them or their assets or business which are deemed to be material by the directors of Great Wall Malaysia.

During the Track Record Period, we have not been penalised for any material breach of the abovementioned laws and regulations in the PRC, Vietnam and Malaysia.

OUR HISTORY AND DEVELOPMENT

Great Wall Enterprise, the ultimate holding company of our Group, was incorporated in Taiwan in 1960. The shares of Great Wall Enterprise have been listed on the Taiwan Stock Exchange since 1978. The principal business of Great Wall Enterprise expanded from the production of soybean products, feeds and flours in 1970s to include chicken meat processing in 1990s.

In the early 1990s, under the auspices of Great Wall Enterprise, we started to explore the feed market in the PRC by establishing Liaoning Greatwall in July 1990. At the time of its establishment, Liaoning Greatwall had a registered capital of USD4.2 million. The principal business of Liaoning Greatwall was the production of chicken and pig feeds.

Our Group subsequently set up Dalian Great Wall in December 1995 to engage in the chicken slaughtering and processing business. In April 1997, Yingkou Great Wall was established for feed production in Liaoning Province and in August 1999, it commenced its chicken meat processing business in Liaoning Province. Tieling Greatwall was established for feed production in May 1997 in Changtu, Liaoning Province, and in June 1999 commenced its chicken meat processing business. In March 1999, our Group also acquired Tianjin DaChan through Hong Kong DaChan. Tianjin DaChan has been engaged in chicken slaughtering and processing business in Tianjin since our acquisition. Tianjin DaChan currently conducts chicken slaughtering and processing business in Anqiu, Shandong Province and Bengbu, Anhui Province.

Leveraging on the experience and technology gained from our feed and chicken meat processing business over years in the PRC, we decided to expand our business to processed foods. In May 1995, Kuang-Ming Investment and Miyasun Foods Co., Ltd. formed a joint venture, Miyasun-Great Wall and set up Miyasun Foods in Dalian, the PRC, which is primarily engaged in the production of processed foods for export to Japan. Miyasun Foods Co., Ltd., an Independent Third Party, is a company incorporated in Japan in 1980 and is engaged in the food business. Later, our Group established Dalian Gourmet in August 2000 to engage in the production of processed foods. Our Group further acquired a corporation with production facilities for processed foods in Shanghai in 2000, the name of which was later changed to Shanghai Gourmet in March 2001.

In order to expand our Group's scope of business and geographical spread in the PRC, Heilongjiang Greatwall was set up to manufacture feeds in 2005. In 2006, Changchun Agri and Hunan Greatwall were set up to manufacture feeds.

Since our establishment in the PRC, we have been selling and marketing our feeds and chicken meat products under the brand name of "DaChan" (大成) licensed by Great Wall Enterprise. In 1999, we started to use two brand names, "Dr. Nupak" (補克博士) and "大成雞寶寶". "Dr. Nupak" (補克博士), the use of which has been licensed by Total Nutrition Technologies Co., Ltd., a wholly-owned subsidiary of Great Wall Enterprise, is used on our feed products, and it is the first international brand name of our Group. The logo is used on our chicken meat products. In 2006, we were licensed by Great Wall Enterprise to use another brand name "Snow Yaki" (霜火照燒) for our processed foods.

Backed by the success of Contract Farming achieved by Great Wall Enterprise, our then parent company in Taiwan and for the purpose of implementing our vertically integrated business model, we adopted Contract Farming in the PRC together with the establishment of our chicken slaughtering and processing business. Contract Farming and our chicken slaughtering and processing business are embodied in our vertically integrated business model. Our Group contracts with Contract Farmers near our chicken meat production facilities, and Contract Farming remains to be the main source of our live chickens as the raw material for our chicken meat.

Apart from the PRC, our Group has also established presence in Vietnam and Malaysia. Our feed production business started in Vietnam in April 1995 with the establishment of ANT-VN by ANTIC-VN. With the rapid growth of sales of our feed products, we established ANT-HN, a feed production facility in Hai Duong Province in January 2003.

Our Group's subsidiary in Malaysia, Great Wall Malaysia, was incorporated on 3 August 1990 to expand our feed business in Malaysia. In light of the potential of the local feed market, our Group further expanded the operation by establishing feed production facilities in Malaysia in 1995, and the production commenced in May 1996.

Our revenue derived from sales of chicken meat, feeds and processed foods have increased steadily during the Track Record Period. On the other hand, our sales mix percentages by business and by geographical location remain fairly stable throughout the Track Record Period with no material fluctuations. Please refer to the section on "Financial Information" for a detailed analysis on our Group's financial results.

Our Group has received numerous awards and accreditations since our establishment in the PRC. As recognition of our stringent quality control standards, most of chicken meat production facilities have received HACCP and ISO 9001:2000 certifications, and most of our feed production facilities have received ISO 9001:2000 certifications. We have been recognised as an advanced technology enterprise (先進技術企業) and a prominent foreign investment enterprise (優秀外商投資企業). Our products were named "China's Famous Brand Product" (中國名牌產品), "Non-pollution Agricultural Products" (無公害農產品) and two of our subsidiaries were named as the "Key Enterprise of Agricultural Industrialisation" (農業產業化國家重點龍頭企業) in the PRC respectively.

Our efforts and dedication over the years have helped us grow and expand rapidly in the PRC, Vietnam and Malaysia. We will continue to expand our business operations to other Asian countries, and expect to establish presence in North America and Europe with our processed foods. We believe that our persistence for high-quality and product safety, together with advanced know-how and expertise, will prompt our growth in the future.

ACQUISITION OF BUSINESS AND EQUITY INTERESTS IN THE PRC

1. Tianjin DaChan

Tianjin DaChan was established in the PRC on 26 October 1992 and was formerly known as 康地萬達(天津)有限公司 (Conti Wanda (Tianjin) Co., Ltd.*). When it was established, it was owned by 天津市萬達食品總公司 (Tianjin Wanda Food Co., Ltd.*) as to 20% and Hong Kong DaChan (which was wholly owned by Continental Enterprises from April 1985 to March 1999, and was known as ContiTrade Pacific Limited from 26 June 1984 to 24 August 1992 and as Conti Tianjin (HK) Ltd. from 25 August 1992 to 14 December 2006, respectively) as to 80% respectively. In 1993, Hong Kong DaChan transferred 40% of the equity interest in Tianjin DaChan to its then holding company, Continental Enterprises at nil consideration. In 1998, after capital injection by Continental Enterprises, it was owned by 天津市萬達食品總公司 (Tianjin Wanda Food Co., Ltd.*) as to 8.69%, Continental Enterprises as to 73.93% and Hong Kong DaChan as to 17.38% respectively. To the best knowledge of our Directors, Continental Enterprises decided to restructure its investment in Tianjin DaChan due to its poor business performance and worsened financial conditions. In February 1999, Continental Enterprises procured 天津市萬達食品總公司 (Tianjin Wanda Food Co., Ltd.*) to transfer its 8.69% equity interest in Tianjin DaChan to Hong Kong DaChan at nil consideration, and transferred its 73.93% equity interest in Tianjin DaChan to Hong Kong DaChan at nil consideration respectively, in view of the negative net asset value of Tianjin DaChan. To the best knowledge and belief of our Directors, in view of the worsening financial situation of Hong Kong DaChan, Continental Enterprises transferred its 100% equity interest in Hong Kong DaChan to our two subsidiaries, namely, Hwabei Agri and Dongbei Agri at an aggregate nominal consideration of USD10 in March 1999. After the above transfers of equity interest, Tianjin DaChan and Hong Kong DaChan became our indirect wholly-owned subsidiaries in March 1999.

2. Liaoning Greatwall

Liaoning Greatwall was established in the PRC on 19 July 1990 and is wholly-owned by Liaoning Greatwall (HK). When it was established, Liaoning Greatwall was owned by 遼寧省牧工商聯合公司 (Liaoning Animal Husbandry Co., Ltd.*) as to 35% and Liaoning Greatwall (HK) as to 65%. In November 1990, after capital injection, it was owned by 遼寧省牧工商聯合公司 (Liaoning Animal Husbandry Co., Ltd.*) as to 29.4%, Liaoning Greatwall (HK) as to 54.6% and 撫順市華光農工商聯合總公司 (Fushun Huaguang Agriculture Industry Commercial Corporation*) as to 16%. In 1994, 遼寧省牧工商聯合公司 (Liaoning Animal Husbandry Co., Ltd.*) transferred its 8.6% of equity interest in Liaoning Greatwall to 中國牧工商總公司 (China Animal Husbandry Corporation*). In 1996, after capital decrease, it was owned by 遼寧省牧工商聯合公司 (Liaoning Animal Husbandry Co., Ltd.*) as to 24.78%, Liaoning Greatwall (HK) as to 65% and 中國牧工商總公司 (China Animal Husbandry Corporation*) as to 10.22%. In 2003, 遼寧省牧工商聯合公司 (Liaoning Animal Husbandry Co., Ltd.*) transferred its 24.78% equity interest in Liaoning Greatwall to Liaoning Greatwall (HK) at a consideration of RMB13,372,553 (approximately USD1,732,196). In 2004, 中牧實業股份有限公司 (China Animal Husbandry Industry Co., Ltd.*), which was the subsidiary of 中國牧工商總公司 (China Animal Husbandry Corporation*) and held the 10.22% equity interest in Liaoning Greatwall, transferred the 10.22% equity interest to Liaoning Greatwall (HK) at a consideration of RMB5,625,714 (approximately USD728,719.4). After the two acquisitions, our Company has owned the entire equity interest in Liaoning Greatwall through three of our wholly-owned subsidiaries, NAC, Liaoning Greatwall (BVI) and Liaoning Greatwall (HK).

For the two transactions completed in 2003 and 2004, the parties appointed 遼寧中宜會計師事務所有限公司 (Liaoning Zhong Yi Accountants Limited*), a professionally qualified valuer in the PRC, to conduct independent valuations and determine the consideration.

3. **Shanghai Gourmet**

Shanghai Gourmet was established in the PRC on 5 September 1996, and was formerly known as 立大企業(上海)有限公司 (Lee Tah Enterprises (Shanghai) Co., Ltd.*), and it is the wholly-owned subsidiary of Union Manufacturing. Shanghai Gourmet was previously wholly-owned by Union Manufacturing. In November 2000, Hwabei Agri acquired 100% of the shares of Union Manufacturing from Lee Tah Farm Industries Co., Ltd. at a consideration of USD2.5 million. The company's name was subsequently changed to Shanghai Gourmet in March 2001. After the acquisition, our Company is interested in the entire equity interest in Shanghai Gourmet through three of our subsidiaries, NAC, Hwabei Agri and Union Manufacturing.

4. **Beijing Trade**

Beijing Trade was established on 21 May 1998 by two individuals, Independent Third Parties, who owned 60% and 40% of its equity interest respectively. In September 2006, Tieling Trade acquired the entire equity interest in Beijing Trade from the two individuals for an aggregate consideration of approximately RMB9,800 (approximately USD1,300), determined with reference to the net assets value of Beijing Trade which amounted to approximately RMB9,800 (approximately USD1,300) on the date of the share transfer, and became the sole shareholder of Beijing Trade. Our Company indirectly owns 100% of its equity interest of Tieling Trade through Tieling Greatwall and Yingkou Great Wall.

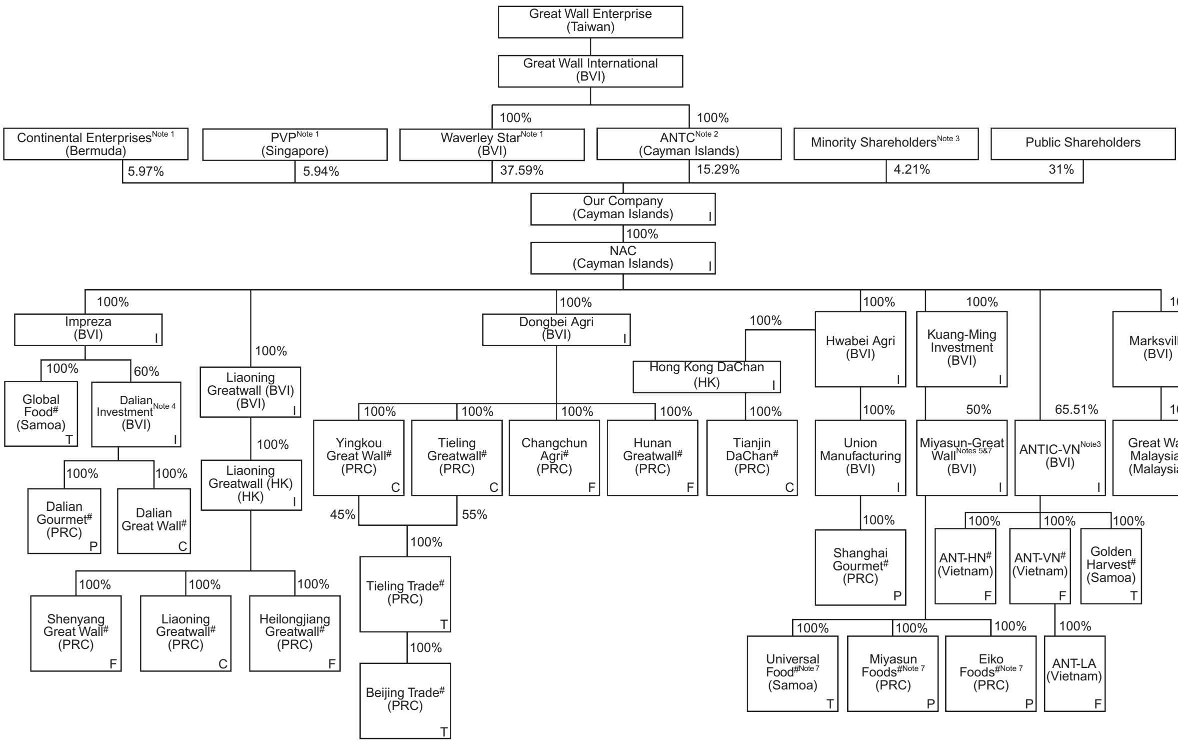
Except for the transactions involving transfer of equity interests in Liaoning Greatwall in 2003 and 2004, the consideration for each of the above acquisitions was determined by the relevant parties through arm's length negotiations and has been duly approved by the relevant authorities in the PRC. We have also obtained approval from the relevant governmental authorities and registration required for the above acquisitions in accordance with the applicable PRC laws and regulations.

To the best knowledge and belief of our Directors, each of 天津市萬達食品總公司 (Tianijin Manda Food Co., Ltd.*), 遼寧省牧工商聯合公司 (Liaoning Animal Husbandry Co., Ltd.*), 撫順市華光農工商聯合總公司 (Fushun Huaguang Agriculture Industry Commercial Corporation*), 中國牧工商總公司 (China Animal Husbandry Corporation*), 中牧實業股份有限公司 (China Animal Husbandry Corporation*) and Lee Tah Farm Industries Co., Ltd. are Independent Third Parties and not related in any way (whether in terms of shareholdings, common directorships, business dealings or otherwise) with any member of our Group.

CORPORATE REORGANISATION OF OUR GROUP

We underwent the Corporate Reorganisation to rationalise our Group's structure in preparation for the listing of the Shares on the Stock Exchange. Our Company became the holding company of our Group as a result of the Corporate Reorganisation. Details of the Corporate Reorganisation are set out in the paragraph headed "Corporate reorganisation" in the section headed "Further information about our Group" in Appendix VI to this prospectus.

The following diagram sets out the corporate structure of our Group immediately after the Global Offering and the Capitalisation Issue, assuming that the Over-allotment Option and any options that may be granted under the Share Option Scheme are not exercised:



I: The company is an investment holding company.

P: The company is engaged in processed food business.

F: The company is engaged in feeds business.

C: The company is engaged in chicken meat and feeds business.

T: The company is a trading company.

\# Principal operating subsidiarles of our Group.

Notes:

(1) Our Directors are of the view that each of Waverley Star, PVP and Continental Enterprises are the founding members of our Group.

Waverley Star, through the support of its ultimate holding company, Great Wall Enterprise, established NAC as an investment holding vehicle of our subsidiaries engaged in the production and sale of chicken meat, processed food and non-ruminant livestock and aquatic feed products businesses in, initially, the PRC.

Other than capital injection into NAC since its establishment, PVP has not actively involved in the day to day management of our Group's operation.

With respect to Continental Enterprises, which has strong agricultural business in the US, it had since the establishment of NAC nominated a director to the board of NAC to provide strategic guidance to the board of NAC with respect to its overall business strategies and development plans. At the invitation of our Group, Continental Enterprises nominated Mr. Nicholas W. Rosa to be a non-executive Director with a view to strengthening the board composition and expertise and forging better relationship with Continental Enterprises.

Set out below is a brief description of the respective capital investment into our Group by each of Waverley Star, PVP and Continental Enterprises before the Corporate Reorganisation:

(i) *Waverley Star*

On 3 December 1996, being the date of incorporation of NAC, Waverley Star and PVP became the shareholders of NAC by subscribing for an aggregate of 100 shares of USD1 each in the share capital of NAC, as to 25 shares by PVP and as to 75 shares by Waverley Star, at par.

On 17 January 1997, Waverley Star subscribed for 17,509,125 shares of USD1 each in the share capital of NAC at par. Subsequently Waverley Star further subscribed for 685,200, 3,032,400, 2,100,000, 3,500,000, and 5,600,000 shares of USD1 each in the share capital of NAC at par on 15 May 1997, 26 August 1997, 4 August 1999, 8 August 2000 and 18 October 2001, respectively.

Following completion of the Corporate Reorganisation and the Capitalisation Issue (details of which are particularly disclosed in Appendix VI to this prospectus) and the Global Offering, Waverley Star will be interested in an aggregate of 375,899,946 Shares, representing approximately 37.59% of the then entire issued share capital of our Company.

(ii) *PVP*

As disclosed in paragraph (i), PVP became a shareholder of NAC on 3 December 1996.

Subsequently, PVP further subscribed for 4,249,975, 1,814,800, 600,000, 1,000,000 and 1,600,000 shares of USD1 each in the share capital of NAC at par on 14 February 1997, 15 May 1997, 4 August 1999, 8 August 2000 and 21 November 2001, respectively.

Following completion of the Corporate Reorganisation and the Capitalisation Issue (details of which are particularly disclosed in Appendix VI to this prospectus) and the Global Offering but before the sale of the Sale Shares pursuant to the Global Offering, PVP will be interested in an aggregate of 119,400,059 Shares.

To the best knowledge and belief of our Directors, PVP is wholly owned by Government of Singapore Investment Corporation (Ventures) Pte. Ltd. Our Directors believe that Government of Singapore Investment Corporation (Ventures) Pte. Ltd. decided to invest, through PVP, in our Group (at the level of NAC in 1999) as a financial investor in our Group to capture the growing potential in the PRC market and in particular the feed and chicken meat business in China. To realise part of its investments in our Group, PVP will offer 60,000,000 Sale Shares for sale at the Offer Price under the International Placing. Following completion of the Corporate Reorganisation and the Capitalisation Issue (details of which are particularly disclosed in Appendix VI to this prospectus) and the Global Offering, PVP will remain interested in an aggregate of 59,400,059 Shares, representing approximately 5.94% of the then entire issued share capital of our Company.

(iii) *Continental Enterprises*

Continental Enterprises became a shareholder of NAC on 26 September 1997 when it subscribed for 3,032,400 shares of USD1 each in the share capital of NAC at par. Subsequently, Continental Enterprises further subscribed for 300,000, 500,000 and 800,000 shares of USD1 each in the share capital of NAC at par on 4 August 1999, 8 August 2000 and 8 January 2002, respectively. Immediately prior to completion of the Corporate Reorganisation, Continental Enterprises held an aggregate of 4,632,400 shares of USD1 each in the share capital of NAC.

Following completion of the Corporate Reorganisation and the Capitalisation Issue (details of which are particularly disclosed in Appendix VI to this prospectus) and the Global Offering, Continental Enterprises will be interested in an aggregate of 59,700,029 Shares, representing approximately 5.97% of the then entire issued share capital of our Company.

Continental Enterprises will undertake to the Global Coordinator (on behalf of the Underwriters) that it shall not at any time during the period commencing on the date of this prospectus and ending on the date which is twelve months from the Listing Date, without the prior written consent of the Global Coordinator, for itself and on behalf of the Underwriters, directly or indirectly, offer for sale, sell, transfer, contract to sell, or otherwise dispose of (including without limitation by the creation of any option, right, warrant to purchase or otherwise transfer or dispose of, or any lending, charges, pledges or encumbrances over, or by entering into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition of effective economic disposition due to cash settlement or otherwise)) any of the Shares in respect of which it is shown in this prospectus to be the beneficial owner (directly or indirectly) or any other securities convertible into or exchangeable for or which carry a right to subscribe, purchase or acquire any such Shares or enter into any swap, derivative or other arrangement that transfers to another, in whole or in part, any of the economic consequences of the acquisition or ownership of any such Shares or such securities.

To the best knowledge and belief of our Directors, Continental Enterprises is a wholly-owned subsidiary of ContiGroup Companies, Inc., a private company incorporated in Delaware, USA and with its strong agricultural business in the US and in view of the market opening in the PRC, Continental Enterprises invested in the Group (at the level of NAC in 1999) with a view to taking advantage of the Group's marketing and developing capability in, initially, the feeds sector and subsequently, in the chicken meat business in China.

(2) ANTC became a shareholder of NAC following the acquisition of ANTIC-VN and Marksville Limited, as part of the Corporate Reorganisation, by NAC, details of which are set out in the paragraph headed "Corporate reorganisation" in Appendix VI to this prospectus. Following completion of the Corporate Reorganisation and the Capitalisation Issue (details of which are particularly disclosed in Appendix VI to this prospectus) and the Global Offering, ANTC will be interested in an aggregate of 152,924,906 Shares, representing approximately 15.29% of the then entire issued share capital of our Company.

(3) These minority shareholders consist of seven parties, including six Independent Third Parties and Hansen, Inc. which is owned as to 12.5% by each of HAN Jia-Hwan and HARN Jia-Chen and 25% by HAN Chia-Yau. All of the seven parties were initially shareholders of Waverley Star. They swapped their shares in Waverley Star for certain Shares held by Waverley Star before the Listing. Please see the paragraph headed "Changes in the share capital of our Company" in Appendix VI to this prospectus for details of how these minority shareholders became Shareholders.

(4) As at the Latest Practicable Date, Dalian Investment is owned as to 60% by Impreza and 40% by Marubeni Corporation. As Marubeni Corporation is a substantial shareholder of Dalian Investment, Marubeni Corporation will become a Connected Person of our Company upon Listing.

(5) As at the Latest Practicable Date, Miyasun-Great Wall is owned as to 50% by Kuang-Ming Investment and 50% by Miyasun Foods Co., Ltd. which is an Independent Third Party.

(6) As at the Latest Practicable Date, ANTIC-VN is owned as to 65.51% by NAC, 6.06% by 慶豐環宇股份有限公司 (Chinfon Global Corp.*), 3.64% by Huang Kunfu, 3.64% by Huang Kunpao, 2.42% by 明治製果製藥股份有限公司 (Meiji Seika Kaisha, Ltd.), 1.82% by Kuo Yen-too, 3% by 南元紡織股份有限公司 (Nan Yuan Textile Co., Ltd. *), 1.21% by Huang Chien-yi, 1.3% by Shih Yi-tsan, 1% by Shieh Han-kin, 0.7% by Liu Hsiu-O, 6.55% by Huang Lieh-chun and as to 3.15% by Huang Ming Chih. Our Directors confirm that the above shareholders of ANTIC-VN (excluding NAC) are Independent Third Parties.

(7) Miyasun-Great Wall, Eiko Foods, Miyasun Foods and Universal Food are jointly-controlled entities of our Group.

OVERVIEW

We are one of the leading meat products and feed suppliers in the PRC with a particular focus on chicken meat products. According to China Meat Association (中國肉類協會), we were the largest chicken meat processor in the PRC in terms of the number of chickens slaughtered in 2005. According to China Feed Industry Association (中國飼料工業協會), we were one of the 10 largest feed enterprises in the PRC in both 2005 and 2006 in terms of the feed production and sales. We operate a highly vertically integrated business model encompassing (i) manufacture of feeds, (ii) chicken meat production and (iii) supply of processed foods.

We sell our chicken meat products under "DaChan" (大成) and "大成雞寶寶" brands and sell our processed chicken products under "Snow Yaki" (霜火照燒) and "DaChan" (大成) brands. We uphold strictly the quality, safety and high standard of hygiene of our "DaChan" (大成), "Snow Yaki" (霜火照燒), "大成雞寶寶" and "Dr. Nupak" (補克博士) branded products. Our "大成雞寶寶" was awarded "China's Famous Brand Product" (中國名牌產品) by the General Administration of Quality Supervision, Inspection and Quarantine of the PRC (中國國家質量監督檢驗檢疫總局) in 2005.

We are the largest chicken meat supplier to KFC in the PRC and the largest processed chicken product supplier in the PRC to the Ito-Yokado and 7-Eleven chains in Japan. We were also one of the largest chicken meat suppliers to Husi and McKey, the exclusive chicken meat sourcing agents of McDonald's in the PRC in 2006. For domestic sales of chicken meat, apart from our direct sales to KFC, Husi, McKey, Dicos and other retail and quick-service restaurant chains, we sell our products through a distribution network of over 600 independent distributors, over 200 authorised retail outlets and 3 self-operated retail stores.

We are currently capable of slaughtering approximately 267,000 tonnes of broilers per year, and in 2006 we slaughtered approximately 242,000 tonnes of broilers. We make use of our vertically integrated business model to ensure a stable supply of high quality broilers for the production of our chicken meat as well as our processed food products. At present, we have 7 chicken meat production facilities in the PRC, which are strategically situated along the corn belt in the PRC. Corn is the main source of ingredients for our feed products. We currently have 4 processed food production facilities in the PRC, and our processed food products have passed the stringent hygiene and quality standards of Japan and Korea where such products are sold. In addition to the chicken meat production facilities, we currently have 12, 2 and 1 feed production facilities in the PRC, Vietnam and Malaysia, respectively, and have the capability of producing a total of approximately 1.9 million tonnes of feeds per year. According to the Vietnam Feed Association, our complete feeds ranked number 3 in Vietnam in 2006 in terms of the volume produced, and according to the Federation of Livestock Farmers' Association of Malaysia, our layer and pig feeds ranked number 2 in Malaysia in 2006 in terms of the volume produced.

In the PRC, the chicken meat consumption rate has risen rapidly from 1996 and 2005, with a CAGR of approximately 6.0%. In line with the growth of overall chicken meat consumption, the chicken meat consumption per capita also experienced continuing growth in the same period. In addition, the number of quick-service restaurants has increased at a high growth rate in recent years in the PRC. In particular, the number of KFC brand restaurants operated by Yum!

China Division has grown from 1,192 in 2002 to 2,258 in 2006 with a CAGR of approximately 17.3%, while Dicos chain has grown from 246 in 2002 to 600 in 2006 with a CAGR of approximately 25%. These trends have helped boost our business significantly in the past few years in the PRC.

We have enjoyed rapid growth in recent years. During the Track Record Period, our total revenue grew from approximately USD429.7 million in 2004 to approximately USD637.4 million in 2006, representing a CAGR of approximately 21.8%. Our net profit attributable to equity holders of our Company increased from approximately USD2.6 million in 2004 to approximately USD13.4 million in 2006, representing a CAGR of approximately 127.0%. Our revenue and net profit attributable to equity holders of our Company were USD321.1 million and USD14.3 million, respectively, for the five months ended 31 May 2007. We believe that with our successful vertically integrated business model and dedication to product safety and quality, our sales and net profit will continue to increase in the future.

OUR COMPETITIVE STRENGTHS

We attribute our success in the past to several principal competitive strengths which provide us with a platform for our long-term growth. These competitive strengths include:

Market leader and well-recognised brand names

We are one of the leading meat product companies and feed manufacturing companies in the PRC with a particular focus on chicken meat products. According to China Meat Association (中國肉類協會), we were the largest chicken meat processor in the PRC in terms of the number of chickens slaughtered in 2005. We are the largest chicken meat supplier to KFC in the PRC and the largest processed chicken product supplier in the PRC to the Ito-Yokado and 7-Eleven chains in Japan. We were also one of the largest chicken meat suppliers to Husi and McKey, the exclusive chicken meat sourcing agents of McDonald's in the PRC in 2006.

We have the right to use a portfolio of well-recognised brand names including "DaChan" (大成), "Snow Yaki" (霜火照燒),"大成雞寶寶" and "Dr. Nupak" (補克博士). Our "大成雞寶寶" was awarded "China's Famous Brand Product" (中國名牌產品) by the General Administration of Quality Supervision, Inspection and Quarantine of the PRC (中國國家質量監督檢驗檢疫總局) in 2005. According to the Vietnam Feed Association, our complete feeds ranked number 3 in Vietnam in 2006 in terms of the volume produced, and according to the Federation of Livestock Farmers' Association of Malaysia, our layer and pig feeds ranked number 2 in Malaysia in 2006 in terms of the volume produced.

We believe that our leading market position and our well-recognised brand names provide us with a foundation to further strengthen our market share.

Highly integrated and efficient business model

We operate a highly vertically integrated business model comprising of feed production, chicken hatching and slaughtering, processing of chicken meat and production of processed foods. We adopt Contract Farming arrangement for chicken growing, in which we recommend that our Contract Farmers raise chickens according to our guidelines. We sell the day old chicks to Contract Farmers and encourage them to use the high-quality feeds which we produce to ensure the quality of live chickens. We then use the live chickens raised by our Contract Farmers as the raw material for our chicken meat products, which in turn are used as the raw material for our processed food products. Together with our Contract Farming arrangement, we believe our vertically integrated business model combines feed production and chicken hatching, growing, slaughtering and processing in one single operational platform which not only reduces our production cost and enhances operating efficiencies, but also ensures that we are able to produce high-quality chicken meat and processed food products. In addition, we believe the vertically integrated business model also provides us with scale of economies which is not easily achieved by our competitors.

One of the key features of our vertically integrated business model that distinguishes us from the competitors in the market is traceability. All production processes are combined in one single platform, from the production of feeds, growing and procurement of live chicken, production of chicken meat to the production of processed foods. We keep records at each stage of the production processes, including production of feeds, chicken slaughtering and the production of chicken meat and processed food, as well as the chicken growing logbook which Contract Farmers are required to keep. Therefore, we are able to trace the information of each production stage along the entire production chain. We believe our vertically integrated business model provides us with an effective traceability and quality assurance system to consistently enforce stringent quality and hygiene control measures, and ensures the quality and safety of our products. We have adopted a set of quality control procedures by using distinctive labels, codes and serial numbers marked on the raw materials and products, which enable us to trace the origins of the sources of supply and all relevant information throughout the entire production process. The traceability embodied in our quality control procedures greatly enhances our ability to locate any problematic areas at various stages of our production and ensures the quality and safety of our products. Please refer to the paragraph headed "Production" under this section for details of the quality control procedures adopted during our production processes.

Stringent quality and hygiene control

Our stringent quality and hygiene control has earned us numerous awards and accreditations. Most of our feed production facilities have received ISO 9001:2000 certifications. Two subsidiaries of our Group were selected by the Ministry of Agriculture of the PRC as the "Key Enterprises of Agricultural Industrialisation" (農業產業化國家重點龍頭企業). Most of our chicken meat production facilities have obtained ISO 9001:2000 and HACCP certifications. In 2004, we received the "KFC Global Star Award" for recognition of our overall supply capability and performance, and as at May 2007, we were the only KFC supplier in the PRC that received this award. We have obtained licenses and permits respectively from Japan, Korea and Singapore for exporting our chicken products from the PRC to these countries. In addition, after the outbreak of avian influenza in the PRC in 2004, 2 of our production facilities, among the then 35 licensed facilities in the PRC, were permitted to resume export of processed food products from the PRC to Japan. We believe that with the increasing health and hygiene awareness of our customers, a stringent product and hygiene quality would enable us to gain market share from our competitors.

Stable and long-standing relationship with nationally and internationally renowned customers

We have established close business relationships with our customers. In particular, we have become one of the largest suppliers of raw chicken meat to a number of nationally and internationally renowned customers, such as KFC in the PRC, Dicos, Husi and McKey, the latter two being the exclusive chicken meat sourcing agents of McDonald's in the PRC. We are also the largest processed chicken product supplier in the PRC to the Ito-Yokado and 7-Eleven chains in Japan. Ito-Yokado sells our products through its supermarket chain in Japan. We also have an extensive distribution network across the PRC. As at 31 March 2007, we had a total of over 2,400 distributors selling our feeds, chicken meat and processed foods, and over 200 authorised outlets selling our chicken meat in the PRC. We believe that our ability to maintain a broad and widespread customer base and to keep stable relationship with our major customers is mainly attributable to the quality of our products, our credibility and reputation, and our professional management.

Our Directors consider that a diversified portfolio of these renowned customers enables us to benefit from the overall growth potential of the quick-service restaurants and convenience stores, and reduce our reliance on any single customer. Our Group's long standing relationship with our customers, who are major industry players in the quick-service restaurant and convenience store sectors with strict criteria in selecting suppliers, also makes our Group more resilient to competition.

A scalable production capability with facilities in strategic locations around the PRC, Vietnam and Malaysia

Our vertically integrated business model provides us with a high level of scalability in our production. At present, we have 7 chicken meat production facilities in the PRC, capable of slaughtering approximately 267,000 tonnes of broilers annually. The chicken meat production facilities are strategically situated along the corn belt in the different regions of the PRC, providing a convenient supply of corn which is the main source of ingredients for our feed products. These locations are close to both highways and railways to cover our major customers in the PRC, and some locations are close to Dalian and Tianjin ports to facilitate our Group's exports overseas. The proximity to raw materials and customers enables our Group to maintain a stable supply of raw materials and provides timely service to customers as well as reinforces our relationship with these customers. We believe the scalability together with these strategic locations enable us to build a strong scalable network for production and sales, which can effectively help further expand our business to various locations and maximise our profitability.

Experienced and dedicated management team

Members of our senior management and key operating personnel possess extensive operating and industry experience in our business, the majority of whom have been with us or in the related industry for over 20 years. The long-term commitment of our senior management and operating team to our Group's business has helped them obtain in-depth knowledge of the relevant industries and enabled them to respond effectively to various challenges in the ever-changing market. Our senior management team built up our corporate culture to emphasise high quality and safety and positioned ourselves as a provider of high-end quality products. Our management team managed to convert Tianjin DaChan into a profitable enterprise within one year after our acquisition of Tianjin DaChan through Hong Kong DaChan in March 1999. Our management team also leads our Group to capture market opportunity to further grow our business even in light of adversity and crisis, such as the 2 outbreaks of avian influenza in the past few years.

We believe that the collective strengths and experience of our senior management as well as their dedication to our Group have contributed to the success of our business and will enable us to deliver the continuous growth and profitability of our business.

BUSINESS STRATEGIES

Leverage on vertically integrated business model and strive to gain dominant market position

Having become one of the leading meat products and feed suppliers in the PRC with a rapid growth in these segments in the past decade, our objective is to maximise returns to our shareholders through our vertically integrated business model with a view to becoming a dominant player against our competitors in the feed, chicken meat and processed food market in the PRC.

Aiming at expanding our feed, chicken meat and processed food operations concurrently to satisfy increasing market demands for our products, we believe that increasing supply of chicken meat and maximising sales will play a key role in our future expansion. Under our vertically integrated business model, our products in each of the segments are connected to one another. The increase in the production of chicken meat will not only bring about the increase in the demand for our feeds, but also enhance our supply of raw materials to our processed food production. Our Group has identified 5 strategic locations based on the expansion plan of our key clients to build or acquire chicken meat production facilities in the next 3 years. To replicate our vertically integrated business model, we expect to build a total of 6 feed production facilities in the PRC, Vietnam and Malaysia, and 3 processed foods production facilities in the PRC by the end of 2010, with the total estimated investment of over RMB415 million (approximately USD55.3 million).

Apart from increasing our production capacity, we will aim specifically at maximising our sales and profitability. For example, although we currently have no strategic alliance with KFC, we will focus on maintaining a close relationship with KFC with a view to boosting our growth and consolidate our leading position as its largest chicken meat supplier in the PRC. We will also strive to increase supply of chicken meat to our key clients, including McKey, Husi and Dicos. With respect to our export activities, we will continue to increase the sales of our products overseas. We will also strengthen our sales and distribution network by developing retail channels, including major supermarket chains in the PRC. To maximise our profitability, we will focus on increasing the sales of products with higher added-value and profit margin, particularly our processed foods.

Our goal is to establish the most complete and competitive chicken meat supply chain with a dominant position in the PRC. With the increase in our production capacity, together with our high quality products, brand name recognition as well as rising market demand, we will be able to increase our sales and expand our business in various regions including the PRC, Asian countries, North America and the European countries.

Diversify our product offerings and migrate to high value-added products

We also aim at satisfying different needs and ever-changing preferences of our customers. We will lay emphasis on diversifying our product offerings and migrating to high value-added products through various means, including extensive research and development for new products and market research on consumer trends. Our research and development team in our feeds segment has been dedicated to developing different types of feeds with improved efficiency and performance and enhancing the added-value of our products. We also have a team of research and development staff who are engaged in the market research for the purpose of understanding customers' preference and market trends and obtaining feedback on our processed foods. Such information will be used for the development of new processed food products. An example of the implementation of our strategy is a plan to launch a new brand in the fourth quarter of 2007 in the PRC, which will mainly focus on provision of semi-processed foods. We will also continue to open more retail stores to sell our chicken meat to end-customers which allow us to have direct contact with our end-customers and help us gather market information and feedback for upgrading our products. We believe that our ability to adopt product diversification and to develop high-value added products along our vertically integrated production chain enables us to respond quickly and efficiently to market demands and optimise our product portfolio to enhance profitability.

Enhance marketing and distribution and explore new opportunities

We plan to enhance our marketing efforts and distribution network as well as to explore new business opportunities in the future. We will continue to solidify our relationships with qualified distributors to sell our products and to further expand our distribution network as well as to coordinate with our distributors in marketing our products and brands. With respect to our key clients, we will seek to strengthen our customer services by providing more customised services to satisfy their particular needs. We plan to establish a sales team in Japan to cooperate with our Japanese partners closely with respect to the marketing of our processed foods in Japan. We will also focus on further developing direct sales to end-customers and other sales models which provide higher profit margin, such as opening more self-operated retail stores. We plan to invest approximately RMB1.6 million (approximately USD207,253.9) out of our working capital in opening approximately 20 retail stores in cities where our chicken meat production facilities are located in the next 2 years.

We believe that discovering new opportunities and developing new markets will best serve our marketing goals. For example, as at the Latest Practicable Date, we made several development plans to expand our business to the overseas market. In November 2006, we obtained a permit from the Singaporean government for exporting processed foods from the PRC to Singapore, and we expect to start exporting our processed foods to Singapore in the fourth quarter in 2007. We also plan to export our processed foods to North America and Europe, for which we will ensure that all relevant permits and approvals be obtained before the export takes place. Currently, we are working towards obtaining the permit from the US and European Union in 2008.

Enhance brand image and recognition

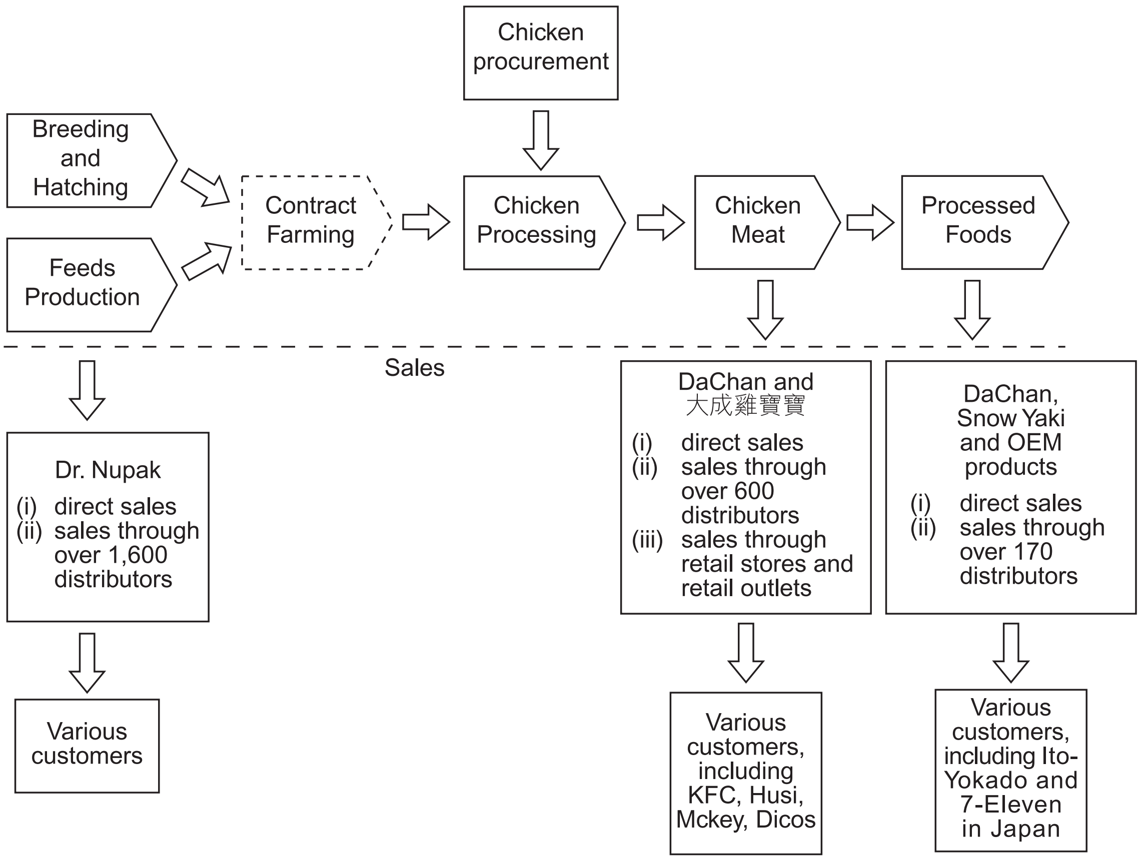
Since our establishment, we have positioned ourselves as a provider of high-quality products with the use of brand names owned by our parent company and licensed to us. We believe that brand names and image are among the key factors in consumers' purchasing decision. We will continue to build our brand names and image as a symbol of quality and safety. In addition to continuing to provide products of high quality and safety, we will continue to run various marketing campaigns to enhance our brand image and recognition, including advertisements, consumer education through our publications and strategic marketing at target consumers. We will also liaise with our distributors to promote both our products and our brand image.

Improve our expertise and technical know-how

It is our intention to invest additional resources to further strengthen our research and development capacities and to improve our expertise and technical know-how in relation to our product quality, production techniques and efficiency and hygiene control. Other than enhancing the quality and safety of our products on which we have always placed primary emphasis, we will also aim at improving production techniques and efficiency and reducing production costs. We also continue to maintain cooperation with renowned academic institutions such as Wuhan Polytechnic University and Chongqing Academy of Animal Science to keep abreast of the latest technical know-how and expertise. These will help strengthen our competitiveness in the market so as to enlarge our market share.

OUR BUSINESS MODEL

The following chart briefly illustrates our vertically integrated business model:

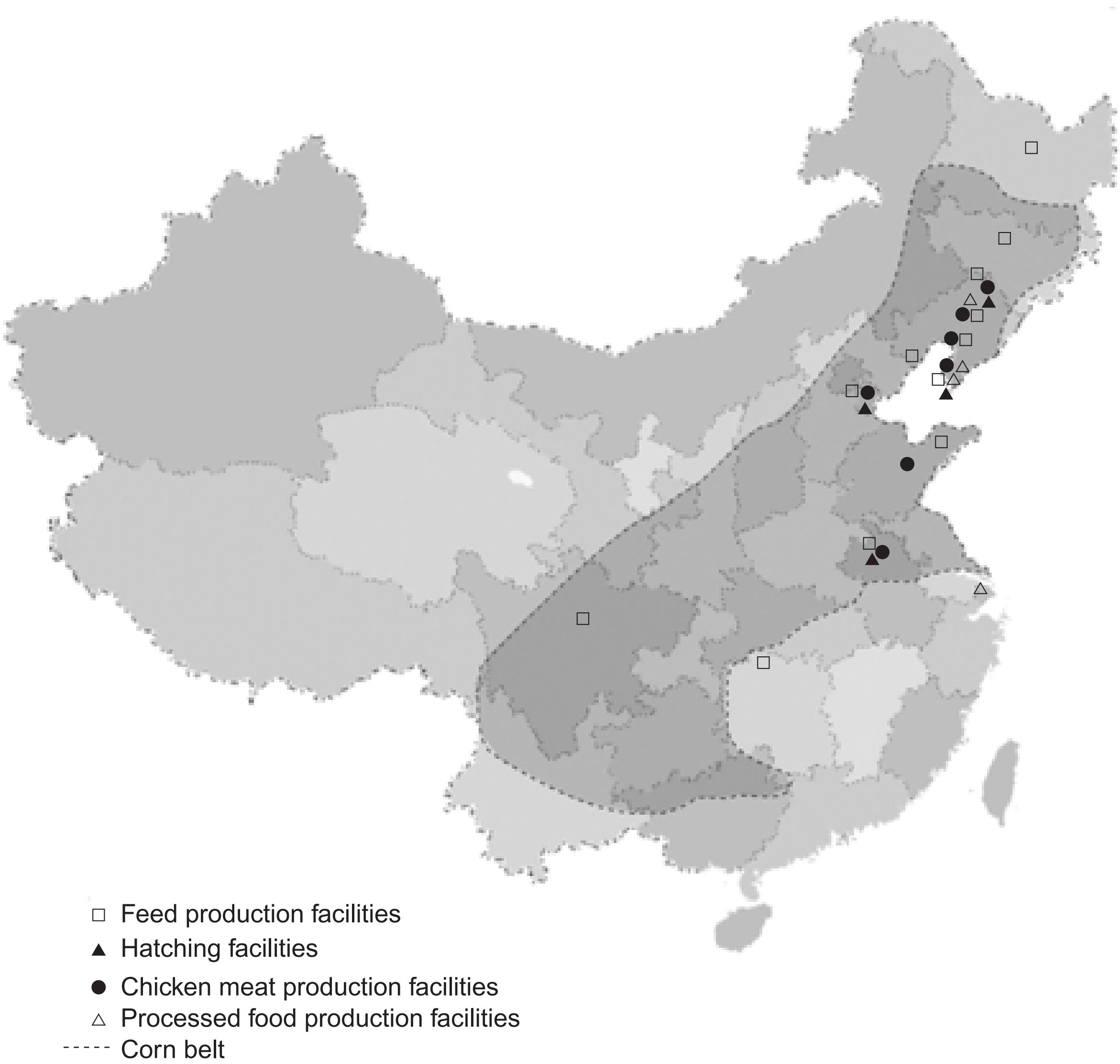


Under our vertically integrated business model, we procure and select hatching eggs from our own breeding farms and independent breeder farms for hatching the chicks. The hatched chicks are then sold to Contract Farmers, who are recommended to grow them according to our guidelines. Under the contract between the parties, Contract Farmers shall use our feeds to grow the chicks. After the chicks become grown chickens, Contract Farmers sell these live chickens to us. We use these live chickens as the raw material for our chicken meat products, and we in turn use the chicken meat which we produce as the raw material for our processed foods. Through Contract Farming mechanism, we can implement stringent quality, hygiene and epidemic control on the chickens, while passing the ownership of chickens to Contract Farmers and thereby shifting out major risks in relation to chicken growing. We believe the vertical integration is not only a scalable business model that can effectively enlarge our production capacity and sales volume, but also a replicable mechanism that can help expand our business operations. In addition, through vertical integration we can also trace all of our raw materials, chicken source and final products to ensure a high level of quality control and credibility.

PRODUCTION

Production facilities and capacities

As at the Latest Practicable Date, our Group had a total of 30 production facilities, including 12 feed production facilities, 4 hatching facilities, 7 chicken meat production facilities and 4 processed food production facilities in the PRC. Our production facilities in the PRC are mainly located in Liaoning, Tianjin and Anhui Provinces, and are along the corn belt. In addition to the facilities in the PRC, we have feed production facilities in Ho Chi Minh City and Hanoi in Vietnam and in Johor in Malaysia. The chart below shows the locations of our production facilities in the PRC.



The following table sets out certain particulars of our production facilities and their respective production volume/capacity for the years indicated:

	2004		2005		2006	
	Estimated maximum production capacity (tonnes/ month)[2]	Approximate utilisation rate (%)	Estimated maximum production capacity (tonnes/ month)[2]	Approximate utilisation rate (%)	Estimated maximum production capacity (tonnes/ month)[2]	Approximate utilisation rate (%)
Feeds						
PRC						
Shenyang	15,000	96%	15,000	102%	15,000	103%
Sichuan	—	—	5,000	6%	5,000	11%
Tianjin	23,000	78%	23,000	83%	23,000	83%
Anhui	—	—	—	—	5,000	22%
Shandong	—	—	5,000	11%	5,000	16%
Dalian	18,000	69%	18,000	72%	18,000	86%
Tieling	6,000	61%	6,000	69%	6,000	68%
Yingkou	10,000	60%	10,000	70%	10,000	63%
Xingcheng	4,000	59%	4,000	62%	4,000	55%
Changchun	2,500	49%	4,800	49%	4,800	41%
Harbin	4,000	42%	4,000	52%	8,000	25%
Changsha	—	—	—	—	5,000	13%
Sub-Total	82,500	—	94,800	—	108,800	—
Hanoi, Vietnam	9,000	39%	9,000	57%	13,500	81%
Ho Chi Minh City, Vietnam	20,500	48%	20,500	66%	30,500	84%
Johor, Malaysia	230	81%	250	87%	280	76%
Sub-Total	29,730	—	29,750	—	44,280	—
Total	112,230		124,550		153,080	
Chicken Meat						
Liaoyang	—	—	1,012	61%	1,012	88%
Tianjin	7,084	72%	7,084	87%	7,084	88%
Shandong	—	—	1,012	32%	1,012	87%
Anhui	—	—	1,012	16%	1,012	66%
Dalian	6,072	90%	6,072	97%	7,084	94%
Tieling	3,036	70%	3,036	92%	3,036	94%
Yingkou	1,416	97%	2,024	97%	2,024	98%
Total	17,608	—	21,252	—	22,264	—
Processed Foods						
Dalian (Miyasun Foods)	746	90%	746	96%	746	90%
Dalian (Dalian Gourmet)	1,197	32%	1,197	42%	1,197	53%
Dalian (Eiko Foods)	25	24%	25	5%	25	4%
Shanghai (Shanghai Gourmet)	500	73%	550	70%	850	81%
Total	2,468	—	2,518	—	2,818	—

Notes:

(1) The estimated maximum production capacity is computed on the basis of 22 hours per working day and 22.5 days per month in full capacity.

(2) Utilisation rate is computed by dividing actual production volume by estimated production capacity.

(3) Based on (1) and (2) above, if we utilise our production equipment more than the above thresholds, it is possible to have utilisation rates over 100%.

Production management and control

We implement strict and comprehensive measures at our chicken meat production facilities to reinforce occupational health protection and the hygiene at the production site. All our production staff must wear uniforms as required by us and undergo a comprehensive cleansing and sterilisation process before entering into the production site. There is strict temperature control at the production site throughout the entire production process to maintain the freshness of our chicken. Our processed food production facilities are divided into three separate zones: the raw food zone, processed food zone and the packaging zone. Movements of workers and food products across each zone are strictly regulated to avoid contamination. All staff are required to abide by our standard operating procedures at each step of the production process. Our production sites are regularly cleaned and sterilised to keep our hygiene and sanitation at a high level.

Quality control is one of the most important factors in our commitment to providing high-quality products and the success of our products. We set stringent quality control policies for our entire procurement and production processes and we require all the members of our Group to adhere to these policies. The substantive measures include, but are not limited to, setting up a mechanism for evaluating our suppliers and recording the supplies for traceability, despatching quality control manuals to each department in our Group for our staff to follow to ensure the standardisation of our production process, and the establishment of a laboratory in 2006, which was registered with by Liaoning Entry-exit Inspection & Quarantine Bureau (遼寧出入境檢驗檢疫局), to test the residuals of 22 types of chemicals. We also provide guidelines to our Contract Farmers which set out detailed procedures in respect of chicken growing. We conduct occasional on-site inspections to ensure that our Contract Farmers comply with our standards. As a recognition of our stringent quality control standards, most of our chicken meat production facilities have received HACCP and ISO 9001:2000 certifications, and most of our feed production facilities have received ISO 9001:2000 certifications.

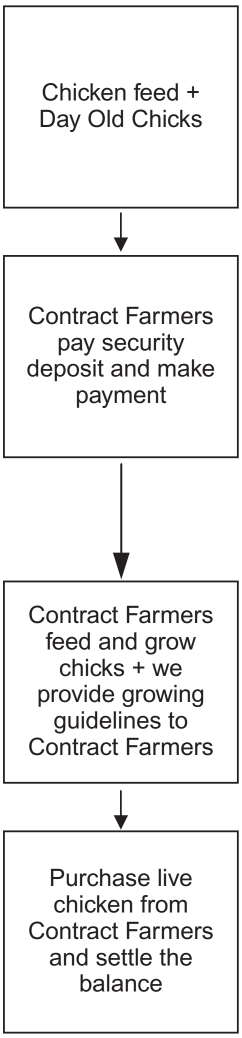
Our Company and our PRC legal adviser have confirmed that our Group does not contravene any relevant law and regulation on operational safety in the PRC. Our Directors are also of the view that the operational safety measures currently adopted are in line with the market practice of the industries in which our Group is engaged.

Breeding and hatching process

We procure breeders of distinguished breed from suppliers for procuring hatching eggs. After breeders lay the eggs, we deliver the eggs to our hatching facilities. Other than the broiler breeder eggs laid from our breeders, we also purchase some of the broiler breeder eggs from independent breeder farms. As confirmed by our Directors, for the years ended 31 December 2004, 2005 and 2006 and the five months ended 31 May 2007, approximately 75%, 72%, 74% and 77% of total broiler breeder eggs, respectively, were purchased from independent breeder farms. We select hatching eggs that are well developed, mature and healthy, and only those eggs that meet our weight and size requirement are selected for incubation in our hatcheries. Eggs are incubated in machines and we carefully monitor and maintain the optimum temperature and humidity throughout the entire hatching process to ensure quality. It generally takes approximately 21 days for chicks to be hatched. Hatched chicks are inspected, selected, vaccinated and then delivered to our Contract Farmers.

Contract Farming

The following charts illustrate the production process for Contract Farming:



- After inspection, selection and vaccination, we sell and deliver batches of hatched Day Old Chicks ("**DOC**") and chicken feeds under our Group's brand as recommended in our chicken growing guidelines to our Contract Farmers. The risks (i.e., those risks of holding the inventory including but not limited to biological transformation risk, business risk and inventory risk) and rewards (i.e., profits to be earned by Contract Farmers for sales of grown chickens to us and/or other parties) of the feeds and DOC are transferred to Contract Farmers upon delivery.
- Upon delivery, Contract Farmers settle the feed and chick purchases on cash-on-delivery basis.
- Only Contract Farmers who have no security deposit with the Group have to pay a security deposit for the DOC delivered.
- To expedite subsequent transactions, we allow Contract Farmers with long term relationships and good credit to set off their payment for chicks and chicken feeds against the amount payable by us for the subsequent purchase of live chickens from them.
- Chicks found defective within 7 days after birth can be returned to us within 10 days after delivery. However, no returns of chicken feed are allowed.

- Contract Farmers feed and grow the chicks;
- We provide growing guidelines to Contract Farmers.

- After 42 days, the chicks turn into grown chickens and are ready for sale to us.
- We perform medicine residual and microbial tests on each batch of chickens. We only accept and purchase those chickens which fulfill our quality standards for our downstream business and make payment for our purchase. The risks (i.e., the risks of holding the inventory such as inventory risk and business risk) and rewards (i.e. profits to be earned by us for sales of chicken meat products) of the grown chickens are transferred to us upon receipt.

The chicks, after being vaccinated on the day they are hatched, are delivered to our Contract Farmers for growing. The growing process takes approximately 42 days. We have standardised growing procedures for growing the broilers, which include exclusive use of our own feeds, vaccination and disease control measures. We make efforts to ensure the high quality and safety of our broilers. In order to ensure that our Contract Farmers comply with our standardised growing procedures and policies, our Contract Farmers are required to record all details of the broilers' growing process in the chicken-growing logbook, which must be submitted to us when the grown broilers are delivered to us for quality control purposes, and occasional check-ups and inspections by our staff during the broilers' growing process. Approximately 85% of the live chickens which we use for the production of chicken meat come from Contract Farmers. We procure the remaining chicken which we need from qualified suppliers. For details of Contract Farming, please refer to the paragraph headed "Procurement" under this section.

Save for termination of the contract upon expiration, our Group and Contract Farmers can terminate the contract by mutual consent under the contract terms. If the government deems it necessary to cull the chickens due to catastrophe such as flood or earthquake, so that either party is unable to perform the duties under the contract, the aggravated party can terminate the contract by giving written notice within 15 days of the occurrence of the loss.

Our Group adopts a standard pricing policy for the supply of chicks and feeds to and purchase of grown/mature chicken from all Contract Farmers. The prices are determined with reference to market conditions, and will be reviewed and amended upon mutual consent by our Group and Contract Farmers.

In determining the standard pricing policy for the supply of chicks and feeds to and purchase of grown chicken from all Contract Farmers, the following factors are relevant:

- supply and demand of chicks and grown chickens in the market;
- market prices of chicks, chicken feeds and grown chickens;
- market demand of chicken meat produce supplied by our Group; and
- purchase costs of raw materials incurred by our Group to produce chicken feeds.

Pursuant to Management Measures of Prevention of Livestock Pollution (畜禽養殖污染防治管理辦法), farms which grow 30,000 chickens or more are required to apply for a Pollutant Discharge Permit (排污許可證). Our PRC legal adviser confirms that no permit or license is required for the farmers if they raise less than 30,000 chickens. Our company confirms that Contract Farmers engaged by our Group generally raise approximately 5,000 chickens only, and none of them raise up to 30,000 chickens. Accordingly, our Contract Farmers are not required to obtain any permit or license to raise the chickens under the contract with our Group. Should any of our Contract Farmers be required to obtain any permit and license under relevant laws and regulations, our Group will require them to obtain the permits and licenses.

In addition, our Directors are of the view that as our Group and Contract Farmers are separate legal entities, our Group has no obligation to verify or be responsible for the legal and regulatory compliance of Contract Farmers. Contract Farmers assume legal liabilities themselves for their violation of laws and regulations. Our PRC legal adviser confirms that our Group can claim for damages suffered by our Group arising from violation of laws and regulations by Contract Farmers.

Our PRC legal adviser further confirms that the contracts entered into between our Group and Contract Farmers and Contract Farming arrangements do not contravene relevant PRC laws and regulations.

Chicken-growing facilities of Contract Farmers

To ensure the quality and safety of the live chickens we use and to manage and control the chicken growing process, we strictly implement our chicken growing policy which controls the following four elements we consider critical to the quality and safety of our chicken meat:

- Supply of chicks: Contract Farmers are recommended to purchase chicks from us;
- Supply of chicken feeds: Contract Farmers are required to use only the chicken feeds produced and supplied by us;
- Vaccination: Contract Farmers are required to use the vaccines provided by us; and
- Use of medication: Contract Farmers are required to use the medication at the direction of our vets.

Chicks hatched in our hatching facilities are delivered to the farmers' chicken houses for growing. We provide each Contract Farmer with a chicken-growing logbook, in which our Contract Farmer is required to record all information such as the death rate, weight of the chicken at various times, vaccination and medication application records, and chicken feeds consumption throughout the course of chicken growing.

To ensure quality, we implement stringent quality control procedures during the chicken growing process. We keep a record of all batches of chicks delivered to the farmers, and we require the farmers to submit their chicken-growing logbook when delivering the chickens to our slaughtering facilities. Our experts visit the farmers to inspect the chicken growing process and to give them directions occasionally. There are 4 basic visits we pay to Contract Farmers: on the day chicks are delivered to Contract Farmers, within 10 days of delivery of chicks, between 28-35 days after chicks are grown, and between 3 and 5 days before the scheduled delivery of grown chickens from Contract Farmer to us. One important quality control procedure is to ensure that the chickens are vaccinated in accordance with our chicken growing policy. To effectively prevent infection of avian influenza and other diseases, Contract Farmers are required to use our vaccines and follow our policy to vaccinate the chickens. We are not aware of any cases of infections with Contract Farmers during the outbreak of avian influenza in 2004 and 2005. Each batch of chicken which we accept must pass medicine residue and microbial tests to meet our quality standard.

When the chickens pass our test, we purchase all grown chickens from these farmers at the prevailing market price, which is a forward price extracted by our Group taking into account the profit margin to Contract Farmers. In order to ensure that our Contract Farmers sell the grown chickens to us as specified in the contract, we implement a pricing policy which, in the estimation of our Directors, gives Contract Farmers a reasonable profit margin by selling the chicken to us. This provides an economic incentive for Contract Farmers to honor their undertaking under the contract, and ensures a stable supply of chicken.

Our Contract Farmers are principally local independent farmers and we believe the steady supply of quality product is one of our key success factors. Our quality control process begins during the procurement process and we recommend that our Contract Farmers follow our stringent operation policies on waste management, ventilation and water supply, the emergency measures and the quarantine procedures designated by us in relation to chicken growing as set out below.

When selecting our Contract Farmers, we consider a number of factors in relation to the sites of chicken farms of Contract Farmers, including, (i) risk of environmental pollutions such as land and groundwater pollution, (ii) availability of chicken carcasses, manure and litter storage and/or disposal facilities, (iii) availability of sufficient quality water and development area for the farming facilities; (iv) quarantine issues; and (v) distance from existing residential development.

We implement stringent selection requirements on our Contract Farmers with respect to their production and other related facilities and hygiene procedures by carrying out site visits to ensure they meet our internal quality standards before our Group enters into contracts with them. Furthermore, we visit our Contract Farmers occasionally to ensure they meet our internal quality standards. The contract will not be renewed or may be terminated if Contract Farmers fail to comply with the specified requirements.

The contracts between our Group and Contract Farmers principally consist of two types:

(1) The principal terms of the broiler growing and purchase contract are as follow:

- we are responsible for the supply and delivery of chicks to the locations of the farmers, and the farmers pay us a corresponding price for such chicks;
- farmers report to us if any chicks die or are eliminated with 7 days after their birth within 10 days upon the delivery, after which time it will be deemed the responsibility of the farmers;
- quality of the chicks is the responsibility of the farmers;
- farmers use the feeds provided by us;
- we have the right to visit the farmers to inspect the growing, feeding and medication of the chicks, and to conduct blood and medicine residue tests for the

chicks regularly. We will provide the farmers a copy of the chicken growing logbook and professional consultation services regarding animals healthcare at no cost. We will also provide trainings of growing techniques to the farmers randomly;

- the farmers deliver the grown chickens to the locations specified by us;

- we collect those grown chickens which satisfied the repurchase conditions from the farmers at the price determined in accordance with the contract. The price is determined with reference to the future market price and taking into account the profit margin to Contract Farmers which can provide them with an economic incentive to perform the contract. Depending on the fluctuation of market price, the price may be adjusted during the contract term with the mutual consent of the parties;

- by entering into this contract, the farmers pay to us a deposit of RMB1 (approximately USD0.13) multiplied by the number of chicks sold to farmers in the first transaction. We may terminate the contract unilaterally by paying the farmers an amount equivalent to two times the deposit amount;

- the following acts of or events triggered by the farmers shall be deemed events of default:

  (a) failure to place orders under the contract at the agreed time or for the agreed quantities; the number of batches of chicks falls short of the prescribed number of batch under the contract during the contract period;

  (b) purchase of chicks from external sources or selling grown chickens to outside sources;

  (c) purchase of a lesser amount or failure to use the feeds produced by us during the growing period of the chicks and mixing other feeds during the growing period of chicks;

  (d) the medicine used by the farmers does not complied with the meat export requirements, or medicine residue has been found in tests conducted after slaughtering; and

  (e) yellow fat, with which chicken meat is considered to be of a lower quality, is discovered in the slaughtered chickens.

  In such event, we are entitled to terminate the contract and forfeit the deposit. In addition, we have the right to refuse to purchase the corresponding batch of grown chickens or purchase at the prevailing market price. As confirmed by our

Directors, during the Track Record Period there was no occurrence of major events of default by Contract Farmers. The chickens purchased under this type of contract comprise approximately 80% of the total chickens purchased by our Group.

(2) The principal terms of single batch broiler contract with guaranteed floor price are as follow:

- farmers pay a deposit of RMB0.30 (approximately USD0.04) multiplied by the number of chicks which the farmers procure for each batch;

- farmers can purchase chicks from us or third parties;

- farmers must purchase from us feeds for feeding the corresponding amount of chicks;

- a guaranteed floor price is agreed in the contract for the future purchase of grown chickens by us from the farmers;

- farmers may decide to sell the grown chickens to us or in the markets according to the growing conditions of the grown chicken and the then poultry market conditions; and

- the "single batch broiler contract" does not contain any provision setting out the act or event that is deemed a default event.

When the market price of grown chickens is higher than the guaranteed floor price, the farmers may sell those grown chickens to external markets. In the event that such grown chickens fulfill our requirement, we are entitled with priority to purchase those grown chickens from the farmers at the market price. When the market price of grown chickens is lower than such floor price, the farmers can make an application to us for the purchase of those grown chickens at the floor price. The chickens purchased under this type of contract comprise approximately 5% of the total chickens purchased by our Group.

We recommend that our Contract Farmers follow our stringent operation policies in relation to chicken growing. We adopted the operation policy not only to ensure the quality of chickens, but also as preventive measures against diseases and to minimise the negative impact should infection occur. These policies include:

(1) *Waste management, ventilation and water supply*

We have set on-site and off-site disposal guidelines for Contract Farmers to follow. These include cleaning the chicken-growing site at least once a day and sanitizing the site regularly, and disposing of the waste produced by chicken in designated areas. We also consider the environmental background of the site when selecting Contract Farmers, such as height, level of humidity, ventilation and drainage system. Shed sanitation and cooling are important for chicken health. Sheds are equipped with ventilation and air-conditioning devices to maintain sanitary conditions.

(2) *Emergency measures*

In addition to strict compliance with all requirements of the government, such as notifying the relevant authorities of the outbreak of animal diseases and epidemics, we have implemented comprehensive emergency procedures to deal with the occurrences of abnormal situations with respect to chickens raised by our Contract Farmers. Upon discovering the abnormal circumstance, Contract Farmers are required to inform us immediately. We require our staff and veterinarian team to be present at the chicken farm and complete various tests within 4 hours of the notification. If the test result is positive, we will take appropriate measures immediately including disinfection and hygienic disposal. If all of the above fail, we will then proceed to final measures, which consist of culling of the chicken, quarantining the area and cleaning and vacating the shed. We also have an internal policy of unconditional cooperation with the directions or orders of the relevant authorities at all times. This includes keeping the authorities informed or handing over our facilities to the government when required or necessary. We require all our Contract Farmers to implement the emergency measures strictly.

We also have contingency plans if the chickens raised by Contract Farmers are infected with avian influenza, such as ensuring supply of live chickens within our Group from other Contract Farmers who are in uninfected areas, or from other suppliers in uninfected areas that can provide us with live chickens which meet our quality requirements. We believe we will be able to increase our sales to key customers at reasonable prices to minimise the negative impact of reduction in market price of chickens during the outbreak of avian influenza.

(3) *Quarantine procedures*

Our Group has adopted the Technical Standard Governing Status Determination and Culling in Respective of Highly Infectious Avian Influenza (高致病性禽流感疫情判定及撲滅技術規範) enacted by the Ministry of Agriculture of the PRC on 17 February 2004. It sets out the criteria for determining the infected area and the measures in response to the breakout of the avian influenza, including quarantine of the livestock and blockade of the infected or threatened area. In addition to the government rules and regulations, we also have adopted an internal policy to combat the epidemics. For example, if any of our chicken meat production facilities are suspended from production due to a blockade of the infected area, we will arrange for other production facilities to process the raw chicken which we receive from Contract Farmers, to ensure the smooth operation of our business.

Impact of avian influenza and other diseases on our Group

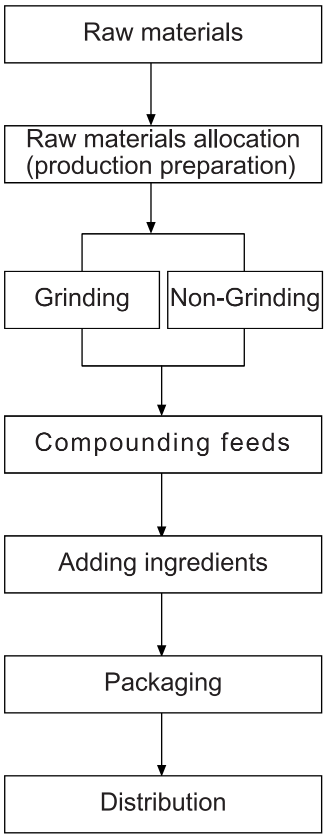
We did not suffer significant damages in 2004 and 2005 when the outbreak of avian influenza occurred, which we believe was because of our stringent quality control and successful inventory policy. In addition, we are not aware of any cases of infections at the facilities of our Contract Farmers and none of our production facilities fell within the quarantined areas in the PRC during the outbreak of avian influenza in 2004 and 2005. The impact of avian influenza on our Group during the Track Record Period was mainly the temporary drop in the sale price and sales volume of chicken meat. During the outbreak of avian influenza in the first quarter of 2004, the average price and sales volume of chicken meat decreased by approximately 3.6 % and 14.1 %, respectively, as compared to those in the last quarter of 2003. However, the average price and sales volume in the second quarter of 2004 increased by approximately 7.5% and 12.7%, respectively, as compared to those in the first quarter. During the outbreak of avian influenza in November and December 2005, the average price of chicken meat decreased by approximately 20.9% as compared to the average price in the first 10 months of 2005. However, the average monthly quantity of chicken meat sold in November and December 2005 increased by approximately 11.8% as compared to the average monthly quantity sold in the first 10 months of 2005. Our Directors believe that the increase in sales volume was because it was close to the Chinese New Year and the sales volume usually increases during that period as compared to other months. The two impacts combined, our average monthly sales in November and December 2005 decreased by approximately 11.6% as compared to the average monthly sales in the first 10 months of 2005. However, after the outbreak of avian influenza in 2005, the average price of chicken meat quickly rebounded in the first quarter of 2006 and increased by approximately 11.7% as compared to the average price in November and December 2005. On a year-to-year basis, our sales of chicken meat still increased by approximately 8.1% between 2003 and 2004 and approximately 9.9% between 2004 and 2005, respectively. Therefore, we did not experience any significant financial impact on our overall results of operation in 2004 and 2005 as a result of the avian influenza. Our Group has since 2004 maintained insurance coverage on political risks covering losses arising from the failure to sell processed products overseas as a result of import bans or restrictions imposed by governments in other countries.

With our stringent quality control policy and procedures, neither our Group nor Contract Farmers have experienced incidents of spread of disease, except for ordinary diseases in the farm of individual Contract Farmers which were not infectious. During the Track Record Period, our Group's expenditure in hygiene control was approximately RMB1,080,000, RMB880,000, RMB2,040,000 and RMB1,610,000 (approximately USD139,896.4, USD113,989.6, USD264,248.7 and USD208,549.2), respectively.

Production processes for feeds, chicken meat and processed foods

The following charts illustrate the production processes for chicken meat, processed foods and feeds. As we are dedicated to quality control and maintaining high standards of hygiene, our employees are required to comply with our stringent quality control procedures adopted at each processing stage.

Feeds



- We receive the raw materials from selected suppliers.
- Different materials are placed into different storage areas in preparation for the production process.
- Some raw materials are ground if necessary.
- All feeds are compounded and mixed.
- All necessary ingredients are added to the mixture.
- The mixed feeds are packaged.
- The finished products are distributed.

Chicken meat

Live chicken	- We receive live chickens from Contract Farmers and other suppliers.
Slaughtering	- The live chickens are slaughtered.
Carcass chilling	- The cleansed chickens are chilled in preparation for carving.
Weighing & grading	- The chickens are weighed and graded for despatch.
Vacuum packaging & sealing	- The carved chickens are packaged and sealed.
Freezing	- The packaged chickens are chilled or frozen.
Inspection	- The finished products are inspected.
Distribution & delivery	- The finished products are distributed and delivered.

Processed foods

Raw materials (Chicken, pork, etc.)	- We receive the raw materials from the our chicken meat production facilities and other suppliers.
Material preparation & pre-processing	- This includes carving and grinding the raw materials and stringing them with sticks for cooking.
Cooking, frying or grilling	- The raw materials are processed into cooked food.
Cooling or freezing	- The processed food is cooled down and frozen.
Vacuum packaging & sealing	- The processed food is packaged and sealed.
Inspection	- The finished products are inspected.
Distribution & delivery	- The finished products are distributed and delivered.

BRANDS AND PRODUCTS

Under our vertically integrated business model, we produce a broad range of products, from feeds, chicken meat to processed food. The following table sets out a breakdown of our revenue by business segment during the Track Record Period:

	Year ended 31 December						Five months ended 31 May			
	2004		2005		2006		2006		2007	
	USD ('000)	*% of total revenue*	*USD ('000)*	*% of total revenue*	*USD ('000)*	*% of total revenue*	*USD ('000)*	*% of total revenue*	*USD ('000)*	*% of total revenue*
Revenue										
Chicken Meat[1]										
Chilled and frozen chicken	161,653	37.6	177,639	33.4	227,550	35.7	82,631	34.6	134,369	41.8
Feeds to Contract Farmers	88,291	20.5	101,635	19.1	120,307	18.9	52,102	21.8	52,441	16.3
Chicks to Contract Farmers	18,281	4.3	24,638	4.6	28,887	4.5	9,677	4.1	13,189	4.1
Sub-total	268,225	62.4	303,912	57.1	376,744	59.1	144,410	60.5	199,999	62.2
Feeds to external customers										
Pig feeds	56,536	13.2	93,307	17.5	116,845	18.3	39,028	16.3	56,654	17.7
Chicken feeds	77,365	18.0	87,468	16.5	87,099	13.7	33,539	14.0	26,951	8.4
Others	10,457	2.4	15,991	3.0	18,843	3.0	7,872	3.3	15,800	4.9
Sub-total	144,358	33.6	196,766	37.0	222,787	35.0	80,439	33.6	99,405	31.0
Processed foods	17,159	4.0	31,402	5.9	37,864	5.9	14,000	5.9	21,718	6.8
Total revenue	429,742	100.0	532,080	100.0	637,395	100.0	238,849	100.0	321,122	100.0

Note:

(1) Total revenue for our chicken meat business includes revenue derived from (i) the sale of chicks to Contract Farmers,(ii) the sale of feed products to Contract Farmers, and (iii) the sale of chilled and frozen chicken meat products to customers. Under our Contract Farming arrangement (details of which are set out in the paragraph headed "Contract Farming" under the section headed "Business" of this prospectus), we sell feeds and/or chicks to Contract Farmers for growing. Thus, at the time when our feed products and chicks are delivered to Contract Farmers, we recognised the sale of chicks and the sale of feed products. We will purchase the grown chickens from these Contract Farmers which meet our quality standards. Purchases of these grown chickens are recognised as part of our cost of sales — chicken meat. These grown chickens will then be processed into various chicken meat products and sales of these chicken meat products are recognised as revenue from sale of chilled and frozen chicken.

Feeds

We have been engaged in the manufacture of feeds in the PRC since 1990. Our products in the PRC include chicken feeds and pig feeds. Our Group has 12 feed production facilities in the PRC, 2 in Vietnam and 1 in Malaysia. We produce pig and chicken feeds in Malaysia, and in Vietnam we produce aquatic feeds in addition to pig and chicken feeds.

Our feeds are mainly marketed under our brand names "Dr. Nupak" (補克博士) and "DaChan" (大成). To maintain the high quality of our chicken products, we require our Contract Farmers to purchase and use our feeds to grow the chickens. As a result of continuous efforts of our research and development personnel, we successfully improved pig feed formulations for piglets under 30 kilograms by maximising the nutrition and immune functions of such pig feed. Our feeds for piglets under 30 kilograms have enjoyed fast growth in the PRC and Vietnam during the Track Record Period.

Below are some of our feed products:

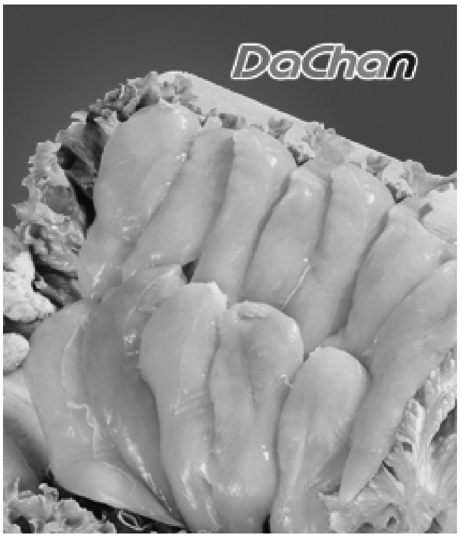
Dr. Nupak H805 High-performance Concentrate Pig Feed

Chicken meat

We started producing chicken meat in the PRC in 1995. Our chicken meat products are pre-cooled products marketed under our brand names "DaChan" (大成) and "大成雞寶寶". As most parts of the chicken can be processed into different types of chicken products, such as chicken wings, chicken breasts, chicken thighs and chicken paws, we produce a variety of chicken meat products in different grades according to the size and weight of the different parts.

To maintain the quality and safety standards of our chicken meat products, we primarily procure live chickens supplied by our Contract Farmers. For details of the contractual arrangement with our Contract Farmers, please refer to the paragraph headed "Procurement" below in this section.

Below are some of our chicken meat products:



Chicken breast

Chicken thigh

Processed foods

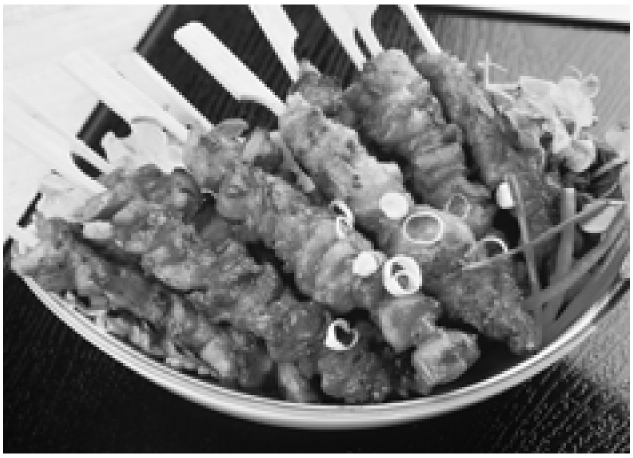
We began to offer processed food products in 1996. We market our processed foods under our brand names "DaChan" (大成) and "Snow Yaki" (霜火照燒) in the PRC and overseas markets. By using different flavorings, recipes and cooking methods, we produce a wide variety of processed foods, including charcoal grilled products, steamed products, fried products and steam oven products, and the types of processed foods include chicken, pork, fish and vegetables.

We also produce processed foods on both OEM and ODM basis for overseas markets including Japan and Hong Kong. Our major OEM customers in Japan are the 7-Eleven chain and Ito-Yokado, which sells our products in Japan. Our customers in Japan employ stringent quality and hygiene standards to products which we sell to them. These customers provide us with recipes and cooking guidelines and our finished products are subject to their quality control procedures.

We use primarily our own chicken meat to produce the processed food products, and procure other raw materials from selected suppliers to ensure the quality of our products.

Below are some of our processed food products:

Fried crispy chicken nuggets



Barbecue chicken

AWARDS AND ACCREDITATIONS

Companies in our Group have received the following major awards and accreditations for their products.

- Recognised as an advanced technology enterprise (先進技術企業) by Liaoning Provincial Bureau of Foreign Trade and Economic Cooperation in 1999;
- Recognised as a prominent foreign investment enterprise (優秀外商投資企業) by Dalian Foreign Trade and Economic Cooperation Bureau in 2001;
- Named as "China's Famous Brand Product" (中國名牌產品) by the General Administration of Quality Supervision, Inspection and Quarantine of the PRC in 2005;
- Named as "Non-pollution Agricultural Products" (無公害農產品) by the Center of Agricultural Products Quality & Security of the Ministry of Agriculture of the PRC in 2005;
- Named as a "National Model Enterprise for Agricultural Products Processing" (全國農產品加工業示範企業) by the Ministry of Agriculture of the PRC in 2005;
- Named as a "Key Enterprise of Agricultural Industrialisation" (農業產業化國家重點龍頭企業) by the Ministry of Agriculture of the PRC in 2005.

MARKETING, SALES AND COMPETITION

Marketing

Feed

Our efforts in marketing our feed products have focused on consumer education and brand name recognition. We run campaigns to introduce new knowledge in respect of the feeds, and educate the feed consumers about the high-quality features of our feeds products, particularly the differences between our feeds and other brands in terms of performance and immune functions, and at the same time promote the high-end positioning of our brand name. As a large portion of our feeds are sold to the end-users through distributors, we cooperate with our distributors closely in running our marketing campaigns. These campaigns include publication of educational materials, and personalised and direct communication with the consumers to introduce the special features of our products.

Chicken meat

A large portion of our chicken meat is sold to our key clients, such as KFC, Husi, McKey and Dicos. We have a special team responsible for providing these key clients with customised services, including helping them with new product development. See the paragraph “Key client service department” below.

We also operate retail stores and authorise independent retail outlets to sell our chicken meat products to end-customers. Our self-operated retail stores present a high-quality image, which provide good marketing effects and help strengthen our brand image. The operation of these retail stores allows us to build up a direct access to, and direct contact with, the end customers, and at the same time enlarges our volume of direct sales. The retail network also helps us gather market information and feedback for improvement of our products.

Processed foods

We select distributors who we believe have strong background knowledge of, and a sales network in, the designated regions. They identify and develop potential customers and provide them with consumer education with respect to the special features of our products and market our brand name directly. Distributors also coordinate with us closely in marketing and promotional campaigns, such as sample product tasting and introduction of new products. With the involvement of the distributors, we believe our marketing efforts can cover a broad scope of target markets, and their direct, personalised contact with the potential customers makes our marketing efforts more effective.

Sales

PRC

(1) *Domestic*

Our products are predominately sold in the PRC domestic market. During the Track Record Period, sales to the PRC domestic market accounted for approximately 89.5%, 84.8%, 81.9% and 80.4%, respectively, of our total revenue. All of our feeds and chicken meat produced in the PRC are sold in the PRC exclusively.

Our processed foods marketed under our brand name “DaChan” (大成) and “Snow Yaki” (霜火照燒) are sold in the PRC domestic market.

(2) *Export*

Our processed foods are exported to Japan from the PRC and to Hong Kong through distributors. After the outbreak of avian influenza, the Japanese government restricted import of processed chicken products into Japan from the PRC, and implemented new regulations that allowed only the licensed entities to export processed chicken products from the PRC to Japan. We currently hold two licenses issued by the Japanese government to export processed chicken products to Japan.

Vietnam and Malaysia

We have feeds production facilities in both Vietnam and Malaysia. The feeds produced in Vietnam are sold domestically in Vietnam only. The feeds produced in Malaysia are principally sold in Malaysia. A small percentage of feeds produced in Malaysia is sold to Vietnam (approximately 7.4% in 2006), under approval obtained by Great Wall Malaysia from the Vietnamese Ministry of Agriculture and Rural Development.

Customers

We have established a broad customer base. We sell our products through direct sales to end-consumers, which include quick-service restaurant chains, restaurants, schools and private entities. In addition, we also run our own retail stores in Tianjin in the PRC, and authorise some retail outlets to sell our chicken meat directly to end-consumers.

We sell a large portion of our products to our distributors, who in turn sell our products to end-consumers. We have a distribution network comprising over 2,400 distributors that sell our feeds, chicken meat and processed foods throughout the PRC.

Feeds

(1) *Direct sales to end-customers*

We require our Contract Farmers to use our own feeds throughout the chicken growing process. Approximately 37.7% of our feeds produced in the PRC and approximately 32.1% of our total feed production are consumed by our Contract Farmers.

Approximately 10% of our feeds produced in the PRC are sold directly to other end-customers. These are generally enterprises that have larger demand than individual customers, and we have very few key clients in the sale of feeds.

(2) *Sales to distributors*

We also sell our feeds to independent distributors who in turn sell them to end-customers. Approximately 47% of our feeds produced in the PRC are sold to independent distributors during the Track Record Period. As at 31 March 2007, our Group had over 1,600 distributors in the PRC that sold our feeds, and sales of our feeds to the distributors comprised approximately 56% of our total sales of feeds in terms of revenue during the Track Record Period.

We select our distributors based on criteria including ability to sell our products exclusively, transportation capability, and credit and financial conditions. The agreement between our Group and the distributors sets out the term of the agreement, sale price, the geographical area where the distributors can sell the feeds and the target sales quota with bonus incentive. Most of our sales to distributors are settled in cash, and revenue is recognised upon delivery. As it is not cost-effective to transport feeds, the sales of feeds are limited to approximately 250 km radius of our production facilities. Our feeds customers are all near our production facilities. Sales through distributors have several advantages. As all the sales to distributors are cash deals, we assume no credit risk. We believe the distributors generally have strong local networks and the expertise to sell our products, and can contribute significantly to the marketing of our products and the expansion of our market. In addition, distributors are also responsible for the transportation of our products, which reduces our needs for logistics.

During the Track Record Period, sales to distributors were approximately USD137.5 million, USD180.7 million, USD202.4 million and USD91.9 million. Sales to the largest distributor accounted for approximately 1.1% to 1.5%, and sales to the five largest distributors accounted for approximately 3.8% to 5.5% of our revenue from sales of feeds during the Track Record Period, respectively. The average retention ratio of our distributors was over 60% on an annul basis from 2004 to 2006, and the top 10 distributors have an average of 9.4 years' relationship with our Group. During the Track Record Period, we had sales returns of approximately USD252,000, USD270,000, USD321,000 and USD76,000 from distributors, which accounted for approximately 0.17%, 0.14%, 0.14% and 0.08% of our revenue from sales of feeds, respectively.

Chicken Meat

(1) *Direct sales to end-customers*

Approximately 49% of our total production of chicken meat is sold to end-customers during the Track Record Period through direct sales. Our customers include quick-service restaurant chains such as KFC, McDonald's (through Husi and McKey), Dicos, supermarkets, schools, canteens and restaurants in the PRC.

Generally, we enter into contracts with our key clients. For example, we enter into sale and purchase agreements with Yum! China Division (an operator of KFC brand restaurants in the PRC) and Husi and McKey (the exclusive purchasing agents for McDonald's) for supply of our chicken meat. The agreements set out in detail the type of chicken meat to be supplied and the specifications, price and quantity. The term for each agreement may vary from 90 to 120 days depending on their demand at different times.

In addition to the direct sales to the above end-customers, we have developed a variety of sales channels to maximise our sales. We currently run 3 self-operated retail stores which sell our chicken meat products directly to end-customers. These retail stores enable us to obtain first-hand knowledge of the consumer preferences and the market. Besides our own retail stores, we also have authorised retail outlets owned and operated by independent operators to sell our chicken meat products. As at 31 March 2007, we had over 200 authorised retail outlets which are located respectively in Tianjin, Dalian, Yingkou and Tieling. These retail stores and outlets promote not only the sales of our products, but also our brand image. To the best knowledge of our Directors, it is industry practice to make sales through distributors and authorised outlets.

We carefully select our authorised retail outlets based on their past sales experience, management ability, commitment to selling our products, location, geographical sales range and the facilities which they have. We sell our chicken meat to the retail outlets which we select, and they in turn sell our chicken meat exclusively under our authorisation after entering into an authorisation agreement with us. The authorisation agreement sets out the contractual relations between the parties, exclusivity of selling our products, geographical area of sales, standardised sales mechanism to be followed by the retail outlets, order placing and delivery procedure, quality control and standard and pricing policy.

In the sales to the authorised retail outlets, title to our products is transferred upon delivery. We do not give any credit period to authorised retail outlets and all sales to these outlets are settled in cash, and revenue is recognised upon delivery. During the Track Record Period, sales to authorised retail outlets were approximately USD5.1 million, USD4.5 million, USD9.4 million and USD6.0 million, respectively, representing approximately 1.2%, 0.9%, 1.5% and 1.9% of the total turnover of our Group, respectively. Sales to the largest authorised retail outlet accounted for approximately 0.8% to 1.3% and sales to the five largest authorised retail outlets accounted for approximately 3.4% to 5.4% of our revenue from sales of chicken meat during the Track Record Period. The average retention ratio of our authorised retail outlets was over 89% on an annual basis from 2004 to 2006, and the top 10 authorised retailers have an average of 2.6 years' relationship with our Group. We only had sales returns of approximately USD194 from authorised retail outlets in 2004 throughout the Track Record Period.

(2) *Sales to distributors*

One of the sales channels of our chicken meat is sales to distributors. We sell approximately 45% of our chicken meat to independent distributors. Sales of our chicken meat to distributors have smaller profit margin. Sales to distributors comprised approximately 32% of our total revenue from chicken meat during the Track Record Period. As at 31 March 2007, our Group had over 600 distributors that sold our chicken meat.

We select our distributors based on criteria including their distribution network, ability of sales and commitment to selling our products. The agreement between our Group and the distributors sets out the types and quantity of chicken meat to be purchased, price, payment method and transportation. Under the agreement, distributors can sell our products in the designated geographical area to avoid the overlap of sales area among distributors. Approximately 90% of our sales to distributors are settled in cash, and revenue is recognised upon delivery. During the Track Record Period, sales to distributors were approximately USD93.9 million, USD118.9 million, USD140.8 million and USD72.6 million. Sales to the largest distributor accounted for approximately 2.3% to 6.7%, and sales to the five largest distributors accounted for approximately 7.4% to 11.5% of our revenue from sales of chicken meat during the Track Record Period. The average retention ratio of our distributors was over 50% on an annual basis from 2004 to 2006, and the top 10 distributors have an average of 5.9 years' relationship with our Group. During the Track Record Period, we had sales returns of approximately USD126,300, USD160,700, USD194,800 and USD6,800 from distributors, which accounted for approximately 0.05%, 0.05%, 0.05% and 0.01% of our revenue from sales of chicken meat, respectively.

(3) *Internal consumption*

Approximately 6% of our chicken meat is internally consumed as raw materials for our processed foods.

Processed foods

(1) *Direct sales to end-customers*

Approximately 40% of our processed foods in the PRC are sold to end-consumers through direct sales. Our customers include restaurants, supermarkets, schools, canteens and convenience stores.

Our processed foods are mainly exported to Japan from the PRC and to Hong Kong through distributors. We sell approximately 45% of our OEM products through our Japanese joint venture partners Ambis Co., Ltd., an Independent Third Party, and Marubeni Corporation, which are responsible for selling our products in the local Japanese market. We generally receive orders from Ambis Co., Ltd. and Marubeni Corporation on a monthly basis. The order specifies the quantity and type of OEM products which they require for the certain period.

(2) *Sales to distributors*

As in the case with our feeds, we also sell our processed foods to independent distributors who in turn sell them to end-users. Approximately 60% of our processed foods in the PRC are sold to independent distributors. As at 31 March 2007, our Group had over 170 distributors that sold our processed food products, and sales of our processed foods to our distributors comprised approximately 26% of our revenue from sales of processed foods during the Track Record Period. We select our distributors based on criteria including size of capital, payment arrangement and sales growth. The agreement between our Group and the distributors sets out the types and quantity of processed foods to be purchased, price, payment method and transportation. To avoid the overlap of sales area among different distributors, distributors can sell our products in the designated geographical area only. Similarly, under the agreement our sales in a given geographical area may be limited to specific customers only in order to encourage the distributors to promote our products in that area. Most of our sales to distributors are settled in cash, and revenue is recognised upon delivery. We rely on the advantages which we believe our distributors have, including a local network and the expertise to sell our products, involvement in the marketing of our products and the expansion of our market, and provision of transportation and refrigeration for our products. We offer various incentives such as discretionary annual rebate and discounts to incentivise these distributors to be more committed to selling our products.

During the Track Record Period, sales to distributors were approximately USD3.0 million, USD5.7 million, USD9.7 million and USD5.7 million. Sales to the largest distributor accounted for approximately 2.3% to 4.3%, and sales to the five largest distributors accounted for approximately 7.4% to 11.6% of our revenue from sales of processed foods during the Track Record Period. The average retention ratio of our distributors was over 30% on an annual basis from 2004 to 2006, and the top 10 distributors had an average of 3.3 years' relationship with our Group. During the Track Record Period, we had sales returns of approximately USD29,800, USD56,800, USD96,600 and USD56,900 from distributors, which accounted for approximately 0.17%, 0.18%, 0.26% and 0.26% of our revenue from sales of processed foods, respectively.

Key client service department

We have a dedicated key client customer service department that assists our sales and production department in negotiating and serving our key clients, such as KFC, Husi, McKey, Marubeni and Ito-Yokado. Husi and McKey are the exclusive chicken meat sourcing agents of McDonald's in the PRC. We believe building strong relationships with key clients is crucial to our success. When defining a key client, we take into account a variety of criteria, including its monthly sales volume, monthly sale revenue, unit price and duration of our agreement with them. We generally enter into agreements on a quarterly or half-yearly basis with these key clients with respect to the sale of our products. Our key client sales team keeps frequent contacts with our key clients with a view to providing them with more personalised services. The team focuses on understanding the special needs of each of the key clients, and then coordinates with our research and development team to develop custom-made products for them, taking into account the feature, specification and costs of the products. We also develop marketing and promotional plans and strategies for such custom-made products and keep regular communication with the key clients to obtain their feedback, improve our service standards and ensure the successful launch of these products. We believe this arrangement effectively builds and enhances key client's satisfaction and further increases our sales.

Largest Customers

For the years ended 31 December 2004, 2005 and 2006 and the five months ended 31 May 2007, our five largest customers accounted for approximately 6.8%, 8.2%, 9.2% and 10.2%, respectively, of our total revenue, and our largest customer accounted for approximately 2.9%, 3.9%, 4.9% and 6.0%, respectively, of our total revenue. To the best knowledge of our Directors, (i) our five largest customers are either end-customers independent of each other or independent distributors and sourcing agents selling to different end-customers, (ii) only McKey and Husi are sourcing agents selling to the same end-customer, and (iii) our distributors among our top five largest customers do not sell to our end customers. In light of the above, our Directors are of the view that our Group's concentration risk of sales is low.

None of our Directors, their respective associates or, so far as our Directors are aware, Shareholders who own more than 5% of the issued share capital of our Company (immediately following completion of the Global Offering and taking no account of any Shares which may be taken up under the Global Offering or allotted and issued pursuant to the exercise of the Over-allotment Option) has any interest in any of the five largest customers of our Group during the Track Record Period.

Pricing

(1) *Feeds and chicken meat*

The prices of chicken meat and feeds are mainly affected by the costs of production, market position and recognition.

The pricing in the direct sales of chicken meat to our key clients is determined through negotiation with our customers. Due to the special requirements from the key clients, the prices of the tailored products may be higher.

(2) *Processed foods*

In determining the prices of our processed foods, we usually take into account the prevailing market demand and supply, cost of production and prices set by competitors for similar products.

We also produce processed foods on an OEM and ODM basis for the overseas markets. The pricing in the processed food products is principally determined by the market price and cost of production.

Settlement arrangement, credit policy and control

Feeds and chicken meat distributors generally pay in cash upon delivery or at plant when shipping and the cash deal does not require credit control and helps minimise our financial risks. We offer a credit period between 30 and 60 days to our key clients who have a good payment and credit record with us, such as KFC or supermarket chains in the PRC. We also offer a credit period between 30 and 60 days to our processed food customers, taking into account their sales performance, credit history and relationship with us. With respect to exports, we have contractual relationship with our customers and payment is made by way of bank remittance or letter of credit before or upon delivery.

Based on these arrangements, our credit control is effective, and we have minimal account receivables as our management regularly monitors the aging of trade receivables. We make specific provisions on balances with recoverability problems. For the years ended 31 December 2004, 2005 and 2006 and the five months ended 31 May 2007, we have made provisions of USD51,000, USD204,000, USD328,000 and USD135,000, respectively. For details of our Group's provisioning policy, please refer to note 1 in Part C of the accountants' report set out in Appendix I to this prospectus.

Sales returns

As a food company, we conduct checks on our products throughout each stage of production to ensure that we meet our internal quality standards before the delivery to our customers.

We do not have a set sales return policy and generally no sales return is allowed. We consider and accept sales returns from customers on case-by-case basis. We will be responsible for the claim if the defect is found to be caused by us. All stock returned will be sold as scrap or subsequently destroyed. When a customer applies for sales return, our sales representative prepares a sales return requisition form including all the sales details and the reason of return. This requisition form is reviewed and approved by the supervisor of our sales department and the goods are sent back to our warehouse. Upon the stock receipt, the quality inspection department carries out a sample check to verify whether the returned product is our product and justifies the reasons for return. The inspection result and approval will be marked on the requisition form. Both the staff and manager of the quality inspection department must sign off as an evidence of approval. If we should be responsible for the return, our finance department will make the refund and update the accounting system. It should be noted that we will not be responsible for unsold goods, expired goods or those goods without our package or logo. For the years ended 31 December 2004, 2005 and 2006 and the five months ended 31 May 2007, we had sales returns of approximately USD408,000, USD488,000, USD612,000 and USD140,000, respectively, which accounted for approximately 0.10%, 0.09%, 0.10% and 0.04% of our total revenue, respectively.

Competition

There are certain barriers to enter the chicken meat production and feed manufacturing industry. First, the chicken meat production and feed manufacturing industries are heavily regulated, in which suppliers are required to obtain permits and licenses, and are subject to regulatory inspections. Therefore, new entrants to this industry must have sufficient resources and stringent quality and hygiene control procedures to meet these regulatory requirements. In addition, in order to supply chicken meat and feeds, suppliers need to have the expertise and techniques required to engage in raw chicken meat production and feed manufacturing. In addition, the chicken meat production business is capital-intensive, as payment for live chickens are typically settled in cash. This industry is therefore vulnerable to increases in the price of live chickens. As a result, only suppliers which can meet the aforesaid barriers are able to develop chicken meat processing and feed manufacturing capabilities.

We consider the following companies to be our major competitors:

Company	Major product offerings
C.P. POKPHAND Co., Ltd. (卜蜂國際有限公司) — listed on the Stock Exchange	Seeds, feeds, chicken meat and duck and processed foods *(Note)*
新希望集團 (New Hope Group*)	Feeds, dairy, meat and chemical products *(Note)*
山東六合集團有限公司 (Shandong Liuhe Group Co., Ltd. *)	Feeds, processed foods, animal medicine and animal husbandry machinery
山東諸城市對外貿易集團公司 (Shandong Zhucheng Foreign Trade Group Corporation*)	Feeds, chicken, processed foods, starch, pigment and packaging products
山東鳳祥(集團)有限公司 (Shandong Fambros (Group) Co., Ltd.*)	Feeds, chicken meat, processed foods, condiment, biological products, dairy and vegetable oil

Note: Only the main products in relation to agricultural business which may compete with our products are set out above.

Our ability to compete against the aforesaid competitors is, to a significant extent, dependent on our leading market position and well-recognised brand names, highly integrated and distinctive business model, stringent quality and hygiene control, stable customer base with nationally and internationally renowned brand names, strong product development capabilities and experienced and dedicated management team. For details of our competitive strengths, please refer to the paragraph headed "Our Competitive Strengths" under this section. We believe these strengths allow us to distinguish ourselves from our major competitors in the market.

Our competitors, especially foreign competitors, may have easier access to financial resources, more experience in resource allocation, better ability in product innovation and longer operating history. Some of our international competitors may also have better management and more advanced technology than we do. Please refer to the paragraph headed ''We operate in a competitive environment and may face increasing competition from both domestic and foreign companies which may affect our market share and profit margin'' in the "Risk Factors" section of this prospectus. However, we believe that the Listing would enhance our financial resources and strengthen our market position in all respects and allow us to compete with our international competitors.

RESEARCH AND DEVELOPMENT

As we are committed to providing high-quality products, we have been consistently dedicated to research and development for improving the quality of our products.

Our research and development team consists of a total of 79 members, and 4 of whom hold Ph.D. degrees and 22 hold masters degree. We have in-house facilities and equipment, including 3 experimental farms respectively in Shenyang, Tianjin and Dalian, which are used for researching and developing know-hows. Based on the type of products, we have a variety of focuses for our research and development activities. With respect to feeds, our research and development team aims at improving our biological know-how so as to maximise the overall performance of our products, including the nutrition and immunity function, without using additives such as antibiotics which are banned in many countries. Our research and development team for our processed foods is dedicated to the nutrition components, recipes and taste of our products, to enhance the quality of our processed foods in terms of nutrition, healthiness and taste. During the Track Record Period, the amount of our research and development expenses incurred was approximately USD75,000, USD81,000, USD157,000 and USD75,000, respectively.

In addition to the above research and development activities, our research and development team also conducts activities from other perspectives. They compare our products to our competitors' products and gather information about market trends and consumer preferences. All data and information collected will in turn be utilised on further research, development and improvement of our products.

We also have cooperation arrangements with renowned academic institutions, such as Feed Industry Center of the Ministry of Agriculture of the PRC, Wuhan Polytechnic University and Chongqing Academy of Animal Science for exchanging new expertise, know-how and market updates. The activities include cooperation in joint publication of research papers and seminars. All the efforts are dedicated to improving our expertise and know-how and keeping them at the advanced level for our products. During the Track Record Period, there was no intellectual property right or profit sharing arrangement in respect of any research project as no specific research projects was conducted.

PROCUREMENT

Raw materials

Apart from procuring live chickens from Contract Farmers, we purchase a variety of raw materials from our suppliers for each type of our products. These include corn, soybean meal, fish powder, additives, packaging materials and palm oil.

Live chickens

The principal raw material for the chicken meat is live chickens. Approximately 85% and 15% of our live chickens are provided by Contract Farmers and by external selected suppliers, respectively. To maintain the stable supply of the high quality live chickens, we have adopted a uniform procedure to engage and manage our Contract Farmers.

(i) *Contract Farming*

Contract Farming is a mechanism through which we contract with Contract Farmers to raise chickens using our standardised procedures and under our direct supervision. In order to maintain a stable supply of high quality live chickens for our production, having taken into account the inherent business risks associated with the chicken growing process along with the cost-benefits assessment, we consider that it is more cost-effective to adopt Contract Farming embodied in our vertically integrated business model than to have our Group grow the chickens.

Inherent business risks

Our Company considers that the chicken growing process inherently involves business risks beyond our control, including but not limited to (i) death of pre-mature chickens due to infectious diseases such as avian influenza; (ii) change of government policies which may have adverse effects on the chicken growing process; and (iii) extensive capital investment which may have adverse effects on our Company's working capital position.

Cost-benefit assessment

- Growing the chickens by ourselves involves extensive capital investment and monitoring costs including (i) purchase or lease of a large piece of land that is suitable for raising chickens; and (ii) employing a large number of labour for chicken growing and monitoring.

- As the risks of and rewards from chicken growing are directly linked to their performance, Contract Farmers are motivated to grow quality chickens according to our requirements and we believe that risks of chicken death will be assumed and monitored by Contract Farmers through which we can save monitoring costs.

- Another key reason for us to adopt Contract Farming is that by doing so, we are able to keep track of the traceability of the chickens, thereby ensuring the customer's confidence in the quality of chicken meat and processed foods. As Contract Farmers may purchase chicks and shall purchase chicken feeds from our Group and are recommended to follow our chicken growing guidelines, we consider Contract Farming to be a preferred model in terms of maintaining the quality of chickens as compared to purchasing chicken from independent sources which offer no comparable assurance with respect to hygiene and quality.

Our Company believes that Contract Farming allows us to save costs of investment, enhances operating efficiencies and ensures the quality of chickens. Contract Farming has been adopted by our Group for a long period of time and has proven to be a viable business model.

We carefully select farmers and only engage them if their chicken houses, waste management, ventilation and water supply facilities satisfy our requirements. During the Track Record Period, our Group contracted with approximately 3,700, 4,000, 4,700 and 3,200 Contract Farmers, respectively, and our Directors confirm that all are individual farmers. The reason for the fluctuations in the number of Contract Farmers during the Track Record Period is due to our Group's increasing need for more supplies of grown chickens, together with the fact that our Group has targeted contracting with Contract Farmers with larger growing capacity so as to minimise our Group's management costs. The average number of chickens raised by each Contract Farmer is approximately 5,000 for 2006. For the three years ended 31 December 2006 and four months ended 30 April 2007, our largest Contract Farmer accounted for approximately 0.18%, 0.17%, 0.12% and 0.16% of the total number of live chickens which our Group purchased from Contract Farmers, and hence our spread of Contract Farmers are diverse.

In most cases, we enter into one-year contracts with our Contract Farmers. Under the contracts, Contract Farmers may purchase chicks and shall purchase chicken feeds from us and are recommend to follow our chicken growing guidelines in order to ensure quality of the live chickens. The prices of each batch of the chicks and chicken feeds sold to Contract Farmers and the price of the chickens purchased by us are agreed upon execution of the contract by the parties and are set out in the contract. The price of chicks and feeds are determined with reference to the prevailing market price, while the price of chickens is a forward price extracted by our Group taking into account the profit margin to Contract Farmers which can provide them with an economic incentive to perform the contract. Depending on the fluctuation of market prices, the price may be adjusted during the contract term with the mutual consent of the parties. Although we do not prevent Contract Farmers from growing chickens for other parties, the contract contains an exclusivity clause which provides that Contract Farmers cannot grow chickens for any other parties at the same place which we designate and approve in order to maintain the quality of the chickens. Similarly, in the event that any Contract Farmers purchase chicks from both our Group and other sources, the chicks from our Group and those from other sources have to be kept separate throughout the growing process because the price terms are different for each batch of chicks from different sources. Our experts will ensure that the chicks from different sources are kept separate during the visit. They will check the number of chicks during site visits and the number of grown chicken at the time of delivery by Contract Farmers because changes in the number may be indicative of mixture of chickens from different sources. In addition, as chicks from different sources are of different sizes and weight, our experts will also check the results of tests run on the chickens, including size, weight and blood test, to see if any chickens from different sources are mixed.

As the risks of chicken-growing are shifted to Contract Farmers, we are not liable to compensate them for any loss arising from situations beyond the control of both parties, except that chicks found defective within 7 days after birth can be returned to us within 10 days after delivery. Only Contract Farmers who have no security deposit with the Group must pay a security deposit and make full payment in cash for the chicks and chicken feeds upon delivery in the first transaction with us. The security deposit is to ensure Contract Farmers' compliance with, and to prevent Contract Farmers from violating the contract. The amount of the security deposit depends on the type of contract entered into between our Group and Contract Farmers; it is either RMB1 (approximately USD0.13) or RMB0.3 (approximately USD0.04) multiplied by the number of chicks sold to Contract Farmers in the first transaction, and it will be refunded with interest to Contract Farmers upon expiry or termination of the contract. If Contract Farmers breach the contract, they may forfeit the security deposit.

We generally do not give credit period to Contract Farmers; however, to expedite subsequent transactions, we allow Contract Farmers who have long business relationships and a good credit record with our Group to set off their payment for chicks and chicken feeds against the amount payable by us for the purchase of live chickens from them. Invoices are issued to Contract Farmers for each sale of the chicks and chicken feeds and separate accounts are maintained by our Group in respect of these transactions.

The retention rate of Contract Farmers is approximately 50% on an annual basis from 2004 to 2006, and the top 10 Contract Farmers have an average of 3 years' relationship with the Group. To the best knowledge of our Directors, the main reasons for terminations of contracts between our Group and Contract Farmers are as follows:

- Some Contract Farmers rent henhouses to raise chicken. When the rental contract ends, some farmers may not continue to rent the henhouse and therefore terminate their cooperation with us; and

- Every year our Group evaluates performance of Contract Farmers and eliminates those who cannot meet our Group's requirement.

Under the contract, we undertake to purchase the grown chickens from Contract Farmers if our quality control staff is satisfied with the tests results performed on the grown chickens, and that Contract Farmers have submitted official certificates such as Examination Certificate for Animals (動物檢疫合格證) and Sanitisation Certificate for Vehicles Transporting Animals and Animal Products (動物及動物產品運載工具消毒證明). We have implemented various policies to ensure that our Contract Farmers will sell the grown chickens to us, and thus the stable supply of our live chickens. We not only require our Contract Farmers to pay a deposit to us as security upon signing the contract, but also implement a pricing policy to give them the economic incentive to honour their undertaking under the contract. We sell our feeds and chicks to our Contract Farmers at an agreed price and we purchase the grown chicken from our Contract Farmers at an agreed price which, in the estimation of our Directors, reflects the prices of our feeds and chicks sold to them and provides them within a reasonable profit margin.

Our Group is of the view that the prices of chicks and chicken feeds supplied to Contract Farmers are set at a higher price than the market price for similar products. On the other hand, our Group also offers to purchase the grown chickens from Contract Farmers at a higher price provided that our Group is satisfied with the test results on the grown chickens. Our Group believes that this pricing strategy provides an incentive for Contract Farmers to sell the grown chickens back to our Group as it would be difficult for Contract Farmers to find a buyer in the market who is willing to pay for the grown chickens at the price offered by our Group.

We believe this policy would effectively ensure a stable supply of live chickens from our Contract Farmers. To the best knowledge of our Directors, we did not encounter any incident in the past in which Contract Farmers refused to sell the live chickens to us.

(ii) *Other sources of live chickens*

When the demand for live chickens is higher than the supply from our Contract Farmers, we procure chicken from selected suppliers which meet our criteria. These purchases comprised approximately 15% of our total live chickens supply during the Track Record Period.

We apply the same level of criteria for procuring the chicken from outside suppliers, which include the requirement of official certificates of Examination Certificate for Animals (動物檢疫合格證) and Sanitisation Certificate for Vehicles Transporting Animals and Animal Products (動物及動物產品運載工具消毒證明), occasional inspection of chicken during growing process, and biological tests before slaughtering.

Other raw materials for our processed foods

In addition to live chickens, we also procure other raw materials for our processed food products, including pork, seafood and vegetables. We procure most of these raw materials from our suppliers in the domestic market in the PRC.

Feed ingredients

The raw materials for feeds consist primarily of corn, soybean meal, fish powder, additives and palm oil. The additives are principally DL-Methionine and D-Lysine. The price of these raw materials fluctuates from time to time, and we procure these raw materials from our suppliers after taking into account the quality and prevailing market price. Except the fish powder and palm oil which are generally imported from overseas markets, we purchase these raw materials from domestic suppliers in the PRC, Vietnam and Malaysia.

Packaging materials

We use various packaging materials for different products, which range from gunny bags for feeds, plastic bags for chicken meat and processed foods, to cartons for delivery to our customers. We source our packaging materials from our suppliers in the domestic market in the PRC, Vietnam and Malaysia, taking into account the quality and prevailing market price. We accept the packaging materials from suppliers only after careful inspection and examination to ensure quality.

Method of procurement

We have adopted a centralised procedure for our procurement of raw materials. Our Group receives from each of our production facilities the information of raw material demand, and purchases the raw materials collectively from our suppliers. The suppliers deliver the raw materials which we centrally purchase to each of our production facilities separately and collect payment from each of these facilities.

In recent years, our procurement of raw materials through the bidding process on the internet has been increasing, which provides a platform for on-line trading of agricultural products in the PRC, Hong Kong and Taiwan. We receive bids from various suppliers on-line, and purchase the raw materials which meet our requirement at the most favourable price available. Procurement through on-line bidding has the following advantages:

- it provides an open, fair and transparent mechanism for the members to purchase and sell agricultural goods, and can reduce raw material costs; and
- it helps us regulate the supplier community and discover and develop new suppliers.

Suppliers

For the years ended 31 December 2004, 2005 and 2006 and the five months ended 31 May 2007, our five largest suppliers accounted for approximately 15.8%, 11.8%, 12.3% and 7.1%, respectively, of our total purchases, and our largest supplier accounted for approximately 7.3%, 4.8%, 4.7% and 2.2%, respectively, of our total purchases.

None of our Directors, their respective associates or, so far as our Directors are aware, Shareholders who own more than 5% of the issued share capital of our Company (immediately following completion of the Global Offering and taking no account of any Shares which may be taken up under the Global Offering or allotted and issued pursuant to the exercise of the Over-allotment Option) has any interest in any of the five largest suppliers of our Group during the Track Record Period.

Inventory control

Our inventory is mainly comprised of raw materials such as corns, soybean meal and dehulled soybean meal, finished products such as feeds, chicken meat and processed foods. We manage our inventory levels based principally on anticipated demand, prevailing market price of a particular product and the transportation costs. We usually store finished products for a short period before delivering them to our customers.

We have refrigeration facilities for the storage of raw materials and finished products at each of our production sites which produce chicken meat and processed foods. In order to manage our costs, we also engage some refrigeration facility providers to store our raw materials. As at the Latest Practicable Date, we owned a total gross floor area of approximately 39,940.33 square meters as our warehouses.

For the years ended 31 December 2004, 2005 and 2006 and the five months ended 31 May 2007, our average inventory turnover days were 27 days, 28 days, 31 days and 30 days, respectively, while the balance of our inventory as at 31 December 2004, 2005 and 2006 and 31 May 2007 accounted for approximately 34.4%, 41.7%, 42.6% and 40.0%, respectively, of our total current assets. Please refer to the paragraph headed "Inventory Analysis" in the section headed "Financial Information" of this prospectus.

During the Track Record Period, we made provisions for obsolete inventories of approximately USD0.3 million, USD1.0 million and USD0.4 million, respectively, for the year ended 31 December 2004 and 2005 and the five months ended 31 May 2007. We made no provisions for obsolete inventories in 2006. For details of our Group's provisioning policy, please refer to note 1 in Part C of the accountants' report set out in Appendix I to this prospectus.

Logistics

We do not keep transportation vehicles for delivery within our Group. The responsibility for delivery of our products has been assigned, to a large extent, to distributors and other parties. The distributors make their own shipping arrangement and pick up the products from our factories.

In the event that we assume the responsibility of shipping and delivery, we have outsourced the transportation to third party logistics service providers. For example, we have engaged the third party logistics service providers to deliver chicks to our Contract Farmers.

INTELLECTUAL PROPERTY RIGHTS

Intellectual property rights are of material importance to our business. As at the Latest Practicable Date, we were licensed to use " ", "大成 ", " ", , , and " " for marketing and sales of our products and certain technology know-how in support of our business.

Trademarks

" ", "大成 ", " ", , , , , , , and " " trademarks

Our Company entered into the trademark licence deed with Great Wall Enterprise on 14 September 2007 pursuant to which we are licensed to use the " ", "大成 ", " ", , , , , , and " " trademarks upon Listing.

Know-hows

Pursuant to the know-hows transfer agreement between Miyasun-Great Wall and Miyasun Foods dated 11 July 2007, Miyasun-Great Wall transferred its know-hows to Miyasun Foods. The know-hows transferred include processed food production and procedures, ingredients, raw material testing and quality control, and Miyasun is entitled to use these know-hows for a term of 10 years. Furthermore, Great Wall International transferred its feeds and chicken meat production know-hows to NAC pursuant to an agreement dated 14 September 2007 with a term until 31 December 2014.

Protection of our intellectual property rights

We have stringent confidentiality protection arrangements in place to protect our trade secrets, including the requirement for our technical and management personnel to enter into confidentiality and non-competition undertakings to ensure that our trade secrets are not passed on to any third party.

During the Track Record Period, there were a few counterfeiting incidents in which our product package was being counterfeited. However, our Directors confirm that the incidents were very rare and have no material impact on the financial and operation of our Group and, accordingly, its impact has not been reflected in the financial statements of our Group.

Our Directors confirm that we are not involved in any proceedings in respect of, and we have not received notice of any claims of infringement of, any intellectual property rights that may be threatened or pending, in which we may be involved either as claimant or respondent.

For further details of our intellectual property rights, please refer to the paragraph headed "Intellectual property rights of our Group" in Appendix VI to this prospectus.

ENVIRONMENTAL PROTECTION

Environmental Protection Regulations

The PRC

We are subject to the PRC national and local environmental laws and regulations, including "Environmental Protection Law of the PRC", "The Law on the Prevention and Treatment of Water Pollution of the PRC and "The Law for the Prevention and Treatment of Air Pollution of the PRC". In particular, there are environmental regulations concerning the treatment of waste water produced by our chicken meat and processed foods production facilities, and we are subject to annual inspection by the regulatory authorities for compliance with these laws and regulation. We have not received any notice of non-compliance with any such laws or regulations since we commenced operations in 1990.

As disclosed in the paragraph headed "Contract Farming" in page 112 of this prospectus, our Directors are of the view that as our Group and Contract Farmers are separate legal entities, and our Group has no obligation to verify or be responsible for the legal and regulatory compliance of Contract Farmers. Contract Farmers assume legal liabilities themselves for their violation of laws and regulations. Our Company's PRC legal adviser confirms that our Group can claim for damages suffered by our Group arising from violation of laws and regulations by Contract Farmers.

Vietnam

We are subject to the Vietnam national and local environmental laws and regulations. In particular, there are environmental regulations concerning the treatment of gas and waste water produced by our animal feed production facilities, and we are subject to occasional inspection by the regulatory authorities for compliance with these laws and regulation. We have not received any notice of non-compliance with any such laws or regulations since we commenced operations in 1995 as for ANT (VN) and in 2003 as for ANT(HN). As confirmed by our legal adviser as to Vietnamese law, there are no breaches of environmental issues for ANT (VN) and ANT (HN).

Malaysia

The applicable environmental protection law in Malaysia is the Environmental Quality Act 1974 ("**the Act**"). The Environmental Quality (Sewage and Industrial Effluents) Regulations 1979 ("**the Regulations**") promulgated under the Act is the main regulation that governs the regulations for the discharge of sewage or industrial effluents in Malaysia. The sewage or industrial effluents must reach acceptable conditions before being discharged into inland waters.

The Regulations require that an analysis be carried out on the effluents first. The analysis must then prove that the effluents do not contain substances in concentration greater than those specified as parameter limits of Standard B of the Regulations before the effluents can be discharged into any inland waters. The analysis must be conducted every month. In July 2007, Great Wall Malaysia appointed a registered chemist to conduct the analysis on 5 July 2007 and the results showed that the effluents did not contain substances in concentrations greater than those specified as parameter limits of Standard B of the Regulations.

The Regulations also require Great Wall Malaysia to conduct an annual maintenance on the effluents treatment plant. An inspection must be carried on certain components of the treatment plant such as the filter bed, etc. The annual maintenance must be conducted by a registered and licensed contractor. The annual maintenance also requires sludges to be disposed at a specified disposal area. For the year 2006, Great Wall Malaysia appointed a registered and licensed contractor to carry out the annual maintenance and disposal of sludges on 14 December 2006 and the results showed that the effluents treatment plant was in good condition. The sludges also have been disposed at the specified disposal area.

Our Directors confirm that, the Regulations have been strictly complied with by Great Wall Malaysia and as at the Latest Practicable Date, there was no legal action taken for non-compliance of the Regulations.

Measures

Our operation produces waste water of approximately 1.4 MT and emission of approximately 100 million M^3 per annum as well as waste materials including used packing materials and chicken parts. We have installed waste water disposal systems in our production facilities in compliance with relevant laws and regulations in the PRC. Our staff in charge of environmental protection matters are well trained to handle the disposal and have approximately 5-10 years of relevant experience.

The waste water system can filter our waste water so as to reduce the level of pollution before disposing. It is also linked to the designated waste water disposal network of the local government and is disposed of centrally so that it will not cause pollution arising from random disposal. We assign delegates to attend the seminar and training provided by the local government to strengthen our contact and communication with the specialists of the environmental protection authority. We request the local environmental protection authority to conduct regular assessment on our environment and issue reports, including the emission of air and water quality inspection. In addition, we use new machines to remove sulfur in our heating material to reduce omission, and new biological methods to minimise the level of pollution in our discharge. With respect to our operation of feed production in Vietnam and Malaysia, our environmental protection measures focus on the handling of dust arising from the mixing and blending of raw materials. We have installed specific vacuum cleaners to minimise the amount of dust that flows to the open air. We also engage contractors that deal with waste disposal to handle the waste from the feed production process.

In addition to compliance with the PRC national and local environment laws and regulations, we have designed and implemented comprehensive environmental and occupational health protection policies and measures to be adopted by us and our Contract Farmers in relation to chicken-growing and chicken meat production facilities. For details of our policies and measures, please refer to the paragraphs headed “Production — Chicken-growing facilities of Contract Farmers” and “Production — Production facilities and capacities” under this section.

Although we are not imposed any requirement by our customers on environmental matters, we have implemented measures to address potential risks relating to environmental protection issues, such as (i) purchasing new equipment for waste disposal, (ii) collaborating with environment assessment specialists in designing and implementing a comprehensive environmental report based on the on-site analysis, (iii) conducting regular environmental examinations ourselves and in conjunction with the environmental protection authority; (iv) conducting continuous training to enhance our employees’ awareness of environmental protection, and (v) using environmentally friendly techniques and materials to the extent feasible. We spent approximately RMB2.5 million (approximately USD323,834.2) on the above environmental measures in 2006, and we expect to spend approximately 2% of the administrative expenses on environmental measures per annum in the next 3 years.

As at the Latest Practicable Date, we had not encountered any non-compliance issues in respect of any applicable laws and regulations on environmental protection or any complaints from our customers or the public in respect of environmental protection issues relating to the use of, or any incidents arising from our production activities or products.

Our Directors are of the view that there are no environmental protection laws and regulations which may affect our production in any material respect, and that our production activities and products are in compliance with the applicable laws and regulations of the PRC, Vietnam and Malaysia in respect of environmental protection.

We are dedicated to being environment-friendly and will consistently adopt a high-level environmental protection measures in the course of our business and future expansion.

HEALTH AND SAFETY

Other than the requirements with respect to the quality of our product, our customers do not impose any requirements with respect to health and safety measures. As at the Latest Practicable Date, we had not encountered any non-compliance issues in respect of any applicable laws and regulations on health and safety or any complaints from our customers or the public in respect of health and safety issues relating to the use of, or any incidents arising from our production activities or products. Our Directors are of the view that there are no health and safety laws and regulations which may affect our production in any material respect, and that our production activities and products are in compliance with the applicable laws and regulations of the PRC, Vietnam and Malaysia in respect of health and safety.

Our compliance with applicable laws and regulations relating to health and safety is embodied in the quality of our products. In the future our Group will continue to ensure the quality of our products through implementing quality control procedures. Our expenses on quality control procedures in 2006 were approximately RMB5.36 million (approximately USD694,000), and we expect that our quality control procedures expenses will be approximately 0.12% of the cost of the goods sold per annum in the next 3 years.

INSURANCE

We maintain insurance coverage on our properties and fixed assets, production facilities, equipment, inventory and political risk insurance. In addition, we also provide social security insurance for our employees as required by the PRC social security regulations, such as pension insurance, unemployment insurance, work injury insurance and medical insurance. Consistent with industry practice, we do not carry product liability insurance. See "Risk Factors — We may be subject to losses, legal liabilities or damages and our current insurance coverage may not be sufficient to cover the risks related to our operations" in this prospectus.

Based on industry practice in the PRC, our experience in running our businesses and insurance products available in the PRC, our Directors are of the view that we have sufficient insurance coverage for our current operations.

INFORMATION TECHNOLOGY SYSTEMS

We believe that the information technology system plays an important role in our operations. During the Track Record Period, we invested an aggregate of approximately RMB9.6 million (approximately USD1.2 million) in various information technology system hardware, software and related services. In respect of our procurement and manufacturing operations, we introduced the SAP Enterprise Resources Planning (ERP) system. It has the advantage of providing instant and direct access to the information of accounts, procurement, production and sales of most of the members in our Group. The implementation of our SAP has enabled us to centrally standardise and streamline our operations, including product codes and names, raw materials suppliers and customers, production plans, facilities maintenance and financial accounts. Our Group and Great Wall Enterprise use their respectively owned SAP (ERP) systems.

We are constantly upgrading our information systems, which we believe will enhance our operations and increase our sales.

PROPERTIES

Details of our Group's properties are set out in Appendix IV to this prospectus.

As at the Latest Practicable Date, we had not obtained the proper building ownership certificate for one building with a gross floor area of approximately 278.82 sq.m., which is used by us for residential purpose and is not crucial to our Group's operation. Details of the property, are set out in no. 8 in the section headed "Group I — Property interests owned and occupied by our Group in the PRC" in Appendix IV to this prospectus. We may be required to vacate the property, in which case we will have to relocate the 4 staff members currently residing in the property. In the event that we are required to vacate the property, as advised by our PRC legal adviser, we may initiate actions against the seller of the property for loss and damages suffered by us.

Our Group has also leased five properties for production, residential or retail purposes with an aggregate gross floor area of approximately 4,978 sq.m. Details of the five properties are set out in nos. 29, 34, 35, 38 and 43 in the section headed "Group VI — Property interests rented and occupied by our Group in the PRC" in Appendix IV to this prospectus. The lessors of the relevant leases have not provided us with the relevant title certificates or other relevant documents evidencing that the lessors have the requisite titles or rights to lease the properties to us. If the lessors do not have title to the properties, or the legal and unfettered rights to lease the properties to us, the lease agreements may not be valid under the PRC laws and regulations and may be subject to challenge by third parties. As advised by our PRC legal adviser, we are entitled to claim loss and damages against the lessors for any loss and damages in under such a circumstance. Our Directors believe that these properties are not crucial to our Group's operation as such properties, in aggregate, only contributed to approximately 0.6% of our Group's turnover during the Track Record Period.

Our Group has also leased a property for production purpose with a gross floor area of approximately 9,030 sq.m., details of which are set out in no. 31 in the section headed "Group VI — Property interests rented and occupied by our Group in the PRC" in Appendix IV to this prospectus. As at the Latest Practicable Date, the tenancy agreement had not been registered with the relevant PRC authority as the title of the property is subject to change. The property had been mortgaged by the lessor as security for its debts owed to a certain financial institution and the lessor defaulted in the payment of the debt, resulting in the financial institution taking legal actions to enforce the right under the mortgage. Our Group has entered into a debt transfer agreement with the mortgagee being part of the process of acquiring the property, and the transfer of title of the property was approved by the court on 31 July 2007. As confirmed by our PRC legal adviser, the non-registration and change in title of the property during the term of the tenancy would not affect the validity of the tenancy agreement. Furthermore, the local land authority confirmed in writing that no tenancy agreement has been registered against the property. However, the tenancy agreement will not have priority over bona fide third parties who exercise the right to take possession of the property so long as the tenancy agreement remains unregistered.

Our Group also entered into 2 tenancy agreements (the "**Two Tenancy Agreements**") pursuant to which our Group has agreed to lease from the respective landlords, who are Independent Third Parties, 2 properties (the "**Two Properties**"), with an aggregate gross floor area of approximately 13,718 sq.m., which are erected on collective land for production, workshop and warehouse purposes. Details of the Two Properties are set out in nos. 40 and 41 in the section headed "Group VI — Property interests rented and occupied by our Group in the PRC" in Appendix IV to this prospectus. As advised by our PRC legal adviser, the uses of the Two Properties by our Group do not comply with the Land Administration Law of the PRC as the Two Properties are erected on collective land. Hence the Two Tenancy Agreements may be considered invalid by the relevant PRC authorities and it is possible that our Group may be evicted from the Two Properties.

As such, if our Group is evicted from the above properties for any of the above reasons, in the estimation of our Directors additional costs of approximately RMB4.4 million (approximately USD0.57 million) may be incurred, including relocation expenses, and it may take up to 6 months to complete the relocation, and hence our Group's business operation carried out in the above properties may be disrupted during such relocation. The Controlling Shareholders have undertaken to indemnify our Group against any damages, losses or liabilities which are or become payable by any members of our Group as a direct or indirect result of any title defects of the land or property of our Group after Listing, particulars of which are set out in the paragraph headed "Estate duty, tax and other indemnities" in Appendix VI to this prospectus.

REGULATORY COMPLIANCE

Please refer to the section headed "Regulatory Overview" in this prospectus for the laws and regulations applicable to our Group's operations in the PRC, Vietnam and Malaysia, respectively.

We are required to obtain various licenses, permits and government approvals to operate our business in the PRC, Vietnam and Malaysia and for exporting our processed food products. Failure to obtain and maintain any or all of these licenses and permits could adversely affect our business and future expansion plans.

As advised by King & Wood PRC Lawyers, our Company's legal adviser as to the PRC law, as at the Latest Practicable Date, other than 企業所得稅核定徵收通知書 (the Certificate of Registration for Feed Production and Operation*) held by Beijing Trade which is currently under the process of renewal, each of our subsidiaries in the PRC has duly obtained approvals, permits, consents, licences and registrations relating directly to its incorporation and necessary for the conduction of its business and all of them are presently in force.

As advised by Kadir Andri & Partners, our Company's legal adviser as to Malaysian law as at the Latest Practicable Date, Great Wall Malaysia, our only operating subsidiary in Malaysia, has duly obtained the manufacturing license in Malaysia, and all licenses issued to our Group in Malaysia are in full force and effect and are legally held by our Group.

As advised by Vision & Associates Legal, our Company's legal adviser as to Vietnamese law as at the Latest Practicable Date, ANT-HN and ANT-VN, our two operating subsidiaries in Vietnam, have obtained all approvals, permits, consents, licences and registrations relating directly to their incorporation and necessary for the conduction of their business and all of them are presently in force.

Our Company's legal advisers as to PRC, Malaysian and Vietnamese laws have also confirmed that, save as disclosed in Appendix IV "Property Valuation" to this prospectus, our Group does not contravene any of the material laws and regulations in the above countries.

RELATIONSHIP WITH CONTROLLING SHAREHOLDER

General

Our Company's ultimate controlling shareholder is Great Wall Enterprise, a limited liability company established in Taiwan and the shares of which are listed on the Taiwan Stock Exchange. Immediately following completion of the Global Offering and the Capitalisation Issue, Great Wall Enterprise will, through its wholly-owned subsidiaries, Great Wall International, Waverley Star and ANTC, own approximately 52.88% of the issued share capital of our Company (assuming that the Over-allotment Option is not exercised) or approximately 50.53% of the issued share capital of our Company (assuming that the Over-allotment Option is exercised in full) and our Company will remain a subsidiary of Great Wall Enterprise.

Great Wall Enterprise (together with its subsidiaries and including our Group, "**GWE Group**") is principally engaged in agriculture, livestock, and food industries in the Asia Pacific region. GWE Group is divided into eight strategic business groups and our Group is one of them. The principal businesses of the eight strategic business groups of GWE Group following completion of the Corporate Reorganisation are as follows:

(1) Taiwan Agribasics Group — Focusing on agriculture, livestock and food industries in Taiwan (the "**Excluded Business**")

(2) Our Group — Focusing on agriculture, livestock and food industries in the Greater China region, Vietnam and Malaysia (other than Taiwan)

(3) Specialty Nutrition Group — Focusing on ruminant nutrition and feed in the Greater China region

(4) ANTC Group — Focusing on providing services for young animal nutrition and other technical requests in Asia Pacific

(5) Flour Milling Group — Developing businesses based on flour milling and baking in the Greater China region

(6) Food Service Group — Focusing on Chinese and Western food chain restaurant businesses in the Asia Pacific region

(7) Digital Value Group — Focusing on global agribusiness information exchange and trading platform establishment

(8) Marine Foods Group — Focusing on processed aquatic food in Southeast Asia

Our Group's operation is a distinct business amongst the range of diversified businesses of GWE Group and represents a substantial part of GWE Group's production and sale of chicken meat and processed food, and non-ruminant livestock and aquatic feed products business in the PRC, Vietnam and Malaysia.

After the Listing, Great Wall Enterprise will retain the Excluded Business, which business is similar to that of our Group. Our Directors believe that the Excluded Business is not in competition with the businesses of our Group pursuant to the Deed of Non-Competition, details of which are set out in the paragraph headed "Deed of Non-Competition" below. In addition to geographical delineation, our Directors also believe that our Group can take advantage of the low labour and raw material costs in the PRC and Vietnam, in which our principal markets and principal operation facilities are located, and that we enjoy cost advantages over the Excluded Group as the Excluded Business has to rely heavily on imported raw materials and the labour costs in Taiwan are believed to be higher when compared to that in the PRC and Vietnam while our production facilities in PRC and Vietnam can source raw materials and employ labour locally which also reduced our costs of sales. Due to the foregoing reasons, we believe the Excluded Business does not have the competitiveness in markets outside Taiwan when compared with our Group.

Based on financial information provided by Great Wall Enterprise, the turnover of Great Wall Enterprise categorised by the above strategic business groups is set forth below:

	For the year ended 31 December					
	2004		2005		2006	
	US$ thousand	*%*	*US$ thousand*	*%*	*US$ thousand*	*%*
Excluded Business	516,479	45%	504,096	40%	464,221	36%
Strategic Business groups (3) to (8)	202,376	18%	212,409	17%	199,833	15%
	718,855	63%	716,505	57%	664,054	51%
Our Group	**429,742**	37%	**532,080**	43%	**637,395**	49%
Total	1,148,597	100%	1,248,585	100%	1,301,449	100%

Note: The financial information of our Group was audited and was extracted from the accountants' report set out in Appendix I to this prospectus. The financial information of the Excluded Business and Strategic Business groups (3) to (8) was unaudited and prepared by the management of Great Wall Enterprise.

Our Directors were advised by Great Wall Enterprise that approximately 90% of the total turnover of GWE Group (excluding our Group) (the "**Excluded Group**") in the three years ended 31 December 2006 was derived from sales to customers in Taiwan, out of which the turnover generated from the Excluded Business in Taiwan for the three years ended 31 December 2006 were approximately USD516 million (equivalent to approximately HK$4,017 million), approximately USD504 million (equivalent to approximately HK$3,958 million) and approximately USD464 million (equivalent to approximately HK$3,604 million), respectively. The remaining 10% of the Excluded Group's turnover in the three years ended 31 December 2006 was derived from sales to customers outside Taiwan, contributed by the strategic business groups (3) to (8) of GWE Group for sales of ruminant feeds, flour and operation of chain restaurants in China, which business does not, in the view of our Directors, compete with our business.

Notwithstanding the similarity of the Excluded Business and our business and the materiality of the Excluded Business's turnover when compared with that of our Group, our Directors were advised by Great Wall Enterprise that Great Wall Enterprise currently has no intention to inject the Excluded Business into our Group, reasons for which are set out in the paragraph headed "Non-inclusion of the Excluded Business" below.

As part of GWE Group, our Company had entered into certain intra-group arrangements with other members of GWE Group, particularly in relation to purchases of raw materials, license of intellectual property rights and sales of products. Some of these transactions will be terminated prior to the Listing, while other arrangements will continue after the Listing. Please refer to the section headed "Connected Transactions" in this prospectus for details of such arrangements.

INDEPENDENCE FROM THE EXCLUDED GROUP

After the Listing, the territory of business of our Group and the Excluded Group (in essence, the Excluded Business) will be clearly delineated pursuant to the Deed of Non-Competition, the terms of which are summarised in the paragraph headed "Deed of Non-Competition" in this section. The Board is satisfied that our Group can carry on business independently of the Excluded Group and its associates (excluding our Group) after the Listing on the following bases:

- **Separate lines of business**

  Operations of our Group are independent and separate from the businesses of the Excluded Group.

  Our Group has been principally engaged in the production and sale of chicken meat, processed food and non-ruminant livestock and aquatic feed products in the PRC since its inception. With a view to minimising the potential competition in anticipation of the Listing, NAC acquired from ANTC a majority stake in ANTIC-VN, which directly or indirectly holds the entire interest in three subsidiaries in Vietnam; and, indirectly, the entire interest in Great Wall Malaysia by acquiring Marksville, all of which are engaged in business similar to that of our Group, in Malaysia and Vietnam, respectively, as part of the Corporate Reorganisation.

On the other hand, the Excluded Group's businesses include the Excluded Business in Taiwan; flour milling, baking, development of ruminant nutrition and feed in the Greater China region; operating Chinese and Western food chain restaurant business in the Asia Pacific region; and establishing global agribusiness information exchange and trading platform. Our Group's operation is a distinct business amongst the range of diversified businesses of GWE Group.

The following table set out the businesses engaged by our Group and the Excluded Group together with the geographical distribution of their respective customers as at the Latest Practicable Date:

Products	**Geographical distribution of customers of our Group**	**Geographical distribution of customers of the Excluded Group**
Chicken meat	PRC	Taiwan *(Note)*
Processed food	PRC and Japan	Taiwan *(Note)*
Non-ruminant livestock and aquatic feed products	PRC, Vietnam and Malaysia	Taiwan *(Note)*
Ruminant nutrition and feed	N/A	PRC and Taiwan
Processed aquatic food	N/A	Indonesia
Bio-technology products	N/A	Taiwan
Flour milling and baking	N/A	PRC, Hong Kong and Taiwan
Global agribusiness information exchange and trading platform	N/A	PRC and Taiwan
Chinese and Western food chain restaurant businesses	N/A	PRC and Taiwan

Note: The businesses relating to chicken meat, processed food and non-ruminant livestock and aquatic feed products conducted by the Excluded Group in Taiwan are included in the Excluded Business.

Save for the Excluded Business, the Excluded Group was not involved in any other business similar or in competition with the business of our Group as at the Latest Practicable Date. Despite that the Excluded Business is similar to our business, our Directors believe that it is not in competition with our business due to the geographical delineation by virtue of the Deed of Non-Competition and the reason that our Group can take advantage of the low labour and raw material costs in the PRC and Vietnam whereas the Excluded Business has to rely heavily on imported raw materials and the labour costs in Taiwan are believed to be higher when compared to that in the PRC and Vietnam.

On the other hand, notwithstanding our competitive advantage over the Excluded Business, our Group has not marketed and sold our feeds, chicken meat and processed food products in Taiwan due to the import restrictions imposed by Taiwan authorities (including the Taiwan Bureau of Foreign Trade) on feeds, chicken meat and processed food products from the PRC. Our Directors are of the view that given the import restrictions, our Group will not market and sell products in Taiwan.

Although the Excluded Business is similar to our business, our Directors were advised by Great Wall Enterprise that Great Wall Enterprise currently has no intention to inject the Excluded Business into our Group, reasons for which are set out in the paragraph headed "Non-inclusion of the Excluded Business" below.

- **Independent production base and business operation**

Great Wall Enterprise commenced its business in meat processing and feed manufacturing in 1960. Since then, Great Wall Enterprise has been carrying on its businesses in Taiwan. In 1996, Great Wall Enterprise established NAC as an investment holding vehicle of our subsidiaries that are engaged in the production and sale of chicken meat, processed food and non-ruminant livestock and aquatic feed products businesses in, initially, the PRC. As the meat processing and feed manufacturing businesses involve highly perishable products which demand a close proximity between the production base and customers' location, our Group has established production facilities in different regions to meet the demands from major customers or in places close to ports to facilitate our Group's exports. Our Company's products are manufactured in separate and distinct facilities from those of the Excluded Group. All of our Group's production facilities are located in the PRC, Vietnam and Malaysia. Please refer to the paragraph headed "Production facilities and capacities" in the "Business" section in this prospectus for particulars of our production facilities.

Following completion of the acquisition of ANTIC-VN and Marksville by the Group, the Excluded Group does not maintain any facilities for the production of chicken meat, processed food and non-ruminant livestock and aquatic feed products production in the PRC, Vietnam and Malaysia.

Our Group has its own independent product development, operations, marketing, finance and accounting and human resources teams. We also own and manage all of the production and operating facilities related to our business operations. We have sufficient operational capacity in terms of capital, equipment and employees to operate our businesses independently of the Excluded Group.

- **Independent client base**

The proximity to customers enables our Group to provide timely service to, and to reinforce our relationships with them. Thus, the establishment of our Group by Great Wall Enterprise is a step to implement the localisation strategy.

As such, our feeds and chicken meat produced in the PRC are principally sold in the PRC. Likewise, the feeds produced in Vietnam are sold domestically in Vietnam only and those produced in Malaysia are principally sold in Malaysia, with a small percentage of them being exported to Vietnam.

On the contrary, the feed products and processed food products of the Excluded Business are primarily focused in the Taiwan market. As disclosed above, approximately 90% of the turnover of Excluded Group was generated from sales to customers in Taiwan during the Track Record Period. For each of the years ended 31 December 2004, 2005 and 2006, our Company had made no sales to customers in Taiwan. Thus, our Directors are of the view that our sales and marketing functions are carried out independently from those of the Excluded Group. So far as our Directors are aware, we and the Excluded Group did not have any common customers and most importantly, we have not experienced any material customer loss in the past as a result of competition between our Group and the Excluded Business.

Our Directors were further advised that the majority of customers of the Excluded Business are individual customers in Taiwan, such as chicken farmers for feed products or public at large for chicken meat who consume the products of the Excluded Business on their own. Given the cost involved in transportation and export of our products which, as for feeds, are bulky or as for processed food or chicken meat products, are perishable, the directors of Great Wall Enterprise do not believe it economically profitable for such customers to on-sell the products they purchased from the Excluded Business outside Taiwan.

Therefore, the Directors and the directors of Great Wall Enterprise are of the view that the Excluded Business would not constitute material competition with our Company's business operations, and the potential competition between the Excluded Group and our Group is not substantial now, and is not likely to be substantial in the future, given that Great Wall Enterprise has also entered into the Deed of Non-Competition, details of which are set out in the paragraph headed "Deed of Non-Competition" below.

- **Independence of management**

Even though Great Wall Enterprise will continue to retain a controlling interest in our Company upon completion of the Global Offering and the Capitalisation Issue, the Board and senior management of our Company will function independently from those of the Excluded Group. The following table sets forth details of the directorships of our Company and Great Wall Enterprise immediately upon the Listing:

	Our Company	**Great Wall Enterprise** *(Note)*
Executive Directors	Mr. Han Jia-Hwan Mr. Chang Tiee-Shen Mr. Chen Fu-Shih	Mr. Han Chia-Yau Mr. Harn Jia-Chen Mr. Han Chia-Yin Mr. Tseng Pen-Jung Mr. Wang Tzu-Lin 聯華實業股份有限公司 (Lienhwa Industrial Corporation*) 僑泰興投資股份有限公司 (Qiao Tai Xing Investment Co. Ltd.*)
Non-executive Directors	Mr. Han Chia-Yau Mr. Harn Jia-Chen Mr. Nicholas W. Rosa	
Independent non-executive Directors	Mr. Liu Fuchun Dr. Chen Chih Mr. Pai Nai-Yu	

Note: To the best knowledge and belief of the Directors, members of the board of directors of listed companies in Taiwan are not distinctly categorised into executive directors, non-executive directors or independent non-executive directors unless otherwise provided in the constitutional documents of such companies. The constitution of Great Wall Enterprise does not provide for the classification of executive or non-executive directors.

There were two common directors between our Company and Great Wall Enterprise as at the Latest Practicable Date, namely, Mr. Han Chia-Yau and Mr. Harn Jia-Chen. Both Mr. Han Chia-Yau and Mr. Harn Jia-Chen will remain substantially involved in the management of Great Wall Enterprise but as representatives of Great Wall Enterprise in the Board they have both taken up the positions as non-executive Directors. They will not be involved in the day-to-day operation of our Group but will provide their advice to our Group at a strategic level. Both Mr. Han Chia-Yau and Mr. Harn Jia-Chen have received and will continue to receive remunerations from the Excluded Group for their services after Listing.

Mr. Han Jia-Hwan used to be a director of Great Wall Enterprise and also directors of certain subsidiaries of Great Wall Enterprise during the Track Record Period. In addition, Mr. Chang Tiee-Shen, the chief executive officer of our Company and an executive Director, was directors of certain members of the Excluded Group. To enhance independence between our Group and the Excluded Group, Mr. Han Jia-Hwan has ceased to be a director of Great Wall Enterprise with effect from 15 June 2007. He and Mr. Chang Tiee-Shen also resigned as directors in those subsidiaries of Great Wall Enterprise so that they can devote their time and efforts in managing the Group's business after Listing.

Mr. Han Jia-Hwan and Mr. Chang Tiee-Shen have received remunerations from the Excluded Group for their services before Listing but will not receive any remuneration from the Excluded Group after Listing.

Mr. Han Jia-Hwan, Mr. Chang Tiee-Shen, Mr. Chen Fu-Shih and other senior management members of the Company had during the Track Record Period undertaken senior management supervisory responsibilities in our Group's business. As such, our executive Directors and the senior management of the Group's operating subsidiaries are independent of, and separate from, those of the Excluded Group.

In light of the actual and potential conflicts and the overlapping directorships of Mr. Han Chia-Yau and Mr. Harn Jia-Chen in our Company and the Excluded Group, we will adopt and implement certain corporate governance practice or procedures, more particularly disclosed in the paragraph headed "Corporate governance" in this section.

Our Group also has its own management team and none of our Group's senior management staff has any role in the Excluded Group. The Directors consider that the Board can function independently from the Excluded Group notwithstanding that two of the Directors has overlapping positions with the Excluded Group for the following reasons:

— The majority, or seven out of nine members, of the Board does not hold any position in the Excluded Group. It is the Board as a whole, and not any individual Director, which make decisions for the Company pursuant to the Articles.

— The day-to-day operation of the Group is managed by its senior management, who are all independent of the Excluded Group and are all full-time employees of our Group.

— As disclosed in the paragraph under "Independent non-executive Directors" under the section headed "Directors, Senior Management and Staff" in this prospectus, Mr. Pai Nai-Yu possesses recognised qualifications with extensive experience in the accounting, finance, corporate governance, internal control and auditing. Moreover, each of the three independent non-executive Directors holds other directorships and senior position in other listed companies or well established corporations. Therefore, they possess the necessary knowledge and experience in respect of corporate governance practices in public companies in general. The Board is expected to benefit from the independent advice from the independent non-executive Directors on different aspects of the Group's operations.

— The Board has put in place adequate arrangements to manage conflicts of interest, which are set forth below, to ensure independent decision-making, to safeguard the protective measures of the non-competition undertaking under the Deed of Non-Competition, and ultimately, to protect the interests of Shareholders.

Save as disclosed herein and for Mr. Han Chia-Yau and Mr. Harn Jia-Chen who were interested in approximately 0.01% and 0.01%, respectively, of the issued share capital of Great Wall Enterprise as at the Latest Practicable Date, none of our Directors was interested in the share capital of Great Wall Enterprise nor held interests in any competing business of our Group as at the Latest Practicable Date.

Our Company entered into a service agreement with each of the executive Directors' and each of the non-executive Directors provided an undertaking to our Company, pursuant to which each of the executive Directors or non-executive Directors (as the case may be) have agreed that, during the term of the appointment and for a period of one year after the termination of the appointment, save and except for in the case of Mr. Han Chia-Yau and Mr. Harn Jia-Chen, their existing interests in Great Wall Enterprise as directors or shareholders of Great Wall Enterprise and in the case of Mr. Nicholas W. Rosa, his interests as directors of Continental Enterprises and its subsidiaries, in particular, Conti Chia Tai, he will not engage or be engaged in any country or place where our Group have carried on or is carrying on its business, whether directly or indirectly, in any business which is in competition with or similar to the business of our Group, or take employment with any person engaged, concerned or interested in or operating, whether directly or indirectly, such business in any country or place where our Group has carried on or is carrying on its business, or assist any such person with technical, commercial or professional advice in relation to such business.

Based on the above, our Board is satisfied that there are sufficient and effective preventive measures to manage conflicts of interest and that our Board is able to operate independently from the Excluded Group.

- **Independence of sources of suppliers/raw materials for productions**

As the production facilities of our Group and the Excluded Group are located in different places, we have our own sources of supplies and raw materials and sales and distribution channels to meet our production requirement or sales strategies. Such sources of supplies and raw materials and sales and distribution channels are independent of the Excluded Group. Thus, our Board is of the view that our raw material procurement functions are carried out independently from those of the Excluded Group.

The percentage of the estimated aggregate sales to the Excluded Group to the total sales of our Group for 2007, 2008 and 2009 is expected to be approximately 0.12%, 0.06% and 0.05%, respectively. The relevant transactions will be conducted on normal commercial terms under a master supply agreement entered into by our Company and Great Wall Enterprise, the details of which are disclosed in the section headed “Connected Transactions” of this prospectus.

In addition, we estimate that the percentage of the aggregate purchases from the Excluded Group to the total purchases of our Group for 2007, 2008 and 2009 will be 0.19%, 0.14% and 0.11%, respectively. The relevant transactions will be conducted on normal commercial terms under a master purchase agreement entered into by our Company and Great Wall Enterprise, the details of which are disclosed in the section headed “Connected Transactions” of this prospectus. While our Company has decided not to terminate such purchases and rely on other purchases channel, the relevant raw materials purchased from the Excluded Group are generally and widely available in the market at comparable market prices. Therefore, such purchases are not of such materiality as to affect our Group’s ability to conduct its business independent of Great Wall Enterprise and its associates (excluding our Group), following the Listing.

- **Independent financial viability**

The Directors confirm that our Company has the ability to operate independently of Great Wall Enterprise from the financial perspective. All amounts that the Excluded Group owes to our Company will be offset against the amounts which our Company owes to the Excluded Group. All remaining amounts that our Company owes to the Excluded Group will be settled prior to the Listing. In addition, all guarantees or assurances (if applicable) provided by the Excluded Group for the benefit of our Company, or provided by our Company for the benefit of the Excluded Group will be released upon the Listing. Our Company has its own settlement and treasury functions.

Non-inclusion of the Excluded Business

Our Group’s operation is established as a distinct line of business of Great Wall Enterprise with a focus in mass production of chicken meat, processed food products and feeds in the PRC, Vietnam and Malaysia. Although our Group and the Excluded Business both have been engaged in similar businesses, they are independent of each other since our Group’s inception in many aspects, for example, our Group is financially and operationally independent from the Excluded Business with a separate management team, geographical focus, sales and marketing channels, and independent access to sources of raw materials whereas the overall management strategies of operating the Excluded Business were determined by the board of directors of Great Wall Enterprise and the daily operations of the Excluded Business are managed by the management members of the Excluded Group.

Taking into account of the foregoing and given the scale and geographical focus of operation of the Excluded Business, our Directors consider that, our operational efficiency may be affected as significant financial and managerial resources would be deployed to coordinate and assimilate the Excluded Business if the Excluded Business, which operations are currently in Taiwan exclusively, is to be included into our Group.

From Great Wall Enterprise's perspective, the directors of Great Wall Enterprise believe that it is not in the interests of the shareholders of Great Wall Enterprise to inject the Excluded Business into our Group under the existing rules and regulations of Taiwan and that maintaining the listing position of Great Wall Enterprise is in the best interests of its shareholders in the long run.

The directors of Great Wall Enterprise are concerned that the injection of the Excluded Business into the Group may jeopardise the listing status of Great Wall Enterprise in Taiwan as the Taiwan Stock Exchange may take the view that such transaction constitutes a substantial disposal of a core business of Great Wall Enterprise and conclude that Great Wall Enterprise is no longer suitable for listing in Taiwan and this would not be preferred by its shareholders and that any plans of injecting the Excluded Business or those that would affect Great Wall Enterprise's listing status may be subject to the approvals of the shareholders of Great Wall Enterprise and from the relevant authorities in Taiwan. The directors of Great Wall Enterprise confirmed that such practice is not commonly adopted by listed companies in Taiwan and subject to the decisions of the relevant authorities in Taiwan.

Further, our Directors and the directors of Great Wall Enterprise believe that the separate listing of our Group without the inclusion of the Excluded Business will provide more diversified funding sources for our Group to finance its more focused line of business in rapidly growing markets, i.e., PRC and South East Asia, and that a separate listing of our Group will enable us to achieve its valuation potential which, in turn, will be beneficial to our Shareholders and indirectly, the shareholders of Great Wall Enterprise taken as a whole.

Taking into account of the above, our Directors believe that it will be in the best interests of our Company and its Shareholders if our Group maintains its focus in the territory in which it conducts its business and has achieved encouraging results so far, particularly in the PRC market which experienced significant economic growth in the recent years and we are to exclude the Excluded Business from our Group.

Our Directors believe that with the Deed of Non-Competition and the corporate governance measures as mentioned below put into place after the Listing, any potential competition between our Group and the Excluded Group will be minimised and monitored.

On the basis of the above, the Excluded Business was not included in our Group and the Directors were advised by Great Wall Enterprise that Great Wall Enterprise currently has no intention to inject the Excluded Business into our Group.

DEED OF NON-COMPETITION

In order to protect our Group's interest in the current business activities and to minimise any direct competition between our Group and the Excluded Group in future, our Company and Great Wall Enterprise entered into the Deed of Non-Competition on 14 September 2007. Under the terms of the Deed of Non-Competition, Great Wall Enterprise has irrevocably and unconditionally undertaken to our Company (for itself and for the benefit of each of its subsidiaries from time to time) that for so long as the Shares remain listed on the Stock Exchange and Great Wall Enterprise and its associates, whether individually or taken together, are interested directly or indirectly in 30% or more of the issued share capital of our Company, Great Wall Enterprise will not, and will procure that its associates (other than our Group) will not, on its own account or with each other or in conjunction with or on behalf of any person, firm or company, carry on or be engaged in, concerned with or interested in, directly or indirectly, whether as a shareholder (other than being a director or a shareholder of our Group or its associated companies), partner, agent or otherwise in any business that compete or may compete, directly or indirectly, with the business carried out by our Group comprising the production and sales of non-ruminant feeds, chicken hatching, breeding and slaughtering and chicken meat and processed meat products (the "**Restricted Business**") in any part in the world in which our Group carried out the Restricted Business as at the date of the Deed of Non-Competition, principally, the PRC, Vietnam, Malaysia and Japan (the "**Restricted Territory**").

Further, each of Great Wall Enterprise and our Company has undertaken to the other that for the duration of the Deed of Non-Competition, to the extent that any opportunity to invest or participate in any business or venture involved in any business which would or may directly or indirectly compete with the Restricted Business or any part thereof outside the Restricted Territory and the region of Taiwan (the "**New Business Opportunity**"), arises to any member of the Excluded Group or our Group, such party (the "**Offering Party**") shall promptly and in good faith make available to the other party by notice in writing the opportunity to co-invest or co-participate in such business or venture on reasonable commercial terms which are equal to those offered to the Offering Party to the other party (the "**Receiving Party**").

If the Receiving Party has not given written notice to the Offering Party of its desire to, or elects not to, co-invest or co-participate in such New Business Opportunity within thirty (30) business days of receipt of notice from the Offering Party, the Offering Party shall be permitted to invest or participate in the New Business Opportunity on its own accord. On the other hand, if the Receiving Party elects to co-invest or co-participate in the New Business Opportunity made available to it, the Receiving Party shall have the option to co-invest or co-participate up to an amount representing 50 per cent. of the amount of investment being made available to the Offering Party.

In assessing whether the Group would invest in the potential New Business Opportunity, our executive Directors and responsible senior management would consider, amongst other things, the following factors:

— the potential demand of our Company's products in the market;

— the geographical distribution of potential customers;

— the level of capital that needs to be devoted and the prospective internal rate of return;

— the existing competitors and the expected level of competition;

— the investment incentives to be offered by the local authorities; and

— the future expansion possibility.

As part of our usual course of business, our executive Directors and senior management staff will undertake the decision making role with respect to identifying and selecting investment opportunity and also the finalisation of investment plans. In the event that any proposal be put forward to the Board, the decision-making mechanism of the Board (including the independent non-executive Directors) will follow the provisions of the Articles of Association which include provisions regarding conflicts of interest with the Excluded Group. Please also refer to the paragraph headed "Corporate Governance" below for measures we will adopt in dealing with any conflict issue between our Group and Great Wall Enterprise.

Great Wall Enterprise has undertaken to our Company that:

(i) it shall provide, or procure the provision of, all information and do, or procure to be done, all such other acts as may be necessary for such annual review by such independent non-executive Directors and the enforcement of the rights of our Company under the Deed of Non-Competition; and

(ii) it shall provide an annual confirmation to us confirming its compliance with the terms of the Deed of Non-Competition, which confirmation will be disclosed in our annual reports to enable our Shareholders to appraise the competition issue.

Our Group's legal adviser as to Taiwan law has confirmed that the Deed of Non-Competition is a proper legal form under the laws of Taiwan, and constitutes the valid and legally binding obligations of Great Wall Enterprise under Taiwan law, enforceable in accordance with its bankruptcy, fraudulent transfer, insolvency, reorganisation and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles. No resolutions of the shareholders of Great Wall Enterprise is required under Taiwan law and regulations for the execution of the Deed of Non-Competition by Great Wall Enterprise.

CORPORATE GOVERNANCE

We are committed to the view that our Board should include a balanced composition of executive and non-executive Directors (including the independent non-executive Directors) so that there is a strong element on the Board which can effectively exercise independent judgment. We are also committed to the view that our independent non-executive Directors should be of sufficient caliber and number for their views to carry weight. Our independent non-executive Directors, details of whom are set forth in the section headed "Directors, Senior Management and Staff" in this prospectus, are free of any business or other relationships which could interfere in any material manner with the exercise of their independent judgment.

In view of the actual or potential conflicts and the overlapping directorships of Mr. Han Chia-Yau and Mr. Harn Jia-Chen in our Company and the Excluded Group and the potential competition between our business and the Excluded Business, the following measures have been adopted by us in respect of the enforceability of the Deed of Non-Competition and to strengthen our corporate governance practice:

— the executive Directors are encouraged to share their experience in the industry with the independent non-executive Directors;

— the Articles provide that any Directors who is a also a director of Great Wall Enterprise (so long as the Shares remain to be listed on the Stock Exchange and that Great Wall Enterprise or its associates remain to be a controlling shareholder of the Company) and its associates shall be abstained from attending and voting at Board meetings in case of any issues of conflict of interests being put to be decided by members of the Board. In the event that Mr. Han Chia-Yau and Mr. Harn Jia-Chen are required to abstain from participating in any relevant Board meetings as aforesaid, the other executive Directors together with all the non-executive and independent non-executive Directors will maintain the effective functioning of the Board by leveraging on their collective expertise and business acumen;

— our independent non-executive Directors will hold an annual meeting to review Great Wall Enterprise's compliance with the Deed of Non-Competition and to evaluate the effective implementation of the Deed of Non-Competition;

— we will disclose decisions on matters reviewed by independent non-executive Directors relating to the enforcement of the Deed of Non-Competition (if any) in our annual report or, where the Board considers it appropriate, by way of an announcement; and

— we will make an annual confirmation by Great Wall Enterprise as to compliance with the Deed of Non-Competition in our annual report.

Further, any transaction that is proposed between us and the Excluded Group will be required to comply with the then requirements of the Listing Rules, including, where applicable, the announcement, reporting and independent shareholders' approval requirements.

COMPLIANCE AND APPROVALS OF GREAT WALL ENTERPRISE'S INVESTMENT IN THE PRC

Great Wall Enterprise's investments in our Group before the Corporate Reorganisation

Before the implementation of the Corporate Reorganisation, Great Wall Enterprise invested in the PRC through, among others, the holding of a majority shareholding interest in our Company. According to Paragraph 1, Article 35 of the Act Governing Relations Between People of the Taiwan Area and the Mainland Area (the "**Cross-Strait Act**") and the Regulation Governing the Approval of Investment or Technical Cooperation in Mainland China (the "**Taiwan/Mainland Investment Regulation**"), such indirect investments by Great Wall Enterprise in the PRC is subject to prior approval of the Investment Commission of the Ministry of Economic Affairs of Taiwan (the "**Investment Commission**"). As at the Latest Practicable Date, Great Wall Enterprise had made indirect investments in the PRC subsidiaries of our Company in a total amount of USD32,256,302.

As advised by our Company's legal adviser as to Taiwan law, all relevant approvals and/or records under the Cross-Strait Act and the Taiwan/Mainland Investment Regulation in connection with the indirect investment of Great Wall Enterprise in the PRC subsidiaries of our Company within the amount of USD37,148,981 have been obtained and/or, as the case may be, completed.

The Corporate Reorganisation

Our Company's legal adviser as to Taiwan law has confirmed that:

(a) the board of directors of Great Wall Enterprise approved the Corporate Reorganisation in its board meeting on 15 June 2007 and has made an announcement on the website designated by the Financial Supervisory Commission of Taiwan and the Taiwan Stock Exchange pursuant to the relevant Taiwan law;

(b) since neither Great Wall Enterprise nor any of its subsidiaries has injected or will inject additional capital in the PRC subsidiaries of our Company pursuant to the Corporate Reorganisation, no prior approval of the Investment Commission is required in this regard. Nevertheless, Great Wall Enterprise shall, within two months after the occurrence of such change, report to the Investment Commission regarding the change of the indirect investment structure of the PRC subsidiaries of our Company as a result of the change in the shareholding of Great Wall Enterprise in our Company following completion of the Corporate Reorganisation pursuant to the Cross-Strait Act and the Taiwan/Mainland Investment Regulation;

(c) Great Wall Enterprise made an announcement on the website designated by the Financial Supervisory Commission of Taiwan and the Taiwan Stock Exchange for the purpose of the Corporate Reorganisation on 15 September 2007, respectively pursuant to the Regulations Governing the Acquisition or Disposition of Assets by Public Company and the Procedures; and

(d) by taking the actions mentioned above, all necessary actions required to be taken by Great Wall Enterprise in connection with the Corporate Reorganisation under Taiwan law have been duly completed.

The Listing

Our Company's legal adviser as to Taiwan law has confirmed that the board of directors of Great Wall Enterprise approved the Listing in its board meeting on 12 September 2007 and save for the board approval mentioned, Great Wall Enterprise is not required to obtain any consent, approval, authorisation or order of any Taiwan governmental agency, body or stock exchange or resolution of its shareholders in connection with the Listing. Nevertheless, a public announcement and report by Great Wall Enterprise at the business day immediately following the date of the Listing or the date of the publication of the event by media is necessary if the Listing has a significant impact on the shareholders' equity rights or the prices of the securities of Great Wall Enterprise or of an affiliated company thereof.

CONNECTED TRANSACTIONS

Following completion of the Global Offering, we will continue to have certain transactions that constitute connected transactions of our Company within the meaning of the Listing Rules. Set out below is a summary of these transactions, exempt and non-exempt (as the case may be) and, where applicable, the waivers sought from the Stock Exchange and the proposed annual caps.

Category	Nature of Transaction	Applicable Stock Exchange Listing Rule	Waiver Sought
1.	Property leasing transaction	Rule 14A. 33(3)	None
2.	Technical service and personnel transfer arrangement with Marubeni Corporation	Rule 14A.33(3)	None
3.	Sales of goods to the Excluded Group (as define in the section headed “Relationship with Controlling Shareholders” of this prospectus)	Rule 14A.34	Waiver from the announcement requirement
4.	Purchase of goods from the Excluded Group	Rule 14A.34	Waiver from the announcement requirement
5.	Trademark license transactions with Great Wall Enterprise	Rule 14A.35	Waiver from the announcement and independent shareholders’ approval requirements
6.	Sales of goods to Marubeni Corporation	Rule 14A.35	Waiver from announcement and independent shareholders’ approval requirements

1. **Lease transactions between Tianjin DaChan and 大成食品(天津)有限公司 (Great Wall Food (Tianjin) Co., Ltd.*) (Category 1)**

- *Background:* Tianjin DaChan, our subsidiary, has been leasing properties in Tianjin from 大成食品(天津)有限公司 (Great Wall Food (Tianjin) Co., Ltd.*), prior to and pursuant to a lease agreement dated 17 October 2006 with the term expiring in March 2008. Pursuant to the lease agreement, the annual rent payable by Tianjin DaChan is RMB60,000 (approximately USD7,772). For the year ended 31 December 2006 and the five months ended 31 May 2007, Tianjin DaChan paid a total of RMB60,000 and RMB25,000 respectively (approximately USD7,772 and USD3,243 respectively) as rent for the properties. The annual rental is determined at the then prevailing market rent for similar premises in the vicinity to the property leased to Tianjin DaChan. Sallmanns, our property valuer, has confirmed that the annual rental payable under the lease agreement is comparable with the prevailing market rate and is fair and reasonable.

- *Connected Person:* Great Wall Enterprise, being the sole shareholder of Great Wall International, which in turn owns the entire issued share capital of Waverley Star, will be a connected person of our Company upon the Listing. 大成食品(天津)有限公司 (Great Wall Food (Tianjin) Co., Ltd.*), being a subsidiary of Great Wall Enterprise, will be a Connected Person of our Company upon the Listing.

- *Connected transaction:* Any leases between (i) any member of our Group and (ii) our connected persons which continue after the Listing, which will be carried out on a continuing and recurring basis over a period of time, will constitute continuing connected transactions under Rule 14A.14.

- *Future leases:* The lease is for a period of not more than three years and should the terms be renewed, we will ensure that the requirements under Chapter 14A of the Listing Rules are complied with.

We estimate that the total rental payments to 大成食品(天津)有限公司 (Great Wall Food (Tianjin) Co., Ltd.*) will amount to RMB60,000 (approximately USD7,772) and RMB15,000 (approximately USD1,943), respectively, for the year ending 31 December 2007 and the period ending 31 March 2008 and therefore will constitute de minimis transactions of our Company under Rule 14A.33 of the Listing Rules and would be exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Our Directors, including the independent non-executive Directors, consider that the lease agreement is entered in the ordinary and usual course of business and on normal commercial terms that are fair and reasonable and is in the best interests of our Company and our Shareholders as a whole.

2. **Technical service and personnel transfer arrangement with Marubeni Corporation (Category 2)**

- *Background:* Dalian Investment, a non wholly-owned subsidiary of our Company, entered into a technical service and personnel transfer agreement with Marubeni Corporation in June 1998 pursuant to which Marubeni Corporation has agreed to provide technical assistance to Dalian Investment for, among other things, management of parent stock farms and broiler processing plant and send expatriate staff of Marubeni Corporation to provide technical assistance to Dalian Investment.

  As full compensation for the services rendered by Marubeni Corporation, Dalian Investment shall pay an annual service fee of USD100,000 to Marubeni Corporation and as such, we paid Marubeni Corporation an aggregate amount of USD316,667 for the three years ended 31 December 2006 and the five months ended 31 May 2007.

  Our Directors have confirmed that the terms of the technical service and personnel transfer agreement, including the annual service fee, were determined by both Dalian Investment and Marubeni Corporation after arm's length negotiation between them. We believe Dalian Investment will continue to request the technical service from Marubeni Corporation since, as our Directors believe, technical assistance from Marubeni Corporation have significantly improved our production quality in the past.

- *Connected Person:* Marubeni Corporation owns 40% of the total issued share capital of Dalian Investment, a non wholly-owned subsidiary of our Company. As Marubeni Corporation is a substantial shareholder of Dalian Investment, Marubeni Corporation will become a Connected Person of our Company upon the Listing. Save as the aforesaid relationship and to the best of knowledge and belief of our Directors, none of the directors and senior management of GWE Group is a director or hold any positions in Marubeni Corporation and GWE Group does not hold any shares in Marubeni Corporation. Our Group considers that Marubeni Corporation is not related to GWE Group.

- *Connected transaction:* Any transactions between (i) the members of our Group and (ii) our connected persons following the Listing, which will be carried out on a continuing and recurring basis over a period of time, will constitute continuing connected transactions under Rule 14A.14 of the Listing Rules.

- *Future arrangement:* The technical service and personnel transfer agreement is for an initial term of two years and shall be automatically extended for additional term of one year unless terminated by either party in accordance with the terms of the agreement. In this regard, we will ensure that the requirements under Chapter 14A of the Listing Rules are complied with.

As the total annual amount payable to Marubeni Corporation under the technical service and personnel transfer agreement will amount to USD100,000 for the year ending 31 December 2007 and assuming the agreement being automatically extended for another term of one year, USD100,000 for the year ending 31 December 2008, respectively, the transaction between Dalian Investment and Marubeni Corporation under the technical service and personnel transfer agreement will constitute de minimis transactions of our Company under Rule 14A.33 of the Listing Rules and would be exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Our Directors, including the independent non-executive Directors, consider that the technical service and personnel transfer agreement is entered in the ordinary and usual course of business and on normal commercial terms that are fair and reasonable and is in the best interest of our Company and our Shareholders as a whole.

3. **Sales of goods to the Excluded Group (Category 3)**

- *Background:* Our subsidiaries have in the past from time to time sold products, such as raw materials for manufacturing animal feeds, chicken meat products and processed animal feeds, to the Excluded Group. The goods that we sold to the Excluded Group were used in their production processes. For the three years ended 31 December 2006 and for the five months ended 31 May 2007, our total sales to the Excluded Group amounted to approximately USD1,597,833, USD1,049,936, USD979,762 and USD279,602, respectively, representing approximately 0.37%, 0.20%, 0.15% and 0.09% of our sales during the respective period.

  We believe the Excluded Group will continue to source goods from our Group after the Listing as we produce high quality products that satisfy the production needs of the Excluded Group from time to time. Some of the products supplied by our Group are tailor-made for the Excluded Group and there are no close substitutes in the market.

- *Connected Person:* As described under category 1 above, Great Wall Enterprise will become connected persons of our Company upon the Listing and any of its subsidiaries (other than members of our Group), being its associates, will also become connected persons of our Company upon the Listing.

- *Connected transaction:* Any sales of goods between (i) the members of our Group and (ii) our connected persons following the Listing, which will be carried out on a continuing and recurring basis over a period of time, will constitute continuing connected transactions of our Group under Rule 14A.14 of the Listing Rules.

- *Pricing:* In the past, our Group made reference to market price for similar products in the open market. As most of our goods supplied to the Excluded Group are tailor-made products, we often charged the Excluded Group a slightly higher price for such products and as such, our Directors have confirmed that these prices were determined on an arm's length basis and on normal commercial terms and were no more favourable to the Excluded Group than those given to third parties.

- *Future sales:* We have entered into a master supply agreement with Great Wall Enterprise expiring on 31 December 2009. Pursuant to this master supply agreement, our Company shall and shall procure any and all members of our Group to sell, and

Great Wall Enterprise shall and shall procure any and all members of the Excluded Group to purchase the products of our Group on a non-exclusive basis in accordance with any written quotation of the relevant member of our Group which is accepted by the relevant member of the Excluded Group, or any written order of the relevant member of the Excluded Group which is accepted by the relevant member of our Group. The pricing of the goods to be sold will be determined by reference to the actual cost of the goods sold by our Group and a reasonable profit margin determined by the relevant member of our Group taking into account the following:

(a) any quoted price shall not be less than the price charged by the relevant member of our Group to an Independent Third Party when dealing on an arms' length basis having regard to any other special circumstances such as arm's length negotiated volume discounts; and

(b) if no such comparable reference prices are available, the quoted price shall be determined by agreement between the parties based on (i) normal commercial terms that are considered to be fair and reasonable by the respective member of our Group and the Excluded Group; (ii) terms no less favourable to the relevant member of our Group than terms given by such relevant members of our Group to Independent Third Parties.

We estimate that the total sales by us to the Excluded Group will be approximately USD966,000, USD605,000 and USD655,000 for the three years ending 31 December 2009. We have calculated these estimated amounts with reference to the historical sales volumes to the Excluded Group during the Track Record Period and also the estimated sales to the Excluded Group based on its internal procurement projection.

The Company's estimate for 2007 includes sales in the amount of approximately USD423,000 to two subsidiaries of Great Wall Enterprises that are expected to cease operation before the end of 2007. As a result, the projected sales to the Excluded Group for 2008 are expected to be reduced. The increase in the projected sales to the Excluded Group for 2009 when compared to 2008 can be ascribed to the anticipated growth of sales to the other members of the Excluded Group in 2009.

4. **Purchase of goods from the Excluded Group (Category 4)**

- *Background:* Our subsidiaries have in the past from time to time purchased raw materials, which mainly are ingredients for our feeds production, from the Excluded Group. The Excluded Group has been a very reliable supplier of high quality raw materials to the Group in the past. For the three years ended 31 December 2006 for the five months ended 31 May 2007, our total purchases by us from the Excluded Group amounted to approximately USD319,613, USD461,054, USD557,781 and USD562,621, respectively, representing approximately 0.08%, 0.09%, 0.10% and 0.19% of our cost of sales during the respective period.

- *Connected Person:* As described under categories 1 and 3 above, Great Wall Enterprise and any of its subsidiaries (other than members of our Group), being its associates, will become Connected Persons of our Company upon the Listing.

  Based on the Group's past experience, it will be highly unlikely for the Excluded Group to supply a product so unique that there are no similar products available on the market.

- *Connected transaction:* Any purchases of goods between (i) the members of our Group and (ii) our Connected Persons following the Listing, which will be carried out on a continuing and recurring basis over a period of time, will constitute continuing connected transactions under Rule 14A.14 of the Listing Rules.

- *Pricing:* In the past, our Group have made reference to market price for similar products in the open market. The prices were fixed after obtaining quotations of the prices offered by the Excluded Group and comparing such quoted prices available in the open market for similar products. As such, our Directors have confirmed that these prices were determined on an arm's length basis and on normal commercial terms and were no less favourable to our Group than those given by third parties.

- *Future purchases:* We have entered into a master purchase agreement with Great Wall Enterprise expiring on 31 December 2009. Pursuant to this master purchase agreement, our Company shall and shall procure any and all members of our Group to purchase and Great Wall Enterprise shall and shall procure any and all members of the Excluded Group to sell the products of the Excluded Group on a non-exclusive basis in accordance with any written quotation of the relevant member of the Excluded Group which is accepted by the relevant member of our Group, or any written order of the relevant member of our Group which is accepted by the relevant member of the Excluded Group. The pricing of the goods will be determined by reference to the actual cost of the goods purchased from the Excluded Group and a reasonable profit margin determined by the relevant member of the Excluded Group taking into account the following:

  (a) any quoted price shall not be less than the price charged by the relevant member of the Excluded Group to an Independent Third Party when dealing on an arms' length basis having regard to any other special circumstances such as arm's length negotiated volume discounts; and

  (b) if no such comparable reference prices are available, the quoted price shall be determined by agreement between the parties based on (i) normal commercial terms that are considered to be fair and reasonable by the respective member of our Group and the Excluded Group; and (ii) terms no less favourable to the relevant member of our Group than terms available from Independent Third Parties.

We estimate that total purchases by us from the Excluded Group will be approximately USD1,199,000, USD1,219,000 and USD1,245,000 for the three years ending 31 December 2009. We have calculated these estimated amounts with reference to the historical amount of products purchased from the Excluded Group during the Track Record Period and after taking into account the following factors:

(i) the anticipated growth in demand of raw materials of the Group as a result of the anticipated growth in production capacity and sales to customers of the Group with reference to internal sales and production capacity projections; and

(ii) the market growth rates in the territories which the Group operates its business.

5. **Trademark licence deed entered into between our Company and Great Wall Enterprise (Category 5)**

- *Background:* Certain subsidiaries of our Group have historically been licensed to use the trademarks of “ ”, “大成 ”, “ ”, , and “ ” owned by Great Wall Enterprise or its subsidiaries in connection with our business.

  Great Wall Enterprise has not transferred or procured the transfer of the ownership of the above trademarks to our Group because such trademarks are also used by the Excluded Group on their products, in their company names and in their company logos (as the case may be). Since the members of the Group are indirect subsidiaries of Great Wall Enterprise during the Track Record Period and the costs incurred by Great Wall Enterprise to protect its trademarks are not substantial, our Group has not paid any royalties for using the trademarks owned by Great Wall Enterprise or its subsidiaries during the Track Record Period.

  In anticipation of the Global Offering, pursuant to which we will be separately listed on the Stock Exchange and under our separate management from Great Wall Enterprise, our Company entered into a trademark licence deed with Great Wall Enterprise on 14 September 2007 to ensure that we will continue to be able to use the above trademarks and also the trademarks of , , and . The term of the licence shall continue for a period of three (3) years commencing on the Listing Date, and subject to compliance with applicable requirements of the Listing Rules regarding connected transactions, automatically renewable for three (3) year terms thereafter. Pursuant to this trademark licence deed, Great Wall Enterprise has granted our Company an exclusive and non-transferable licence to use such trademarks, with a right to sublicense to any of our Company's subsidiaries from time to time subject to the terms and conditions contained in the trademark licence deed.

- *Connected Person:* As described under categories 1 and 3 above, Great Wall Enterprise will become a Connected Person of our Company upon the Listing upon the Listing.

- *Connected transaction:* The payment of royalties of licensed trademarks by (i) the members of our Group to (ii) our Connected Persons following the Listing, which will be carried out on a continuing and recurring basis over a period of time, will constitute continuing connected transactions under Rule 14A.14 of the Listing Rules.

- *Royalties:* Under the trademark licence deed, the royalties payable to Great Wall Enterprise are charged at the rate of 0.1% of the total annual net sales of the products of our Group attributable to the trademarks licensed by Great Wall Enterprise. The Directors consider the licensed trademarks are crucial to the operation of the Group as the Group's products have built up a brand name in the Restricted Territory. The rate of the royalties under the trademark licence deed was agreed after arm's length negotiation between our Company and Great Wall Enterprise with a view to striking a balance between the interest of Great Wall Enterprise in these trademarks and the Great Wall Enterprise's desire to show continuing support to the Group after the Listing. Sallmanns, the professional valuer of our Group, are of the view that the rate of royalties under the trademark licence deed is lower than other comparable food/consumer and food processing industry rates. According to various empirical studies, royalty rates respectively range from 2% to 5%, and the average is around 3.2% for the food/consumer and food processing industry. Therefore, based on the results of the investigation and analyses, the 0.1% royalty rate charged for the licensing of the trademarks to be licensed by Great Wall Enterprise to the Company is favorable to the Company.

  Having considered all of the foregoing factors, the Directors are of the opinion that the terms of the trademark licence deed are on normal commercial terms that are fair and reasonable and in the best interests of our Company and our Shareholders as a whole.

  On this basis, we estimate that the total royalties payable by our Group to Great Wall Enterprise under the trademark licence deed will be approximately USD930,000, USD1,231,000 and USD1,714,000 for the three years ending 31 December 2009. We have calculated these estimated amounts with reference to the historical sales volumes of products using the trademarks licensed by Great Wall Enterprises during the Track Record Period and the projected sales of the relevant products in 2007, 2008 and 2009 and after taking into account the following factors:

  (i) the anticipated growth in demand of our products and also with reference to the internal sales and cost of sales projections; and

  (ii) the market growth rates in the jurisdictions of which the Group operates its business.

6. **Sales of goods to Marubeni Corporation (Category 6)**

- *Background:* Our subsidiaries have in the past from time to time sold products, such as processed foods, to Marubeni Corporation to satisfy its procurement needs from time to time. For the three years ended 31 December 2006 and the five months ended 31 May 2007, our total sales to Marubeni Corporation amounted to approximately USD4,306,123, USD12,379,456, USD15,219,275 and USD8,255,694, respectively, representing approximately 1.00%, 2.33%, 2.39% and 2.57% of our sales during the respective period.

- *Connected Person:* As described under category 2 above, Marubeni Corporation, will become connected persons of our Company upon the Listing.

- *Connected transaction:* Any sales of goods between (i) the members of our Group and (ii) our connected persons following completion of the Global Offering, which will be carried out on a continuing and recurring basis over a period of time, will constitute continuing connected transactions under Rule 14A.14 of the Listing Rules.

- *Pricing:* In the past, our Group made reference to market price for similar products in the open market. The prices were fixed after obtaining quotations of the prices offered to Marubeni Corporation and comparing such quoted prices available in the open market for similar products. In the event that there are not sufficient comparable transactions to judge whether the terms offered by the Group are on normal commercial terms, our Group will compare the terms which it offered to other customers who are Independent Third Parties to ensure that such terms will be no more favourable to Marubeni Corporation than those given to third parties, and uses a cost plus mark-up method to quote prices of their products, which mark-up should represents the associated variable cost plus a reasonable profit. As such, our Directors have confirmed that these prices were determined on an arm's length basis and on normal commercial terms.

- *Future sales:* We have entered into a master supply agreement with Marubeni Corporation expiring on 31 December 2009. Pursuant to this master supply agreement, our Company shall sell and shall procure any and all members of our Group to sell and Marubeni Corporation shall purchase the products of our Group on a non-exclusive basis in accordance with any written quotation of the relevant member of our Group which is accepted by Marubeni Corporation, or any written order of Marubeni Corporation which is accepted by the relevant member of our Group. The pricing of the goods to be sold will be determined by reference to the actual cost of the goods sold by our Group and a reasonable profit margin determined by the relevant member of our Group taking into account the following:

  (a) any quoted price shall not be less than the price charged by the relevant member of our Group to an Independent Third Party when dealing on an arms' length basis having regard to any other special circumstances such as arm's length negotiated volume discounts; and

(b) if no such comparable reference price is available, the quoted price shall be determined by agreement between the parties based on (i) normal commercial terms that are considered to be fair and reasonable by the respective member of our Group and Marubeni Corporation; and (ii) terms no less favourable to the relevant member of our Group than terms given by such relevant members of our Group to Independent Third Parties.

We estimate that the total sales by us to Marubeni Corporation will be approximately USD26,483,000, USD35,752,000 and USD48,265,000 for the three years ending 31 December 2009. We have calculated these estimated amounts with reference to the historical sales volumes to Marubeni Corporation during the Track Record Period and after taking into account the following factors:

(i) the Group's anticipated growth in sales to Marubeni Corporation based on internal sales projections; and

(ii) the anticipated growth in demand for similar products in Japan.

APPLICATION FOR WAIVERS

Our Directors (including the independent non-executive Directors) are of the opinion that the transactions described in this section have been entered into, and will be carried out following completion of the Global Offering, in the ordinary and usual course of our business and on normal or better than normal commercial terms, as the case may be, from the perspective of our Company, and that the terms of the transactions and the Annual Caps (as defined below) are fair and reasonable and in the interests of our shareholders as a whole.

Upon the Listing, the continuing connected transactions described in:

(1) categories 3 and 4 above would, on each occasion on which they arise, be subject to the announcement requirement set out in Rules 14A.45 to 14A.47 of the Listing Rules and is exempt from the prior independent shareholders' approval requirement set out in Rule 14A.48 of the Listing Rules since each of the percentage ratios based on the relevant annual cap as set out below, where applicable, in relation to each of these categories is, on an annual basis, expected to be less than 2.5% under Rule 14A.34 of the Listing Rules; and

(2) categories 5 and 6 above would, on each occasion on which they arise, be subject to the announcement requirement set out in Rules 14A.45 to 14A.47 of the Listing Rules and the prior independent shareholders' approval requirement set out in Rule 14A.48 of the Listing Rules since at least one of the percentage ratios including revenue ratio, asset ratio (as the case may be) on an annual basis for such non-exempt continuing connected transaction is expected to be more than 2.5%.

As the continuing connected transactions described in (1) and (2) above are expected to continue on a recurring basis after the Listing, and have been entered into prior to the Listing Date and have been fully disclosed in this prospectus, our Directors consider that it would not be practical, and would add unnecessary administrative costs to our Company, to make disclosure of, or (where necessary) to obtain independent shareholders' approval for, each such transactions in compliance with the announcement and/or the independent shareholders' approval requirements in Rules 14A.45 to 14A.47 and/or Rule 14A.48 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange, and the Stock Exchange has granted us, a waiver pursuant to Rule 14A.42(3) of the Listing Rules to exempt the continuing connected transactions described in (1) and (2) above from compliance with the announcement and/or independent shareholders' approval requirements under the Listing Rules. In addition, we confirm that we will comply with Rules 14A.35(1), 14A.35(2), 14A.36, 14A.37, 14A.38, 14A.39 and 14A.40 of the Listing Rules in relation thereto.

In respect of Rule 14A.35(2) of the Listing Rules, the maximum aggregate annual value ("**Annual Caps**"), if any, for the continuing connected transactions described in (1) and (2) above shall not exceed the applicable limit set out below:

Category	**Nature of Transaction**	**Annual Cap For the year ending 31 December**		
		2007	**2008**	**2009**
		USD ('000)	*USD ('000)*	*USD ('000)*
3	Sales of goods to the Excluded Group	966	605	655
4	Purchase of goods from the Excluded Group	1,199	1,219	1,245
5	Trademark license transactions with Great Wall Enterprise	930	1,231	1,714
6	Sales of goods to Marubeni Corporation	26,483	35,752	48,265

Confirmation from the Sponsor

The Sponsor is of the view that the continuing connected transactions and their respective Annual Caps described above are fair and reasonable, and that such transactions have been entered into in the ordinary and usual course of our business, on normal commercial terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

DIRECTORS

Executive Directors

Mr. Han Jia-Hwan (韓家寰), aged 52, is an executive Director and the chairman of our Company. He is responsible for the overall corporate strategies, planning and business development of our Group. He joined Great Wall Enterprise in April 1980. From 1990 to 2000, he was the general manager of Great Wall Enterprise. Since 2001, he has been a director of Great Wall Enterprise. From 2001 to August 2006, he was the president of NAC. He was appointed as the executive Director on 18 May 2007.

Mr. Han has dedicated the past 27 years to expanding and promoting the business of Great Wall Enterprise and its subsidiaries including our Group as well as developing meat processing and feeds industry in the Asia Pacific region. In recognition of his contributions to the agricultural industry, Mr. Han was one of the Top Ten Outstanding Young Persons (十大傑出青年) in Taiwan in 1994. Mr. Han received his bachelor's degree in business administration from National Cheng-chi University (國立政治大學) and a master's degree in business administration from the University of Chicago in 1977 and 1983 respectively. He is the brother of Mr. Harn Jia-Chen and Mr. Han Chia-Yau.

Mr. Chang Tiee-Shen (張鐵生), aged 61, is the chief executive officer of our Company and an executive Director. He is responsible for the management of daily operations of our Group. He joined Great Wall Enterprise in July 1970 as an assistant manager. He has over 35 years of experience in meat processing and feeds industry. From 1970 to 2004, he worked in Great Wall Enterprise. Since 2004, he has been the vice chief executive officer of Great Wall Enterprise. Since August 2006, he has been the president of NAC. He was appointed as the executive Director on 14 September 2007.

Mr. Chang obtained a bachelor's degree in oriental languages and literature from the Chinese Culture University (中國文化大學) in 1969.

Mr. Chen Fu-Shih (陳福獅), aged 57, is the chief administrative officer of our Company and an executive Director. He is responsible for the sales and marketing functions of our Group. He has over 20 years of experience in meat processing and feeds industry. He joined Great Wall Enterprise as a manager of feeds department in 1987. He was a general manager of Liaoning Greatwall between 1990 and 1998, between 2000 and 2003, and from 2006 to present. Since 2002, he has been an executive vice president of NAC. He was appointed as the executive Director on 14 September 2007.

Mr. Chen obtained a bachelor's degree in agronomics economics from the National Chung-Hsin University (國立中興大學) in 1973.

Non-executive Directors

Mr. Han Chia-Yau (韓家宇), aged 57, is a non-executive Director. He joined Great Wall Enterprise in 1992. Since 1992, he has been a director of Great Wall Enterprise. From 1993 to 2001, he was the Vice Chairman of Great Wall Enterprise. Since 2001, he has been the Chairman of Great Wall Enterprise. He was appointed as a non-executive Director on 14 September 2007.

He obtained a bachelor's degree from Chung Yuan Christian University (中原大學) and a master's degree in science from the University of Connecticut in 1973 and 1981 respectively. He is the brother of Mr. Han Jia-Hwan and Mr. Harn Jia-Chen.

Mr. Harn Jia-Chen (韓家宸), aged 53, is a non-executive Director. Since 2001, he was the vice chairman and director of Great Wall Enterprise. Since 1995, he has been the chairman of 大成食品(天津)有限公司 (Great Wall Food (Tianjin) Co., Ltd.*), a subsidiary of Great Wall Enterprise engaged in flour production. Since 2001, he has been the chairman of 北京大成永和食品有限公司 (Great Wall Yung Huo Food (Beijing) Co., Ltd.*). Since 1999, he is the chairman of Tianjin DaChan. From 1997 to 2006, he was the director of 大成食品(蛇口)有限公司 (Great Wall Food (Shekou) Co., Ltd.*). Since 2006, he is the chairman of Greatwall Food (Shekou) Co., Ltd. From 2003 until present, he is the chairman of 大成昭和食品(天津)有限公司 (DaChan Showa Food (Tianjin) Co., Ltd.*). In May 2006, he was elected as the director of Taiwan Asset Enterprise Association of Tianjin (天津市台灣同胞投資企業協會). He was appointed as a non-executive Director on 14 September 2007.

He obtained his master's degree in business administration from the University of New Haven in 1986. He is the brother of Mr. Han Jia-Hwan and Mr. Han Chia-Yau.

Mr. Nicholas W. Rosa, aged 55, is a non-executive Director. He was appointed as a non-executive Director on 14 September 2007.

Mr. Rosa has been in the agricultural industry, particularly the poultry business, for over 30 years. He joined Wayne Feed Division of ContiGroup Companies, Inc. in 1975, and has taken different posts including regional credit manager in Selma, North Carolina, director of marketing, vice president of marketing, vice president of sales and marketing, vice president and general manager of Wayne Feed Division in Chicago, Illinois. He has been the vice president of international industries of ContiGroup Companies, Inc. in New York since 1997. Mr. Rosa was the director and member of Executive Committee of the American Feed Industry Association from 1997 to 2000 and has been a director in poultry companies in Poland and Peru. He has been a director of Conti Chia Tai International Limited ("**Conti Chia Tai**") since 2003, directors of Continental Enterprises and its other associated entities since April 2007.

Mr. Rosa received his bachelor's degree in economics in 1974. Based on information provided by Continental Enterprises and Mr. Rosa, Conti Chia Tai is mainly engaged in production and marketing of animal feeds and aqua feeds. Conti Chia Tai is a joint venture established by Continental Enterprises and Chia Tai (China) Agro-Industrial Ltd.. While the principal product of Conti Chia Tai is not entirely the same as the feed products of our Group, its product may be used as substitute for our Group's product and thus there might be potential competition between Conti Chia Tai and our Group with respect to feed products in the PRC given the substitutability of such products. By virtue of his directorship in Conti Chia Tai, Mr. Rosa is considered to be interested in a business which is likely to compete with our business under note (1)(i) of Rule 8.10(2) of the Listing Rules.

To the best knowledge and belief of our Directors (other than Mr. Rosa), Mr. Rosa does not have any shareholding in Conti Chia Tai. Notwithstanding his overlapping directorships, our Company has invited and appointed Mr. Rosa, being the representative of Continental Enterprises, to act as a non-executive Director. We believe that with the implementation of various corporate governance measures of our Group (as disclosed in the paragraph headed "Corporate Governance" in the section headed "Relationship with Controlling Shareholders" of this prospectus), our Board can function independently of, and at arms' length from, any potential influence Mr. Rosa will bring for his role as a director of Conti Chia Tai. Mostly importantly, Mr. Rosa, as a non-executive Director, will not be involved in day-to-day operations and management of our Group. We believe that, given his wealth of experience in the agricultural industry, Mr. Rosa will provide the Board with insight in strategic planning and in formulating corporate directions of our Group.

Based on information provided by Continental Enterprises, Conti Chia Tai currently only operates in Guangdong Province and has no expansion plan to other parts of the PRC.

Independent non-executive Directors

Mr. Liu Fuchun (劉福春), aged 61, is an independent non-executive Director of our Company. He has more than 20 years of experience in international trade and management and has worked in Europe for several years. Mr. Liu held various posts in China National Cereals, Oils & Foodstuffs Import & Export Corporation ("**COFCO**"), whose food products comprise edible oil, rice, corn, wheat, flour, meat and beverages, and is the largest edible oils and food importer and exporter and a leading food manufacturer in the PRC. From July 1985 to February 1989, he first acted as the deputy division head and was later appointed as the division head of the Edible Oil Department at COFCO. From February 1989 to June 1991, he was the general manager of Top Glory (London) Limited, a fully-owned subsidiary of COFCO in the UK. He was a director and vice president of COFCO between June 1991 and June 2000. Between June 2000 and April 2007, he was a director and president of China Foods Limited (formerly known as COFCO International Limited) (Stock code: 506), which is listed on Hong Kong Stock Exchange. In March 2006, he was appointed as an independent director of China Aviation Oil (Singapore) Corporation Ltd. ("**CAO**"), which is listed on Singapore Stock Exchange, after CAO reported materials losses arising from speculative trading in oil derivatives in 2004. CAO has been restructured after the major financial crisis and resumed the trading of its shares on the Singapore Stock Exchange at the end of March 2006. After restructuring, CAO has a new 8-member board, and the daily affairs of CAO are managed by the Senior Officers Meeting. CAO also revised risk management, financial management and human resource manuals to strengthen its internal controls. CAO reported a net profit of approximately USD7.7 million and approximately USD232.3 million in 2005 and 2006 respectively. He was appointed as an independent non-executive Director on 14 September 2007.

Mr. Liu obtained his Institute Certificate for the English program from Beijing Institute of Foreign Trade (北京外貿學院) in 1975.

Dr. Chen Chih (陳治), aged 54, is an independent non-executive Director. In 1989, Dr. Chen started working in GE Medical Systems as the Country Manager for Taiwan and the Philippines, then was appointed as Asia Region Service General Manager based in Singapore in 1990 and Sales General Manager in 1992. In 1994, he was appointed as General Manager of GEMMS, a newly-formed joint venture in Taiwan. Dr. Chen has been serving as the President of GE Medical Systems China since 1996. Since November 2001, he has been promoted to vice president of General Electric Company. He was appointed as an independent non-executive Director on 14 September 2007.

Dr. Chen received his Ph.D. degree in mechanical engineering from Lehigh University in 1984.

Mr. Pai Nai-Yu (白廼玉), aged 57, is an independent non-executive Director. Mr. Pai is a certified public accountant with over 20 years of accounting and auditing experience. Mr. Pai founded Pai Accountancy LLP in 1983. Since May 2004, Mr. Pai has served as a director of Gaia Interactive Inc., and has served as a director of Authenex Inc. since June 2000. Mr. Pai has also served as a director for Sigrity Inc. since June 2005, for Giquila since August 2004 and as the director and CFO for Chinese Cancer Memorial Foundation since April 1996. Since December 2006, he has been the chairman of Audit Committee and an independent director of JA Solar Holdings Co., Ltd., which is a NASDAQ listed company. He was appointed as an independent non-executive Director on 14 September 2007.

Mr. Pai received his master's degree in business administration from Saint John's University and master's degree in taxation from Golden Gate University in 1978 and 1985 respectively.

SENIOR MANAGEMENT TEAM

Mr. Huang Shih-Kun (黃士坤), aged 59, is the chief operation officer and the president of our Company. He is responsible for our processed food business in the domestic market. He has over 15 years of experience in food industry. He joined our Group in January 2007. Prior to joining our Group, he worked in Tingyi (Cayman Islands) Holding Corp. as a vice president and the general manager of beverage business division from 2001 to 2002. Before that, he held various positions in Tingyi (Cayman Islands) Holding Corp..

Mr. Huang obtained a college degree in technology from Cheng Shiu University (正修科技大學) in 1970.

Mr. Chang Chin-Pyng (張景平), aged 50, is the chief finance officer of our Company. He is primarily responsible for our Group's overall financial management, capital planning and allocation. He has over 18 years of experience in finance management. He joined our Group in 1 November 2003. From 1989 to 1997, he was the finance manager of Great Wall Enterprise. In 2003, he was appointed as the chief finance officer of NAC.

Mr. Chang obtained a bachelor's degree in business from the National Taiwan University (國立台灣大學) and a master's degree in business administration from the University of Chicago in 1979 and 1983 respectively. Mr. Chang is a certified finance analyst in Taiwan.

Mr. Ou Chang-Jou (歐倉舟), aged 55, is a vice president of our Company. He is responsible for the procurement of all raw materials including commodity procurement and trading business operation. He has over 25 years of experience in commodity procurement and trading business operation. He joined Great Wall Enterprise in March 1980. From 1991 to 1994, he was an assistant general manager of bulk commodity department of Great Wall Enterprise. In 2004, he was appointed as a vice president of NAC.

Mr. Ou obtained a bachelor's degree in business management from the National Cheng-Kung University (國立成功大學) in 1974.

Mr. Lee Yi-Ming (李益銘), aged 46, is a vice president of our Company. He is responsible for meat business in the PRC. He has over 19 years of experience in meat industry. He joined our Group in April 1988 and has held various positions in our Group.

Mr. Lee obtained a bachelor's degree in industrial engineering from the Chung Yuan Christian University (中原大學) in 1983.

Mr. Hung Kuei-Lin (洪桂林), aged 49, is a vice president of our Company. He is responsible for our processed food business in the international market. He has over 9 years of experience in food industry. He joined our Group in March 2005. From 1998 to 2002, he was the general manager of 北京大發正大有限公司 (Beijing Dafa Chia Tai Co., Ltd.*). From 2001 to 2002, he was a vice president of Chia Tai Group China. From 2002 to 2003, he was a vice president of NAC. From 2003 to 2005, he was the general manager and the vice chairman of 青島艾斯克食品工程有限公司 (Qingdao SSK Food Engineering Co., Ltd.*). From 2005 until present, he is the vice president of NAC.

Mr. Hung obtained a bachelor's degree in food science from the National Chung-Hsin University (國立中興大學) in 1981.

Mr. Liu Ching-Chung (劉精忠), aged 52, is HR head of our Company. He is responsible for HR management. He has 10 years of experiences in human resources management. He joined our Group in March 2007. From 1994 to 2000, he held several positions in Tingyi (Cayman Islands) Holdings Corp.. From 2000 to 2003, he was the vice general manager of human resource office of Ting Hsin Group. From 2003 to 2006, he was the general manager of 興化頂芳脫水食品有限公司 (Xinghua Dingfang Dehydrate Foods Co., Ltd.*).

Mr. Liu obtained a bachelor's degree in Chinese literature from the National Taiwan University (國立臺灣大學) in 1986.

Dr. Yang Chun-Yung (楊鈞雍), aged 47, is R&D head of our Company. He is responsible for production, research and development and quality control since February 2007. He has over 8 years of experience in further processing meat produces. He joined our Group in December 2004. At the end of 1999, he joined Great Wall Enterprise. In December 2004, he joined NAC as the vice general manager of international food business.

Dr. Yang obtained his M.S. and Ph.D. from the Ohio State University in 1987 and 1994 respectively.

Ms. Li Lau Lai Hing Joanna (李劉麗卿), aged 47, is the company secretary of our Company. Ms. Li is admitted as a solicitor in Hong Kong, England and Wales, and Australian Capital Territory, and is a partner of King & Company, Solicitors. In October 1987, she joined King & Company, as an assistant solicitor and became a partner in 1990.

Ms. Li obtained a bachelor's degree in law from De Monfort University, UK and a Certificate in Solicitor's Final Exam from the College of Law, UK, respectively in 1983 and 1984. She also obtained a Certificate in Accredited Mediator from the Hong Kong Mediation Centre of the Chinese University in 2003. On 14 September 2007, she was appointed as the company secretary of our Company.

Mr. Wong Hing Keung (黃興強), aged 45, is the qualified accountant of our Company. Mr. Wong graduated from the Hong Kong Polytechnic University with a master's degree in professional accounting in 2002. He is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

Mr. Wong has 20 years of experience in auditing, accounting and financing. Prior to joining our Group, he worked in Charles Mar Fan and Co. as a semi-senior from 1987 to 1989. From 1990 to 1993, he was the accountant of an international fast food chain company. On 14 September 2007, he was appointed as the qualified accountant of our Company.

MANAGEMENT PRESENCE IN HONG KONG

Rule 8.12 of the Listing Rules requires that a new applicant applying for a primary listing on the Stock Exchange must have a sufficient management presence in Hong Kong. This normally means that at least two of its executive directors must be ordinarily resident in Hong Kong. Since the principal business operations and manufacturing facilities of our Group are located in the PRC, Vietnam and Malaysia, the senior management members of our Group are and will therefore continue to be based in the PRC, Vietnam and Malaysia. At present, other than Mr. Han Jia-Hwan (the chairman of our Company), our other executive Directors are ordinarily residing outside Hong Kong. All our Directors who are not ordinarily resident in Hong Kong possess valid travel documents and could travel to Hong Kong to meet with the relevant personnel of the Stock Exchange within a reasonable period, if required. Our Company has applied to the Stock Exchange for a waiver from the strict compliance with the requirement under Rule 8.12. For details of the waiver, please see the paragraph headed "Management Presence" under the section headed "Waivers from strict compliance with the Listing Rules" in this prospectus.

BOARD COMMITTEES

Audit Committee

We established an audit committee in compliance with Rules 3.21 and 3.23 of the Listing Rules on 14 September 2007. The audit committee consists of three independent non-executive Directors, namely Mr. Pai Nai-Yu, Mr. Liu Fuchun and Dr. Chen Chih. Mr. Pai Nai-Yu is the chairman of the audit committee. The primary duties of the audit committee are to review and supervise the financial reporting process and the internal control procedures of our Group.

Remuneration Committee

We established a remuneration committee in compliance with Appendix 14 to the Listing Rules on 14 September 2007. The remuneration committee consists of five members, namely Mr. Liu Fuchun, Mr. Han Chia-Yau, Mr. Han Jia-Hwan, Mr. Pai Nai-Yu and Dr. Chen Chih. Mr. Liu Fuchun is the chairman of the remuneration committee. The primary functions of the remuneration committee are to make recommendations to our Board on the remuneration of our Directors and senior management and determine on behalf of our Board specific remuneration packages and conditions of employment for our Directors and senior management.

Nomination Committee

We established a nomination committee on 14 September 2007. The nomination committee consists of five members, comprising Dr. Chen Chih, Mr. Harn Jia-Chen, Mr. Han Jia-Hwan, Mr. Liu Fuchun and Mr. Pai Nai Yu. The chairman of the nomination committee is Dr. Chen Chih. The primary functions of the nomination committee are to make recommendations to the Board regarding candidates to fill vacancies on the Board and senior management.

Compliance Adviser

Our Company will appoint Cazenove as its compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise our Company on the following matters:

(i) the publication of any regulatory announcement, circular or financial report;

(ii) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;

(iii) where our Company proposes to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where its business activities, developments or results deviate from any forecast, estimate, or other information in this prospectus; and

(iv) where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of the Shares of our Company.

The term of the appointment shall commence on the Listing Date and end on the date on which our Company distributes its annual report in respect of its financial results for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

OUR GROUP'S RELATIONSHIP WITH STAFF

We recognise the importance of a good relationship with our employees. The remuneration payable to our employees includes salaries and allowances. We continue to provide training for its staff to enhance technical and product knowledge as well as knowledge of industry quality standards and work place safety standards.

Our Group has not experienced any significant problems with its employees or disruption to its operations due to labor disputes, nor has it experienced any difficulties in the recruitment and retention of experienced staff. Our Directors believe that we have a good working relationship with our employees.

Employees

As at 31 May 2007, we had over 10,000 full-time employees, of whom approximately 5,000 staff are temporarily-hired. The following table shows a breakdown of employees by function:

Function	Number of Employees (Approximate)
Management and Administration	693
Production	7,737
Sales and Marketing	954
Research and Development	79
Quality Control	430
Finance and Accounting	234
Total	10,127

We enter into individual employment contracts with all of our employees. We set targets for our employees based on their position and department and regularly review the performance of our employees. The results of such reviews will be used in their salary reviews, bonus awards and promotion appraisals.

Our labor costs increased during the three years ended 31 December 2006, as the costs of recruitment, training, wages and benefits increased in the same period.

Training and Development

We place great emphasis on the training and development of our employees. We invest in various training programs for our management staff and other employees with a view to constantly upgrading their skills and knowledge. We require each department within our Group to set its own training program and submit it to our personnel department. Our personnel department will organise and implement the training programs each year, taking into consideration the overall operating strategies of our Group and the annual business target. The training program includes both internal and external training sessions. New recruits are required to attend training courses to ensure that they are familiar with our Group and corporate culture, and are equipped with the necessary skills to perform their duties. All employees are also provided with continuing professional training in respect of the professional and management skills and techniques. In addition, our staff and employees may also have the opportunities to receive training overseas. We implement the training program with a view to enhance the professionalism of our employees and provide them with the opportunities for career development, and we believe that it will benefit both our Group and the employees themselves.

Employee Benefits

We also provide other benefits to our employees, including pension and social benefits. With respect to pensions, we contribute on a monthly basis to various defined contribution retirement benefit plans organised by relevant municipal and provincial governments in the PRC.

With respect to social security benefits, we make contributions on behalf of our employees to various social insurance funds including medical insurance, unemployment insurance, work-related injury insurance and maternity insurance organised and administered by the governmental authorities.

Share Option Scheme

We have conditionally adopted the Share Option Scheme pursuant to which such selected classes of participants (as more particularly described in Appendix VI to this prospectus) may be granted options to subscribe for Shares at the discretion of the Board. The principal terms of the Share Option Scheme are summarised under the paragraph headed “Share Option Scheme” in Appendix VI to this prospectus.

Occupational health and safety

We are also subject to various health and safety laws and regulations in the PRC including the PRC Labour Law (中華人民共和國勞動法), the PRC Production Safety Law (中華人民共和國安全生產法), the Insurance for Labour Injury Ordinance (工傷保險條例), the Unemployment Insurance Ordinance (失業保險條例), the Provisional Insurance Measures for Maternity of Enterprises’ Employees (企業職工生育保險試行辦法), Regulations on Safety Supervision over Special Equipment (特種設備安全監察條例) and other related regulations, rules and provisions issued by the relevant governmental authorities from time to time for our operations in the PRC. We make efforts to ensure the safety of all our employees. The design, installation, use and maintenance of our equipment all meet the national and industrial standards. We implement safety guidelines and operating procedures for our production, and provide employees with occupational safety education and training to enhance their awareness of the safety issues. We provide and require our employees to wear suitable protective devices and uniform to ensure their safety. We also provide our employees with free annual medical check-up and over-the-counter medicines.

During the Track Record Period, our Directors confirm that, we complied with all applicable health and safety laws and regulations in all material respects, and strictly implemented our internal safety guidelines and operating procedures. Since the commencement of our business, none of our employees have been involved in any major accident in the course of the employment, nor have they contracted any occupational disease and illness to the best of our knowledge and information. We never received any complaint from our employees with respect to the labour and safety measures, and we have never been subject to disciplinary actions by the administrative agencies with respect to the labour protection issues.

Staff remuneration

We determine the remuneration of our staff based on factors such as qualifications, years of experience and posts. Our staff costs (including Directors' and senior management's emoluments) in the year ended 31 December 2004, 2005 and 2006 and five months ended 31 May 2007 were approximately USD13.7 million, USD20.0 million, USD25.3 million and USD12.2 million, respectively. The majority of our Directors did not receive any remuneration during the Track Record Period since most companies within our Group are indirect subsidiaries of Great Wall Enterprise. No additional remuneration was paid to Mr. Han Jia-Hwan and Mr. Chang Tiee-Shen for their service as directors of members of our Group, and the other Directors did not serve in our Group during the Track Record Period.

The estimated aggregate amounts of the directors' remuneration for the year ending 31 December 2007 will be approximately USD332,950.

Each of the following persons will, immediately following completion of the Global Offering and the Capitalisation Issue (without taking into account the Shares which may be issued upon the exercise of the Over-allotment Option and any options that may be granted under the Share Option Scheme), have an interest or a short position in Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

Name	Capacity/Nature of interest	Name of member of our Group	Class and number of securities	Approximate percentage of shareholding
Waverley Star	Beneficial owner	Our Company	375,899,946 Shares (L)	37.59%
ANTC	Beneficial owner	Our Company	152,924,906 Shares (L)	15.29%
Great Wall International *(Note 2)*	Interest of controlled corporations	Our Company	528,824,852 Shares (L)	52.88%
Great Wall Enterprise *(Note 2)*	Interest of controlled corporations	Our Company	528,824,852 Shares (L)	52.88%
Continental Enterprises *(Note 3)*	Beneficial owner	Our Company	59,700,029 Shares (L)	5.97%
PVP *(Note 4)*	Beneficial owner	Our Company	59,400,059 Shares (L)	5.94%
Marubeni Corporation	Beneficial interest	Dalian Investment	9,800,000 Shares of US$1 each	40%

Notes:

1. The letter "L" denotes the entity's long position in the Shares or the underlying Shares.

2. The Shares are registered in the name of Waverley Star and ANTC, each of which is a wholly-owned subsidiary of Great Wall International, which, in turn, is a wholly-owned subsidiary of Great Wall Enterprise. Under the SFO, both Great Wall International and Great Wall Enterprise are deemed to be interested in all the Shares held by Waverley Star and ANTC.

3. To the best knowledge of our Directors, Continental Enterprises is a wholly-owned subsidiary of ContiGroup Companies, Inc., a private company incorporated in Delaware, USA. More than one-third of the total issued shares of ContiGroup Companies, Inc. are owned by Fribourg Grandchildren Family L.P.. Accordingly, under the SFO, both ContiGroup Companies, Inc. and Fribourg Grandchildren Family L.P. are deemed to be interested in all the Shares held by Continental Enterprises.

4. To the best knowledge of our Directors, PVP is a wholly-owned subsidiary of Government of Singapore Investment Corporation (Ventures) Pte. Ltd.. Under the SFO, Government of Singapore Investment Corporation (Ventures) Pte. Ltd. is deemed to be interested in all the Shares held by PVP.

Save as disclosed herein, the Directors are not aware of any person who will, immediately following the Global Offering and the Capitalisation Issue, have an interest or short position in Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

The authorised and issued share capital of our Company are as follows:

Authorised:		*HK$*
10,000,000,000	Shares	1,000,000,000
Issued and to be issued, fully paid or credited as fully paid:		
2,000,000	Shares in issue	200,000
748,000,000	Shares to be issued under the Capitalisation Issue (including 60,000,000 Sale Shares)	74,800,000
250,000,000	Shares to be issued under the Global Offering (before the exercise of the Over-allotment Option)	25,000,000
1,000,000,000	Shares	100,000,000

Assumptions

The above table assumes the Global Offering and the Capitalisation Issue become unconditional and the issue of Shares pursuant thereto is made as described herein. It takes no account of any Shares which may be allotted and issued under the Over-allotment Option and/or any options which may be granted under the Share Option Scheme or of any Shares which may be allotted and issued or repurchased by our Company under the general mandates for the allotment and issue or purchase of Shares granted to Directors or any Shares which may be bought back by our Company pursuant to the general mandate given to the Directors for the repurchase of Shares as referred to below or otherwise.

Ranking

The Offer Shares will rank equally with all of the Shares now in issue or to be issued, and will qualify for all dividends or other distributions declared, made or paid on the Shares after the date of this prospectus, except for the entitlements under the Capitalisation Issue.

Share Option Scheme

The Company has conditionally adopted the Share Option Scheme. Under the Share Option Scheme, the eligible participants of the scheme, including the Directors, full-time employees of and advisers and consultants to the Company or its subsidiaries may be granted options which entitle them to subscribe for Shares, when aggregated with options granted under any other scheme, representing initially of not more than 10% of the Shares in issue immediately upon commencement of dealings of Shares on the Listing Date. The principal terms of the Share Option Scheme are set out in the paragraph headed "Share Option Scheme" in Appendix VI to this prospectus.

General mandate to issue Shares

The Directors have been conditionally granted a general and unconditional mandate to allot, issue and deal with Shares with a total nominal value of not more than the sum of:

(i) 20% of the aggregate nominal amount of share capital of our Company in issue immediately following completion of the Global Offering and the Capitalisation Issue but excluding any Shares to be issued pursuant to the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme; and

(ii) the aggregate nominal amount of the share capital of our Company repurchased by our Company (if any) pursuant to the repurchase mandate (as referred to below).

This general mandate will expire:

— at the conclusion of our Company's next annual general meeting;

— at the expiry of the period within which our Company is required by the applicable laws or the Articles to hold its next annual general meeting; or

— when varied or revoked by an ordinary resolution of the Shareholders in general meeting,

whichever is the earliest.

For further details of this general mandate, see the paragraph headed "Resolutions in writing of all Shareholders passed on 14 September 2007" in the section headed "Further information about our Group" in Appendix VI to this prospectus.

General mandate to repurchase Shares

The Directors have been conditionally granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares with a total nominal value of not more than 10% of the total nominal amount of the share capital of our Company in issue immediately following completion of the Global Offering and the Capitalisation Issue but excluding any shares to be issued pursuant to the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme.

This general mandate will expire:

— at the conclusion of our Company's next annual general meeting;

— at the expiration of the period within which our Company is required by the applicable laws or the Articles to hold its next annual general meeting; or

— when varied or revoked by an ordinary resolution of the Shareholders in general meeting,

whichever is the earliest.

For further details of this repurchase mandate, see the paragraph headed “Resolutions in writing of all Shareholders passed on 14 September 2007” in the section headed “Further information about our Group” in Appendix VI to this prospectus.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition as at 31 December 2004, 2005 and 2006 and as at 31 May 2006 and 2007 and our results of operations for the three years ended 31 December 2006 and the five months ended 31 May 2006 and 2007 together with the combined financial information set out in the accountants' report included as Appendix I to this prospectus and not rely merely on the information contained in this section. The accountants' report has been prepared in accordance with International Financial Reporting Standards. Our combined financial information as at and for the five months ended 31 May 2006 have not been audited. The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. For additional information regarding these risks and uncertainties, please refer to the section headed "Risk Factors" in this prospectus.

BASIS OF PRESENTATION

Pursuant to the Corporate Reorganisation, NAC acquired (i) the 65.51% of equity interest in ANTIC-VN, which directly owns ANT-HN, ANT-VN, ANT-LA and Golden Harvest, and (ii) 100% equity interest in Marksville, which directly owns Great Wall Malaysia, from ANTC. Following the said acquisitions, our Company entered into a sale and purchase agreement with Great Wall Enterprise, Great Wall International, Waverley Star, PVP, Continental Enterprises and ANTC. Upon completion of the share transfers, our Company became the holding company of the companies now comprising our Group. These transactions are considered as a business combination under common control and accounted for using the principles of merger accounting in accordance with the Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants.

The combined income statements and combined cash flow statements of our Group for each of the three years ended 31 December 2004, 2005 and 2006 and for the five months ended 31 May 2006 and 2007 and the combined balance sheets of our Group as at 31 December 2004, 2005, 2006 and 31 May 2007, together with the notes thereto (together the "**Financial Information**"), are prepared using the merger basis of accounting and as if the current group structure had been in existence throughout the entire Track Record Period. The Financial Information included the results of operations of the companies now comprising our Group for the Track Record Period. In respect of those companies that were incorporated, established or acquired at a date later than 1 January 2004, the Financial Information included the results of operations of their respective date of incorporation, establishment or acquisition to 31 May 2007. The combined balance sheets of our Group as at 31 December 2004, 2005 and 2006 and 31 May 2007 had been prepared to present the state of affairs of the companies now comprising our Group as at the respective dates, as if the current group structure had been in existence as at the respective dates. All material intra-group transactions and balances are eliminated on combination.

FACTORS AFFECTING FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF OUR GROUP

Our Group's financial condition and results of operations have been and will continue to be affected by a number of factors, including those set out below.

The outbreak of animal diseases, including the recent avian influenza or any other similar epidemic

We operate in the PRC market which has experienced economic damages caused by the outbreak of avian influenza in 2004 and 2005. In the event of the outbreak of animal diseases, including avian influenza, the sales of our chicken meat products may drop due to fears of the general public from consumption of chicken. During the outbreak of avian influenza in the first quarter of 2004, the average price and sales volume of chicken meat decreased by approximately 3.6% and 14.1%, respectively, as compared to those in the last quarter of 2003. However, the average price and sales volume in the second quarter of 2004 increased by approximately 7.5% and 12.7%, respectively, as compared to those in the first quarter of 2004. During the outbreak of avian influenza in November and December 2005, the average price of chicken meat decreased by approximately 20.9% as compared to the average price in the first 10 months of 2005. However, the average monthly quantity of chicken meat sold in November and December 2005 increased by approximately 11.8%, as compared to the average monthly quantity sold in the first 10 months of 2005. The Directors believe that the increase in sales volume was because it was close to the Chinese New Year and the sales volume usually increased during that period as compared to other months of the year. The two impacts combined, our average monthly sales in November and December 2005 decreased by approximately 11.6%, as compared to the average monthly sales in the first 10 months of 2005.

Although our business was temporarily affected as a result of the outbreak of avian influenza in 2004 and 2005, we did not experience any significant financial impact on our overall results of operation in 2004 and 2005. We maintained a growth in revenue derived from our chicken meat business of 13.3% for the year ended 31 December 2005, as compared with the year ended 31 December 2004, and revenue growth of 24.0% for the year ended 31 December 2006, as compared with the year ended 31 December 2005. We attribute this to the increasing consumption by consumers of products of recognised quality and high hygiene standards. For the three years ended 31 December 2004, 2005 and 2006 and the five months ended 31 May 2007, revenue derived from our chicken meat business amounted to approximately USD268.2 million, USD303.9 million, USD376.7 million and USD200.0 million, respectively. For the three years ended 31 December 2004, 2005 and 2006 and the five months ended 31 May 2007, our chicken meat business accounted for approximately 44.8%, 39.5%, 41.5% and 53.3%, respectively, of our overall gross profit. We seek to mitigate the negative impact on the sales of our chicken meat due to the outbreak of animal diseases by maintaining a system of high product quality and hygiene standards that will in turn help us to retain our key clients, maintain customer confidence and attract new customers.

Our customers in Japan employ stringent quality and hygiene standards to products which are sold to them. Two of our factories have the permits to export processed food to Japan. Producers are required to have stringent hygiene and production procedure control standards in order to successfully obtain such export permits. This represents a distinguished recognition of our high quality and hygiene control mechanisms.

For further details on the system of high product quality and hygiene standards maintained by the Group, please refer to the paragraphs headed "Our Competitive Strengths — Stringent quality and hygiene control" and "Production — Production management and control" in the "Business" section of this prospectus.

Prices and supply interruption of raw materials

The principal raw materials for our chicken meat products are live chickens and the principal raw materials used in the production of our feeds products are corn and soybean meal. The price and supply of live chickens may fluctuate significantly depending on market supply and demand, and subject to factors that are not within our control, such as the outbreak of animal diseases. The production of processed foods principally requires raw materials such as chicken meat, pork and vegetables. For the three years ended 31 December 2004, 2005 and 2006 and the five months ended 31 May 2007, the cost of our raw materials as a percentage of our total cost of sales amounted to approximately 94.4%, 93.2%, 92.5% and 93.2%, respectively. Fluctuations in the costs of our raw materials and our ability to pass on any increase in raw material costs to our customers will affect our total cost of sales and our gross margins. Our production schedule will be interrupted if we are unable to obtain acceptable quality raw materials on a timely basis. For further details on the procurement of our raw materials, please refer to the paragraph headed "Procurement — Raw materials" in the "Business" section of this prospectus.

Regulatory environment

We operate in the chicken meat and feeds industries, which require us to obtain and maintain various licenses, permits and government approvals in the PRC, Vietnam and Malaysia, and comply with environmental laws and regulations. We are also required to obtain various government approvals and comply with applicable hygiene and food safety standards in relation to our production process, premises and food products. In addition, in order to export our processed food products, we need to obtain licenses and permits from the country to which our products are exported, such as Japan, where we have successfully obtained two licenses to export our processed chicken products. Our financial condition and results of operation will be adversely affected if we are unable to obtain and maintain the relevant licenses, permits and government approvals. We expect that we will continue to maintain our licenses, permits and government approvals with our stringent quality and hygiene control standards and procedures. For further details on the existing laws and regulations relevant to our businesses, please see the "Regulatory Overview" section of this prospectus.

Growth of the PRC economy and changes in disposable income and consumer spending in the PRC

Our financial condition and results of operations are affected by the macro-economic conditions and the disposable income levels of consumers in the PRC. During the Track Record Period, we derived approximately 89.5%, 84.7%, 81.9% and 80.4% for the three years ended 31 December 2004, 2005 and 2006 and the five months ended 31 May 2007, respectively, of our total sales from the PRC domestic market. All of our feeds and chicken meat produced in the PRC are exclusively sold in the PRC. The majority of the processed foods marketed under our own brand names are also sold in the PRC domestic market. According to the National Bureau of Statistics of the PRC, the GDP per capita in the PRC experienced rapid growth from 1996 to 2005 and achieved a CAGR of approximately 10.2%. During the same period, the average urban household disposable income per capita grew at a CAGR of approximately 9.0%. In line with the growth of the PRC economy and the growth in disposable income in the PRC, chicken meat consumption also grew at a CAGR of approximately 6.0%. We believe that these statistics suggest that there is a general correlation between disposable income and chicken meat consumption in the PRC. Our revenue derived from external customers increased during the Track Record Period across all of our three business segments, being chicken meat, feeds and processed food products. We expect that our results of operations will continue to benefit from the growth of the PRC economy and the increase in levels of disposable income in the PRC.

Competition

We face rigid competition in the respective domestic market of the PRC, Vietnam and Malaysia. Moreover, the entry into the WTO by the PRC, Vietnam and Malaysia increased and may continue to increase competition in the relevant markets, as it is expected that more foreign competitors will build up their presence and business operation in these markets. Notwithstanding the increasing competition, we are one of the leading chicken meat products and feed suppliers in the PRC with a particular focus on chicken meat products and we are also the largest chicken meat processor in the PRC in terms of the number of chicken slaughtered in 2005. Our ability to maintain and further increase our profitability will depend on our ability to remain competitive in the chicken meat, feeds and processed foods industries in the PRC, Vietnam and Malaysia.

Product composition

We offer a wide range of chicken meat, feeds and processed food products, and continuously monitor changes in the composition of our products and their respective contribution to our sales and gross profits. Improvements in our overall gross profit margin during the Track Record Period, from 6.6%, 8.2%, 8.4% to 8.7% for the three years ended 31 December 2004, 2005 and 2006 and the five months ended 31 May 2007, respectively, were partially generated by the increase in the contribution to our overall gross profit by our products with generally higher gross profit margin, such as piglet feeds and processed foods. We will continue to adjust our composition of our products in an effort to increase our turnover and gross margin. Our overall gross profit will be affected as we adjust the composition of our products and as the gross margin of each product changes.

Income tax rates and preferential tax treatment

Our net profit is affected by our effective income tax rates and the preferential tax treatment that members of our Group are able to enjoy in the PRC and Vietnam. On 16 March 2007, the National People's Congress of the PRC promulgated the new Enterprise Income Tax Law of the PRC ("**New Tax Law**"), which will come into effect on 1 January 2008. The New Tax Law will at the same time supersede the PRC Foreign Invested Enterprise and Foreign Enterprise Income Tax Law ("**FIE Tax Law**") and the Temporary Regulations on Enterprise Income Tax of the PRC. The New Tax Law will consolidate the current two separate tax regimes for domestic enterprises and foreign invested enterprises and impose a unified enterprise income tax rate of 25% for both types of enterprises. As the detailed implementation rules of the New Tax Law have not yet been published, it is unclear how the New Tax Law and the change in the enterprise income tax rate would affect our results of operation. Any change in the preferential tax treatment or cessation of any tax exemption currently enjoyed by our subsidiaries in the PRC, or any change in the rates of enterprise income tax payable by them, may have either a positive or negative impact on our results of operations. In addition, as we enjoy preferential tax treatment for our business operations in Vietnam, any change in the preferential tax treatment or cessation of any tax exemption currently enjoyed by our subsidiaries in Vietnam will also have an impact on our results of operations. See "Risk Factors — We may lose preferential tax treatment after the new PRC tax law becomes effective" in this prospectus.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that are significant for an understanding of our financial condition and results of operations, and these are set out in detail in note 1 of section C to our combined financial statements in Appendix I to this prospectus. Critical accounting policies are those accounting policies that are the most important to the portrayal and understanding of our financial condition and our results of operations and require the most difficult, subjective or complex judgments of our management, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting the estimate may differ significantly from management's current judgments. The following sections discuss certain critical accounting policies, judgments and estimations applied in the preparation of our combined financial statements.

Revenue recognition

We recognise revenue in the combined income statement provided it is probable that the economic benefits will flow to our Group and the revenue and costs, if applicable, can be measured reliably. We recognise revenue from the sales of goods when goods are delivered at the customers' premises, which are taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts. We recognise interest income as it accrues using the effective interest method.

Impairment of assets

(i) ***Impairment of investments in equity securities and other receivables***

Investments in equity securities and other current receivables that are stated at cost or amortised cost are reviewed at each balance sheet date and our management's judgment is required to determine whether there is objective evidence of impairment. If any such evidence exists, we will determine and recognise any impairment loss as follows:

— For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities are not reversed.

— For trade and other receivables carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets, where the effect of discounting is material).

Our management's judgment is required to determine the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through the combined income statements. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

(ii) ***Impairment of other assets***

We review internal and external sources of information at each balance sheet date to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

— Property, plant and equipment;

— Lease prepayments; and

— Investments in subsidiaries and jointly controlled entities.

If any such indication exists, our management's judgment is required in estimating the asset's recoverable amount. Our management will also need to assess the value in use, the estimated future cash flows and the appropriate rate to apply in discounting the estimate future cash flows to their present value. We will reverse an impairment loss in respect of assets, if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the combined income statements in the year in which the reversals are recognised.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. We determine the net realisable value based on the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

We initially measure the agricultural produce at its fair value less estimated point-of-sale costs at the point of lay as mentioned at the paragraph headed "Biological assets and agricultural produce" in this section and subsequently include it under inventory at the lower of cost and net realisable value.

We recognise the carrying amount of those inventories that are sold in the period in which the related revenue is recognised. We recognise the amount of any write-down of inventories to net realisable value and all losses of inventories as an expense in the period the write-down of loss occurs. We recognise the amount of any reversal of any write-down of inventories as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

We review the carrying amount of our inventories for slow moving inventory, obsolescence or declines in market value. These reviews are conducted with reference to inventory aging analyses, projections of expected future saleability of goods and management experience and judgment. If our estimate of net realisable value is below the cost of inventory, we record a provision against the inventories for the difference between cost and net realisable value, which will result in a corresponding increase in our cost of sales.

Property, plant and equipment

Items of property, plant and equipment are stated in the combined balance sheets at cost less accumulated depreciation and impairment losses.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in the combined income statements on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

Buildings held for own use	20 years
Plant and machinery	10 years
Furniture, fittings and equipment	5 years
Motor vehicles	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually. The useful lives are based on our Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the combined income statements except to the extent that they relate to items recognised directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from differences which arose on initial recognition of assets and liabilities, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

Management's judgment is required to assess the probability of future taxable profits. Our assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

Biological assets and agricultural produce

Biological assets comprise our immature and mature breeders from which we procure our broiler breeder eggs while agricultural produce refers to our broiler breeder eggs bred from our breeders. We only procure immature breeders from qualified breeder farms and we raise them until they are mature enough to lay eggs. Generally, it takes approximately 26 weeks from the date of purchase for the breeders to become mature. Other than the broiler breeder eggs laid from our breeders, we also purchase some of the broiler breeder eggs from independent breeder farms. As confirmed by our Directors, for the years ended 31 December 2004, 2005 and 2006 and the five months ended 31 May 2007, approximately 75%, 72%, 74% and 77% of total broiler breeder eggs, respectively, were purchased from independent breeder farms. Such broiler breeder eggs are recognised as part of our inventories under the category of poultry and chilled meats. In our combined balance sheets, biological assets are recognised as a separate line item under current assets while agricultural produce is recognised as part of inventories.

In accordance with International Accounting Standard 41 (Agriculture) ("**IAS 41**"), our biological assets are stated at fair value less estimated point-of-sale costs, provided that fair value can be measured reliably. Point-of-sale costs include all costs that would be necessary to sell the assets, excluding costs necessary to get the assets to market. Agricultural produce is initially measured at its fair value less estimated point-of-sale costs at the point of lay.

We are required by IAS 41 to reflect movements in the fair value of our biological assets less estimated point-of-sale costs, with any resultant gain or loss recognised in our combined income statements. The economic benefits to our Company of our biological assets is affected by the biological transformation, such as life cycle, of such assets. The fair value changes in biological assets have a direct relationship to the change in expected future economic inflow to our Company. In estimating the fair value of our biological assets, the management is using a replacement cost approach, with reference to the then prevailing market price of breeders of similar age, breed and genetic merit. The most relevant of the considerations include weekly market prices of aged breeders and change in production costs. Management determines the fair value of agricultural produce based on the then prevailing market prices in the local area.

The fair value changes in biological assets less estimated point-of-sale costs reflected in the combined income statements were primarily due to the changes in market value of the biological assets.

"Fair value of agricultural produce on initial recognition" as shown in the combined income statements reflects the increase in fair value of agricultural produce upon the time of lay. The fluctuation of this item was primarily the result of the change in the market value of broiler breeder eggs in the local markets and the production and sales volume of broiler breeder eggs. The subsequent sales and disposals of agricultural produce are reflected in the combined income statements as "reversal of fair value of agricultural produce due to sales and disposals".

The following table sets out a reconciliation showing the movement of biological assets and the relevant amounts charged to our combined income statements for the periods shown below:

	For the year ended 31 December			For the five months ended 31 May	
	2004	**2005**	**2006**	**2006**	**2007**
	USD'000	*USD'000*	*USD'000*	*USD'000* *(unaudited)*	*USD'000*
At beginning of the year/ period	746	1,105	1,165	1,165	798
Increase due to purchase	118	428	134	52	305
Decrease due to retirement and deaths	(102)	(301)	(308)	(117)	(97)
Change in fair value less estimated point-of-sale costs	343	(67)	(193)	189	(84)
At end of the year/period	1,105	1,165	798	1,289	922

The following table sets out a reconciliation showing the movement of agricultural produce and the relevant amounts charged to our combined income statements for the periods shown below:

	For the year ended 31 December			For the five months ended 31 May	
	2004	**2005**	**2006**	**2006**	**2007**
	USD'000	*USD'000*	*USD'000*	*USD'000* *(unaudited)*	*USD'000*
At beginning of the year/ period	523	297	213	213	539
Increase due to lay	2,257	3,578	3,452	798	2,284
Decrease due to sales and disposals	(2,483)	(3,662)	(3,126)	(697)	(1,827)
At end of the year/period	297	213	539	314	996

We recognised the fair value of agricultural produce as revenue in our combined income statements at point of lay in accordance with IAS 41 and accounted for the agricultural produce as part of inventory under cost method. When the agricultural produce is subsequently hatched into chicks and sold to our Contract Farmers, the related amount previously recognised as revenue under "fair value of agricultural produce on initial recognition" is reversed and reflected in "reversal of fair value of agricultural produce due to sales and disposals" in our combined income statements.

As it generally takes approximately 21 days to hatch a broiler breeder egg into a chick and the mortality rate of infant chicks can be very high, it is our practice to sell and deliver all chicks immediately to Contract Farmers which our Contract Farmers choose to purchase from us on the date of birth. Thus, we have no unsold chicks as at each balance sheet date.

The valuation of biological assets and agricultural produce is performed by our Directors. To their best knowledge, it is reliable due to the following reasons:

(1) In respect of the biological assets (i.e. breeders), our Directors consider that there is no active market for breeders and market-determined prices or value is not available for the present condition of its breeders. In addition, there are no professional valuers who are specifically qualified to carry out valuation on breeders. In such circumstance, in compliance with IAS 41, our Directors adopt the market price information obtained from a breeder farm which is sizeable and representative of the market for the fair value calculation.

(2) As disclosed in the section headed "Directors, Senior Management and Staff" in this prospectus, our Directors and senior management are experienced and familiar with our operation and business. Our Directors consider that there is no quoted price in the market for the agricultural produce (i.e. breeder eggs) and they determine the fair value of breeder eggs based on the most recent market transaction price in the local area. They consider that the recent market transaction price is a reliable method to determine the fair value of the Group's agricultural produce in accordance with the requirements of IAS 41.

To capture the most accurate information on our breeders and hatched eggs, we keep records of the quantity of our breeders on a timely basis. Our records on breeders are kept from the point of receipt of immature breeders that we procure from suppliers, until the disposal of mature breeders which are no longer considered as costs and benefits. This cycle generally covers a period of 60 weeks. Every breeder transferred out from our breeder farm (either due to natural death or health problem) is recorded. We group and manage our breeders by their age, and we review and update our records for each age group on a daily basis.

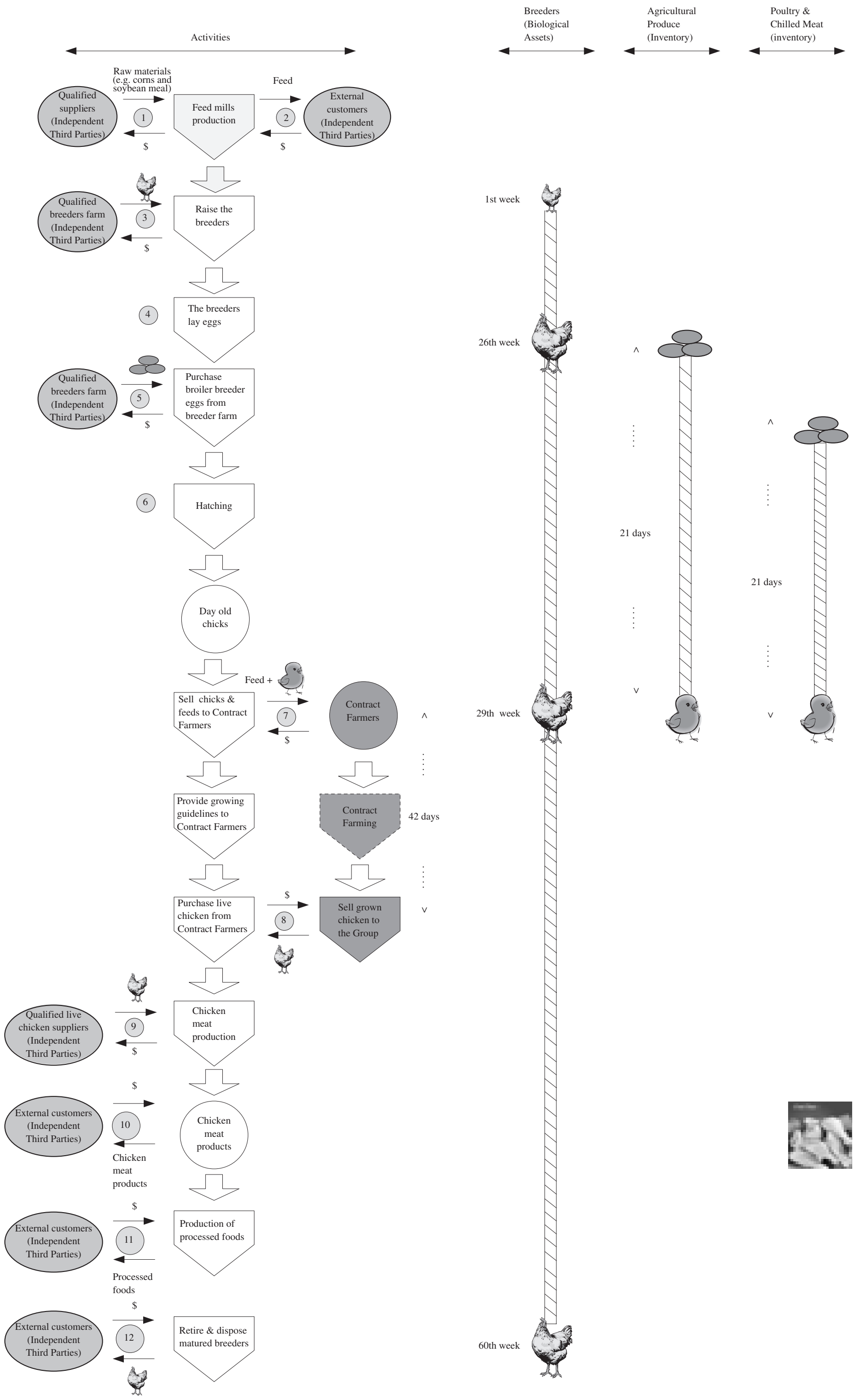
In addition, managers of our breeder farms and hatcheries are responsible for their daily operations. They are required to produce daily, weekly and monthly reports on the in and out breeder numbers, chicken deaths, production of eggs, chicks hatched and other related information. Such reports are submitted to the general manager of the respective breeder farms for review and analysis against our production budget. This information is also forwarded to our accounts department for the calculation of our production cost and to perform reviews against our production benchmarks.

Finally, we obtain the market price information provided by breeder suppliers. As there are only several breeder farms in the world, we choose to obtain the market information from one of these breeder farms which is sizable and representative to the market. To the best knowledge of the Directors, Aviagen Inc., from which we procure our breeders, is one of the of world market leaders in broilers. As confirmed by China representative office of Aviagen Inc., it provides broilers of the same quality and price, and the same level of services to customers in the PRC. We maintain a sound internal control system to keep track of the quantity and condition of our biological assets as well as the involvement of our experienced and well-educated management team in the valuation process and we consider the valuation performed for the preparation of the Financial Information to be reliable.

The reporting accountants are of the view that the fair value valuation of biological assets and agricultural produce performed by our Directors is reliable for purposes of the requirements of IAS 41.

PRODUCTION PROCESSES

The chart below illustrates our production processes and the corresponding impacts on our financial statements and has been prepared to demonstrate our highly vertically integrated business model. ***This chart has been prepared solely for illustrative purposes only and may not provide a complete picture of our financial position***. *Actual production processes, including the period of the time indicated for each production process, can vary significantly between each product type and specification and/or due to unforeseen circumstances. For illustration purposes, level of materiality is not considered.*



No.	Processes	Activities	Impacts on financial statements
1	Feeds production	We procure the principal raw materials such as corns and soybean meal from qualified suppliers for feed production and settle the purchase by cash on delivery ("**COD**") basis. The risk and rewards are transferred upon receipt.	We record the purchase upon receipt of goods.
2	Feeds production	Upon grinding and compounding in accordance with our formulation, we sell feeds to external customers. The risks and rewards are transferred upon delivery.	We record the sales upon delivery.
3	Breeding and hatching	We procure distinguished breeders from suppliers for production of broiler breeder eggs and make payment accordingly.	We record the biological assets (i.e. breeders) under current assets upon receipt.
4	Breeding and hatching	We feed the breeders and at the 26th week, the breeders are mature enough to lay eggs (i.e. agricultural produces).	We absorb the cost of feed to the biological assets (current assets) and recognise the fair value of hatched eggs (i.e. agricultural produce) upon the time of lay.
5	Breeding and hatching	We procure breeder eggs from external breeder farms and settle the purchase accordingly.	We record the broiler eggs purchased from external breeder farms as "poultry and chilled meat" under inventory upon receipt.
6	Breeding and hatching	Eggs are incubated in machines and we carefully monitor and maintain the optimum temperature and humidity throughout the entire hatching process to ensure quality. It will normally take 21 days for the broiler breeder eggs to hatch into chicks ("**Day Old Chicken**").	We record the utilities consumed in the production and make payment when the bills are due.

No.	Processes	Activities	Impacts on financial statements
7	Breeding and hatching	We inspect, select, vaccinate the hatched chicks and then deliver them to our Contract Farmers. We encourage our Contract Farmers to feed the chicks with the feeds we produce. Contract Farmers settle the feed and chick purchases upon delivery and the corresponding risks and rewards (i.e. profits to be earned by Contract Farmers for sales of grown chickens to us and/or other parties) of feeds and Day Old Chickens are transferred to Contract Farmers. In addition, we also request Contract Farmers who have no security deposit with the Group to pay a security deposit for the chicks delivered. To expedite subsequent transactions, we allow those Contract Farmers with long relationships with us to set off their payment for chicks and chicken feeds against the amount payable to us for the subsequent purchase of live chickens from them.	We record the sales of feeds and chicks to Contract Farmers upon delivery. In addition, we record the security deposit (at other payable) upon cash receipt.
8	Chicken procurement	After 42 days, the chicks turn into grown chickens and are ready for sale to us. We perform medicine residual and microbial tests on each batch of chickens. We only accept and purchase those chickens which fulfill our quality standards for our downstream business and we make payment on our purchase. The risks and rewards of the grown chickens are transferred to us upon receipt.	We record the purchase of chicken meat upon delivery. Payment may be offset by the outstanding payment for chick as mentioned at Activity 7 as above.

No.	Processes	Activities	Impacts on financial statements
9	Chicken procurement	Other than procuring live chickens from our Contract Farmers which accounts for approximately 85% of the total live chickens we use for the production of chicken meat, we purchase live chickens from qualified suppliers. The risks and rewards of the live chickens are transferred to us upon receipt.	We record the purchases of live chickens upon delivery.
10	Chicken processing	Upon receipt of live chickens from Contract Farmers and other suppliers, we start our chicken meat production process by slaughtering live chickens; chilling and carving cleansed chickens; weighing and grading the chickens for despatch; packaging the carved chickens; chilling the packaged chicken; performing quality check and delivering finished products to our customers via different distribution channels. The corresponding risks and rewards are transferred to customers upon delivery.	We record the sales of chilled and frozen meat upon delivery.
11	Production of processed foods	Upon receipt of chicken meat from chicken meat production facilities, we start our processed food process by carving and grinding the raw materials and stringing them with sticks for cooking; grilling the raw materials into cooked food; cooling down and freezing, packing and performing quality check and delivery of finished products to our customers. The corresponding risks and rewards are transferred to customers upon delivery.	We record the sales of processed food upon delivery.
12	Disposal of biological assets	After 60th week, the breeders are aged and we consider it to be not cost effective to continue feeding these breeders. These breeders will then be retired and disposed as scrap.	We record the sales of scrap upon delivery.

RESULTS OF OPERATIONS

Selected combined income statements

Our combined income statements for the years ended 31 December 2004, 2005 and 2006 and the five months ended 31 May 2006 and 2007 as set out below are derived from our combined financial statements included in Appendix I to this prospectus. Our combined financial information as at and for the five months ended 31 May 2006 have not been audited.

	Year ended 31 December			Five months ended 31 May	
	2004	2005	2006	2006	2007
	USD ('000)	*USD ('000)*	*USD ('000)*	*USD ('000) (unaudited)*	*USD ('000)*
Revenue					
Chicken meat	268,225	303,912	376,744	144,410	199,999
Feeds	144,358	196,766	222,787	80,439	99,405
Processed foods	17,159	31,402	37,864	14,000	21,718
	429,742	532,080	637,395	238,849	321,122
Cost of sales	(401,180)	(488,626)	(583,881)	(221,489)	(293,074)
Gross profit	28,562	43,454	53,514	17,360	28,048
Change in fair value of biological assets less estimated point-of-sale costs	343	(67)	(193)	189	(84)
Fair value of agricultural produce on initial recognition	2,257	3,578	3,452	798	2,284
Reversal of fair value of agricultural produce due to sales and disposals	(2,483)	(3,662)	(3,126)	(697)	(1,827)
Other income	1,489	1,414	4,758	1,931	6,110
Distribution costs	(11,108)	(15,600)	(19,109)	(7,075)	(8,545)
Administrative expenses	(12,723)	(15,289)	(18,011)	(7,551)	(7,856)
Other operating expenses	(870)	(338)	(640)	(138)	(196)
Profit from operations	5,467	13,490	20,645	4,817	17,934
Finance costs	(2,653)	(2,882)	(2,746)	(1,197)	(1,374)
Share of profits of jointly controlled entities	105	181	762	57	560
Profit before tax	2,919	10,789	18,661	3,677	17,120
Income tax	(1,224)	(1,875)	(2,166)	(441)	(702)
Profit for the year/period	1,695	8,914	16,495	3,236	16,418
Attributable to:					
Equity holders of the Company	2,631	8,523	13,355	2,264	14,331
Minority interests	(936)	391	3,140	972	2,087
Profit for the year/period	1,695	8,914	16,495	3,236	16,418
Dividend attributable to the year/period:					
Dividend proposed after the balance sheet date	1,000	—	—	—	—
Earnings per share					
- Basic (cents)	0.35	1.14	1.78	0.30	1.91

PRINCIPAL INCOME STATEMENT COMPONENTS

The following discussion is based on our historical results of operations and may not be indicative of our future operating performance.

Revenue

Revenue represents the sales value of goods sold less returns, discounts, value added taxes and other sales taxes. Our revenue is derived from the sales of chicken meat, feeds and processed foods.

The following table sets out a breakdown of our revenue by business segment during the Track Record Period:

	Year ended 31 December						Five months ended 31 May			
	2004		2005		2006		2006		2007	
	USD ('000)	*% of total revenue*	*USD ('000)*	*% of total revenue*	*USD ('000)*	*% of total revenue*	*USD ('000)*	*% of total revenue*	*USD ('000)*	*% of total revenue*
Revenue										
Chicken meat[1]										
Chilled and frozen chicken	161,653	37.6	177,639	33.4	227,550	35.7	82,631	34.6	134,369	41.8
Feeds to Contract Farmers[2]	88,291	20.5	101,635	19.1	120,307	18.9	52,102	21.8	52,441	16.3
Chicks to Contract Farmers	18,281	4.3	24,638	4.6	28,887	4.5	9,677	4.1	13,189	4.1
Sub-total	268,225	62.4	303,912	57.1	376,744	59.1	144,410	60.5	199,999	62.2
Feeds to external customers										
Pig feeds	56,536	13.2	93,307	17.5	116,845	18.3	39,028	16.3	56,654	17.7
Chicken feeds	77,365	18.0	87,468	16.5	87,099	13.7	33,539	14.0	26,951	8.4
Others	10,457	2.4	15,991	3.0	18,843	3.0	7,872	3.3	15,800	4.9
Sub-total	144,358	33.6	196,766	37.0	222,787	35.0	80,439	33.6	99,405	31.0
Processed foods	17,159	4.0	31,402	5.9	37,864	5.9	14,000	5.9	21,718	6.8
Total revenue	429,742	100.0	532,080	100.0	637,395	100.0	238,849	100.0	321,122	100.0

Notes:

(1) Total revenue for our chicken meat business includes the revenue derived from (i) the sale of chicks to Contract Farmers, (ii) the sale of feed products to Contract Farmers, and (iii) the sale of chilled and frozen chicken meat products to customers. Under our Contract Farming arrangement (details of which are set out in the paragraph headed "Contract Farming" under the section headed "Business" of this prospectus), we sell feeds and/or chicks to Contract Farmers for growing. Thus, at the time when our feed products and chicks are delivered to Contract Farmers, we recognised the sale of chicks and the sale of feed products. We will subsequently purchase the

grown chickens from these Contract Farmers which meet our quality standards. Purchases of these grown chickens are recognised as part of our cost of sales — chicken meat. These grown chickens will then be processed into various chicken meat products and sales of these chicken meat products are recognised as revenue from sale of chilled and frozen chicken.

(2) According to relevant tax regulations in the PRC, hatched chicks sold to Contract Farmers are exempted from output VAT as agricultural products. We are therefore not permitted to issue VAT invoices under the relevant rules and regulations governing the use of VAT invoices in the PRC, and issue commercial invoices to Contract Farmers for the sale of hatched chicks to them during the Track Record Period. Our PRC legal adviser confirms that such commercial invoices are valid supporting documents to substantiate the occurrence and existence of the transaction.

Our revenue derived from chicken meat business increased steadily during the Track Record Period. Chicken meat business has contributed to the largest proportion of our revenue during the Track Record Period, at approximately 62.4%, 57.1%, 59.1% and 62.2% of our total revenue for the three years ended 31 December 2004, 2005 and 2006 and the five months ended 31 May 2007, respectively.

Feeds represented approximately 33.6%, 37.0%, 35.0% and 31.0% of our total revenue for the three years ended 31 December 2004, 2005 and 2006 and the five months ended 31 May 2007, respectively. Processed foods represented approximately 4.0%, 5.9%, 5.9% and 6.8% of our total revenue for the three years ended 31 December 2004, 2005 and 2006 and the five months ended 31 May 2007, respectively.

The following table sets out the sales volumes of our chicken meat, feeds and processed foods sold to external customers during the Track Record Period:

	Year ended 31 December			Five months ended 31 May	
	2004	**2005**	**2006**	**2006**	**2007**
	Tonnes	*Tonnes*	*Tonnes*	*Tonnes*	*Tonnes*
Total tonnes sold					
Chicken meat[(1)]					
Chilled and frozen chicken	161,972	204,907	258,422	102,599	115,727
Feeds to Contract Farmers	287,791	303,973	363,245	163,682	166,317
Feeds to external customers	609,396	760,040	848,562	313,167	354,727
Processed foods	8,572	11,822	15,760	5,903	8,383

Note:

(1) Sales volumes of our hatched chicks sold to Contract Farmers are counted by number of stocks, and are not included in this table.

The following table sets out the average sales prices for our major product categories, being chicken meat, feeds and processed foods for the Track Record Period:

	Year ended 31 December			Five months ended 31 May	
	2004	2005	2006	2006	2007
	USD per tonne	*USD per tonne*	*USD per tonne*	*USD per tonne*	*USD per tonne*
Average sales prices(1)					
Chicken meat					
Chilled and frozen chicken	998	867	881	805	1,161
Feeds to Contract Farmers(2)	307	334	331	318	315
Feeds to external customers(2)	237	259	263	257	280
Processed foods	2,002	2,656	2,403	2,372	2,591

Notes:

(1) Average sales prices represent the revenue for the year/period divided by the total tonnes sold for the year/period.

(2) The average sales prices of feeds to Contract Farmers were higher than the average sales prices of feeds to our external customers during the Track Record Period primarily because (a) external customers usually purchase feeds in large quantities and therefore are able to enjoy bulk purchase discount offered by our Group, while Contract Farmers normally purchase in small quantities and do not enjoy the same bulk purchase discount, and (b) different formulation of ingredients is used between feeds that are sold to Contract Farmers and feeds that are sold to other external customers.

The following table sets out the breakdown of our revenue by markets during the Track Record Period:

	Year ended 31 December						Five months ended 31 May			
	2004		2005		2006		2006		2007	
	USD ('000)	*% of total revenue*	*USD ('000)*	*% of total revenue*	*USD ('000)*	*% of total revenue*	*USD ('000) (unaudited)*	*% of total revenue*	*USD ('000)*	*% of total revenue*
Markets										
The PRC(1)	384,593	89.5	450,928	84.8	521,875	81.9	197,108	82.5	258,101	80.4
Vietnam	37,666	8.8	60,280	11.3	89,338	14.0	31,946	13.4	51,936	16.2
Japan	5,283	1.2	18,310	3.4	23,544	3.7	8,726	3.7	10,040	3.1
Asia Pacific(2)	2,200	0.5	2,562	0.5	2,638	0.4	1,069	0.4	1,045	0.3
Total	429,742	100.0	532,080	100.0	637,395	100.0	238,849	100.0	321,122	100.0

Notes:

(1) The PRC, for the purpose of this prospectus, excludes Hong Kong, the Macau Special Administrative Region of China and Taiwan.

(2) Asia Pacific includes Indonesia and Malaysia, and does not include the PRC, Japan and Vietnam.

Cost of sales

The following table sets out a breakdown of our cost of sales by production cost and the percentage of such cost to the total cost of sales during the Track Record Period:

	Year ended 31 December						Five months ended 31 May			
	2004		2005		2006		2006		2007	
	USD ('000)	*% of total Cost of sales*	*USD ('000)*	*% of total cost of sales*	*USD ('000)*	*% of total cost of sales*	*USD ('000)*	*% of total cost of sales*	*USD ('000)*	*% of total cost of sales*
Cost of Sales										
Direct materials	378,544	94.4	455,584	93.2	540,217	92.5	205,393	92.7	273,272	93.2
Overhead	9,335	2.3	14,995	3.1	21,972	3.8	6,339	2.9	8,152	2.8
Direct labour	8,105	2.0	12,368	2.5	15,709	2.7	7,249	3.3	8,774	3.0
Depreciation and amortisation	5,196	1.3	5,679	1.2	5,983	1.0	2,508	1.1	2,876	1.0
Total cost of sales	401,180	100.0	488,626	100.0	583,881	100.0	221,489	100.0	293,074	100.0

Our cost of sales primarily consists of direct material costs, overhead costs, direct labour costs, depreciation of our property, plant and equipment, and amortisation expenses. Direct material costs generally comprise over 90% of our cost of sales during the Track Record Period.

Our principal direct materials costs consist of raw materials costs related to our chicken meat business, mainly the purchase of grown chickens from Contract Farmers. Pursuant to the relevant rules and regulations governing the use of VAT invoices in the PRC, we are required to issue agricultural produce acquisition vouchers to Contract Farmers for the purchases of grown chickens from them and have issued such vouchers for all purchases of grown chickens from Contract Farmers during the Track Record Period. Contract Farmers do not have the capacity to issue separate invoices to us for our purchases of grown chickens from them and our PRC legal adviser confirms that the agricultural produce acquisition vouchers we issued are valid invoices for tax purposes and will serve to substantiate the occurrence and existence of the transaction.

In addition to the purchase of grown chickens from Contract Farmers, a large portion of our direct material costs consist of raw materials costs related to our feeds business, primarily the purchase of corn, soybean meal, fish powder and additives.

Overhead costs primarily consist of utilities, properties insurance, operating lease charges and other miscellaneous operational costs. Direct labour costs primarily consist of wages, insurance and other employee benefits for our production workers.

During the Track Record Period, we experienced an increase in costs of direct materials which is generally in line with the growth of our revenue. The cost of our direct materials represented approximately 94.4%, 93.2%, 92.5% and 93.2% of our cost of sales for the years ended 31 December 2004, 2005 and 2006 and the five months ended 31 May 2007, respectively. The cost of our direct materials as a percentage of revenue was approximately 88.1%, 85.6%, 84.8% and 85.1% for the years ended 31 December 2004, 2005 and 2006 and the five months ended 31 May 2007, respectively. As a result of the increase in our production volume to meet our sales growth during the Track Record Period, we enjoyed greater economies of scale and maintained a better bargaining power over the purchase of our raw materials. These factors enable us to better manage and control our cost of raw materials.

During the Track Record Period, we experienced a steady increase in costs of direct labour, overhead costs, and depreciation and amortisation costs.

The following table sets out a breakdown of our cost of sales by business segment and their relative percentage of the total cost of sales during the Track Record Period:

	Year ended 31 December						**Five months ended 31 May**			
	2004		**2005**		**2006**		**2006**		**2007**	
	USD ('000)	*% of total Cost of sales*	*USD ('000)*	*% of total cost of sales*	*USD ('000)*	*% of total cost of sales*	*USD ('000)*	*% of total cost of sales*	*USD ('000)*	*% of total cost of sales*
Cost of Sales										
Chicken meat	255,431	63.7	286,733	58.6	354,559	60.7	138,610	62.6	185,059	63.1
Feeds to external customers	130,023	32.4	175,231	35.9	199,556	34.2	72,073	32.5	89,086	30.4
Processed foods	15,726	3.9	26,662	5.5	29,766	5.1	10,806	4.9	18,929	6.5
Total cost of sales(1)	401,180	100.0	488,626	100.0	583,881	100.0	221,489	100.0	293,074	100.0

Note:

(1) Total cost of sales represents cost of sales for our chicken meat, feeds and processed foods businesses, after inter-segment elimination.

Gross profit and gross profit margin

The following table sets out our total gross profit and gross profit margin by business segment during the Track Record Period:

	Year ended 31 December						Five months ended 31 May			
	2004		2005		2006		2006		2007	
	USD ('000)	*%*	*USD ('000)*	*%*	*USD ('000)*	*%*	*USD ('000)*	*%*	*USD ('000)*	*%*
Gross profit										
Chicken meat	12,794	44.8	17,179	39.5	22,185	41.5	5,800	33.4	14,940	53.3
Feeds to external customers	14,335	50.2	21,535	49.6	23,231	43.4	8,366	48.2	10,319	36.8
Processed foods	1,433	5.0	4,740	10.9	8,098	15.1	3,194	18.4	2,789	9.9
Total	28,562	100.0	43,454	100.0	53,514	100.0	17,360	100.0	28,048	100.0

	Year ended 31 December			Five months ended 31 May	
	2004	2005	2006	2006	2007
	%	*%*	*%*	*%*	*%*
Gross profit margin					
Chicken meat	4.8	5.7	5.9	4.0	7.5
Feeds to external customers	9.9	10.9	10.4	10.4	10.4
Processed foods	8.4	15.1	21.4	22.8	12.8
Overall	6.6	8.2	8.4	7.3	8.7

For information on the reasons for the fluctuation of gross profit margins for each business segment, please see "Gross profit and gross profit margin" for the relevant periods in the "Period to Period Comparison of Results of Operations" below.

Other income

Our other income primarily consists of exchange gains, interest income and compensation received.

Distribution costs

Distribution costs primarily consist of transportation costs, sales and marketing expenses, travel expenses and staff costs.

Administrative expenses

Administrative expenses primarily consist of staff costs, depreciation of property, plant and equipment, travel expenses and administration-related expenses.

Staff costs

Our staff costs primarily comprise salaries, wages, bonuses and benefits in kind, contributions to retirement benefit scheme and housing allowance and are accrued in the year in which the associated services are rendered by our employees.

Pursuant to the relevant rules and regulation, the contribution rate to the retirement benefit scheme ranges from 19% to 25.5% of our total labour costs and the actual amount of our contribution is calculated and based on the standard basic wages determined by the relevant local authority. The average percentage of the retirement benefit contributions made by our PRC subsidiaries ranged from 7% to 8% of our total labour costs during the Track Record Period. The lower contribution rate is attributable to the following factors:

(i) Certain of our PRC subsidiaries recruit labour through personnel agents ("**Exempted Labour**"). Our PRC legal adviser confirms that the obligation to contribute to the retirement plan for the Exempted Labour is vested with the agents. If the obligations to contribute to the retirement plan for Exempted Labour were vested with us, the percentage of the retirement benefit contributions made by our PRC subsidiaries would be from 9% to 9.5%;

(ii) As our average wages paid/payable to our labour are generally higher than the standard basic wages determined by each relevant local authority, the range of our actual contribution rate to the retirement benefit scheme is not as high as 19% to 25.5%; and

(iii) We are operating in a labour intensive industry that has a high labour turnover rate. On this basis, the retirement benefit contribution percentages of each of our PRC subsidiaries are subject to the determination and approval by local authorities. The relevant PRC local authorities have confirmed their agreement with the percentage of contributions made by our PRC subsidiaries and all of them have paid all required amounts of retirement benefit contributions during the Track Record Period. Our Directors confirm that there was no material underpayment of retirement benefit contributions during the Track Record Period.

Finance costs

Our Group's finance costs represent interest on bank borrowings and other loans.

Income tax

Income tax mainly represents amounts of PRC and Vietnam enterprise income tax paid by our Group. Our Group was not subject to any income tax in the Cayman Islands, the BVI and Samoa during the Track Record Period.

The applicable PRC and Vietnam enterprise income tax rates for our main operating subsidiaries during the Track Record Period are set out below:

	Year ended 31 December			Five months ended 31 May
	2004	2005	2006	2007
Vietnam				
ANT-HN(1)	N/A	fully exempted	fully exempted	fully exempted
ANT-VN(2)	7.5%	7.5%	7.5%	7.5%
PRC				
Dalian Gourmet	N/A(3)	N/A(3)	fully exempted(4)	fully exempted(4)
Dalian Great Wall(5)	N/A	N/A	N/A	27%
Liaoning Greatwall(6)	27%	27%	27%	27%
Tianjin DaChan	N/A(7)	N/A(7)	fully exempted(8)	fully exempted(8)
Tieling Greatwall	27%	27%	27%	27%
Yingkou Great Wall(9)	13.5%	13.5%	13.5%	13.5%

Notes:

(1) ANT-HN is entitled to full exemption from Vietnam enterprise income tax for the four years beginning from 2005, its first profitable year, followed by a 50% reduction in Vietnam enterprise income tax for the next four years.

(2) ANT-VN is a foreign enterprise and is entitled to full exemption from Vietnam enterprise income tax for the two years beginning from 2002 and enjoys a reduced Vietnam enterprise income tax rate of 7.5% for the seven succeeding years from 2004 to 2010.

(3) Dalian Gourmet did not earn any taxable profit in the year ended 31 December 2004 and utilised its accumulated tax losses brought forward from previous years in the year ended 31 December 2005. Dalian Gourmet therefore did not pay any PRC enterprise income tax in those two years.

(4) Dalian Gourmet is entitled to full exemption from PRC enterprise income tax for the two years beginning from 2006, its first profitable year after offsetting all tax losses carried forward from the previous years, followed by a 50% reduction in PRC enterprise income tax for the next three years.

(5) Dalian Great Wall had tax losses carried forward from the previous years and therefore did not pay any PRC enterprise income tax for the years ended 31 December 2004, 2005 and 2006. From 2007, Dalian Great Wall will be entitled to a reduced PRC enterprise income tax rate of 27%.

(6) Liaoning Greatwall is a foreign enterprise operating in the coastal economic areas and therefore is entitled to a reduced PRC enterprise income tax rate of 27% for the Track Record Period.

(7) Tianjin DaChan had tax losses carried forward from the previous years and therefore did not pay any PRC enterprise income tax for the years ended 31 December 2004 and 2005.

(8) Tianjin DaChan is entitled to full exemption from PRC enterprise income tax for the two years beginning from 2006, its first profitable year after offsetting all tax losses carried forward from the previous years, followed by a 50% reduction in PRC enterprise income tax for the next three years.

(9) Yingkou Great Wall is a foreign enterprise entitled to a 50% reduction in PRC enterprise income tax for the three years starting from 2002, and as an advanced technology enterprise followed it is entitled to a 50% reduction in PRC enterprise income tax for another period of three years thereafter.

On 16 March 2007, the National People's Congress of the PRC promulgated the new Enterprise Income Tax Law of the PRC ("**New Tax Law**"), which will come into effect on 1 January 2008 and supersede the PRC Foreign Invested Enterprise and Foreign Enterprise Income Tax Law ("**FIE Tax Law**") and the Temporary Regulations on Enterprise Income Tax of the PRC at the same time. The New Tax Law will consolidate the current two separate tax regimes for domestic enterprises and foreign invested enterprises and impose a unified enterprise income tax rate of 25% for both types of enterprises.

Under the New Tax Law, enterprises that currently enjoy a preferential tax rate prior to the New Tax Law's promulgation will be subject to the new tax rate over five years from the effective date of the New Tax Law. Enterprises which currently enjoy a fixed period of tax exemption and reduction under currently applicable rules and regulations will continue to enjoy such preferential tax treatment until the expiry of such prescribed period, and for those loss making enterprises whose preferential tax treatment has not commenced, such preferential tax treatment will commence from the effective date of the New Tax Law.

In accordance with relevant PRC tax regulations (Guofa [2000] No.37), a PRC enterprise is liable to pay PRC withholding tax in respect of any payment of royalties, rent and interest made to a foreign enterprise. Withholding tax is generally imposed at a fixed rate of 10% on these payments.

For the years ended 31 December 2004, 2005 and 2006 and the five months ended 31 May 2007, the PRC withholding taxes payable in respect of royalties (which is included under management fee) and interest made by our PRC subsidiaries to our intermediate holding company, Great Wall International, and two of the Group's offshore subsidiaries, NAC and Dalian Investment, were approximately USD292,000, USD404,000, USD488,000 and USD213,000, respectively. NAC and Dalian Investment are incorporated in the Cayman Islands and BVI, respectively, and are part of our Group. These withholding taxes have been included as part of the Group's administrative expenses for the respective periods. All withholding taxes have been duly paid to the relevant PRC authorities.

To the best knowledge of the Directors, the actual and potential withholding taxes had been appropriately dealt with and provided for, and the Group has neither received any query from nor been under any investigation by the tax bureau in the PRC on this matter. The reporting accountants have also performed a review on the withholding tax obligation and no material understatement was identified.

Our effective tax rate for each of the years ended 31 December 2004, 2005 and 2006 and the five months ended 31 May 2007 was 41.9%, 17.4%, 11.6% and 4.1%, respectively. The decrease in the effective tax rate and tax expenses was primarily due to the increase in the proportion of profit contributed by Dalian Great Wall and Tianjin DaChan to our Group. Whilst they have derived higher profits which increased the proportion of their profit contributions, Dalian Great Wall and Tianjin DaChan were under tax holiday and therefore exempted from income tax.

The following table sets out reconciliation between tax expense and accounting profit at applicable tax rate for the Track Record Period:

	For the year ended 31 December			For the five months ended 31 May	
	2004	**2005**	**2006**	**2006**	**2007**
	USD'000	*USD'000*	*USD'000*	*USD'000 (unaudited)*	*USD'000*
Profit before tax	2,919	10,789	18,661	3,677	17,120
Income tax using the PRC enterprise income tax rate of 27% (i)	788	2,913	5,038	993	4,622
Tax effect of non-deductible expenses (ii)	2,828	1,203	2,108	1,452	1,128
Tax effect of non-taxable revenue (iii)	(1,683)	(472)	(1,543)	(1,391)	(2,229)
Effect of tax exemptions granted to subsidiaries	(743)	(1,618)	(2,808)	(425)	(2,289)
Effect of different tax rates of subsidiaries operating in different tax jurisdictions	62	(102)	(428)	(173)	(379)
Tax effect of share of profits of jointly controlled entities	(28)	(49)	(206)	(15)	(151)
Others	—	—	5	—	—
Actual tax expense	1,224	1,875	2,166	441	702

(i) The income tax rate of 27% represents the reduced PRC enterprise income tax rate applicable to a substantial portion of the operation of our Group.

(ii) Non-deductible expenses mainly comprise non-deductible entertainment and promotion expenses incurred by PRC subsidiaries for PRC enterprise income tax purpose and operating expenses incurred by subsidiaries incorporated in the Cayman Islands, the British Virgin Islands and Samoa where no profits tax is imposed.

(iii) Non-taxable revenue mainly comprises bank interest income, management fee (being the reimbursement of staff costs) from a jointly controlled entity and the intermediate holding company, compensation received from a jointly controlled entity and other operating income earned by subsidiaries incorporated in the Cayman Islands, the British Virgin Islands and Samoa where no profits tax is imposed.

The Directors are of the view that all sales and purchases made between subsidiaries are on the same basis as those made to the Group's external customers and suppliers. As such, the Group does not have any transfer pricing issue.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Five months Ended 31 May 2007 Compared to Five Months Ended 31 May 2006 (unaudited)

Revenue

Our revenue increased by USD82.3 million, or approximately 34.5%, from USD238.8 million for the five months ended 31 May 2006 to USD321.1 million for the five months ended 31 May 2007, primarily as a result of the increase in sales volume across our three business segments.

Chicken meat

— Revenue from sales of our chicken meat business increased by USD55.6 million, or approximately 38.5%, from USD144.4 million for the five months ended 31 May 2006 to USD200.0 million for the five months ended 31 May 2007, primarily as a result of the increase in the sales prices of our chicken meat products. The average sales price of our chilled and frozen chicken was USD1,161 per tonne for the five months ended 31 May 2007, as compared with USD805 per tonne for the five months ended 31 May 2006. Such increase was mainly attributable to the higher chicken meat consumption per capita in the PRC, which our management believes is primarily due to the significant increase in pork prices in the PRC during the five months ended 31 May 2007. The increase in the sales prices of our chicken meat products was also partially due to an increase in raw material costs which we were able to pass on to our customers.

Feeds to external customers

— Revenue from sales of our feeds products to external customers increased by USD19.0 million, or approximately 23.6%, from USD80.4 million for the five months ended 31 May 2006 to USD99.4 million for the five months ended 31 May 2007, primarily as a result of the increase in approximately 13.3% in sales volume of our feeds products mainly due to the greater sales volume of our piglet feeds in Vietnam. In addition, the average sales price for our piglet feeds also increased by approximately 9.4% in the five months ended 31 May 2007, as compared with the five months ended 31 May 2006.

Processed foods

— Revenue from sales of our processed food products increased by USD7.7 million, or approximately 55.0%, from USD14.0 million for the five months ended 31 May 2006 to USD21.7 million for the five months ended 31 May 2007, primarily as a result of the increase in our sales volume in the PRC domestic market due to greater marketing efforts in promoting our processed food products. The increase in the prices of chicken meat in the PRC also contributed to the increase in the average sales price of our processed foods products. An increase in sales activities and increased utilisation of our production facilities in Shanghai have also contributed to the higher sales volume of our processed food products.

Cost of Sales

Our total cost of sales increased by USD71.6 million, or approximately 32.3%, from USD221.5 million for the five months ended 31 May 2006 to USD293.1 million for the five months ended 31 May 2007, primarily as a result of an increase in both sales and production volumes across all business segments. The principal component of our cost of sales, direct material costs, increased by approximately 33.0% during this period.

Chicken meat

— Cost of sales for our chicken meat business increased by USD46.5 million, or approximately 33.5%, from USD138.6 million for the five months ended 31 May 2006 to USD185.1 million for the five months ended 31 May 2007, primarily as a result of the increased sales volume of our chicken meat products and the increase in the raw material costs, mainly chicken feed.

Feeds to external customers

— Cost of sales for our feeds products to external customers increased by USD17.0 million, or approximately 23.6%, from USD72.1 million for the five months ended 31 May 2006 to USD89.1 million in the five months ended 31 May 2007, primarily as a result of the increase in corn prices during the five months ended 31 May 2007.

Processed foods

— Cost of sales for our processed food products increased by USD8.1 million, or approximately 75.0% from USD10.8 million for the five months ended 31 May 2006 to USD18.9 million for the five months ended 31 May 2007, as a combined result of increased chicken meat prices and production volume during the five months ended 31 May 2007.

Gross profit and gross profit margin

Gross profit increased by USD10.6 million, or approximately 60.9%, from USD17.4 million for the five months ended 31 May 2006 to USD28.0 million for the five months ended 31 May 2007, primarily as a result of an increase in sales across all business segments during this period and mainly with our chicken meat and feeds business segments. Our overall gross profit margin increased by approximately 1.4%.

Chicken meat

— Gross profit from our chicken meat business increased by approximately 156.9%, from USD5.8 million for the five months ended 31 May 2006 to USD14.9 million for the five months ended 31 May 2007, primarily as a result of the higher rate of increase in the sales prices of our chicken meat products, as compared with the rate of increase in our raw material costs. The gross profit margin for our chicken meat products increased from approximately 4.0% for the five months ended 31 May 2006, to approximately 7.5% for the five months ended 31 May 2007.

Feeds to external customers

— Gross profit from sales of our feeds products to external customers increased by approximately 22.6%, from USD8.4 million for the five months ended 31 May 2006 to USD10.3 million for the five months ended 31 May 2007, primarily as a result of the increase in sales volume of our piglet feeds in Vietnam. The gross profit margin for our feeds products remained stable at approximately 10.4% for the five months ended 31 May 2006 and the five months ended 31 May 2007.

— In terms of the different types of our feeds products, the gross profit margin for our pig feeds products is relatively higher than the gross profit margin for our chicken feeds products. The gross profit margin for our pig feeds products is approximately 11.9% for the five months ended 31 May 2006 and approximately 12.0% for the five months ended 31 May 2007, whereas the gross profit margin for our chicken feeds products is approximately 8.8% and 8.3% for these respective periods.

Processed foods

— Gross profit from our processed food products decreased by approximately 12.5%, from USD3.2 million for the five months ended 31 May 2006 to USD2.8 million for the five months ended 31 May 2007, primarily as a result of the higher rate of increase in the raw material costs for our processed foods products, as compared with the rate of increase in the sales prices of our processed foods products. The increase in the raw material costs for our processed foods products was mainly as a result of the increase in chicken meat prices in the PRC during the five months ended 31 May 2007. These factors also resulted in a decrease in the gross profit margin for our processed food products from approximately 22.8% for the five months ended 31 May 2006 to approximately 12.8% for the five months ended 31 May 2007.

Change in fair value of biological assets less estimated point-of-sale costs, fair value of agricultural produce on initial recognition and reversal of fair value of agricultural produce due to sales and disposals

A loss of approximately USD84,000 was recognised for the change in fair value of our biological assets for the five months ended 31 May 2007 as compared to a gain of approximately USD189,000 recognised for the five months ended 31 May 2006. The loss was primarily due to an increase in numbers of aged breeders, with lower fair value, as at 31 May 2007.

The fair value of the agricultural produce on initial recognition increased by 187.5% from approximately USD0.8 million for the five months ended 31 May 2006 to approximately USD2.3 million for the five months ended 31 May 2007. Such increase was primarily due to an increase of 167.6% in the average market price of the agricultural produce as a result of the overall increase in market price of grown chickens, chicken meats and eggs at the beginning of 2007.

It will normally take 21 days for a broiler breeder egg to be hatched into a chick. In view of this fact, the reversal of fair value of agricultural produce due to sales and disposals was subject to the production and sales volume of hatched chicks during the period.

Other income

Other income increased by USD4.2 million, or approximately 221.1%, from USD1.9 million for the five months ended 31 May 2006 to USD6.1 million for the five months ended 31 May 2007, primarily as a result of the one-off compensation received by us due to the relocation of our factory as required by the local government amounted to approximately USD3.3 million.

Also included in the other income for the five months ended 31 May 2007 was a government subsidy of USD1.2 million received by our Group. This government subsidy represented the refund of Value Added Tax ("**VAT**") and interest expenses, which was granted by the Government in accordance with the Guobanfamingdian Notice (2006) No.26 ("國辦發明電 [2006]26號 ") (the "**Notice**") issued by the State Council in June 2006 to ease the financial pressure or adverse effect of the outbreak of avian influenza on the agricultural industry in 2005. The Notice stipulated that the supportive measures are in form of exemption from VAT and refund of bank loan interest incurred from those bank loans drawn for working capital purposes, of which the VAT and interest expenses had already been incurred and paid by our Group. The refund of VAT and bank loan interest paid were subject to the approval from local government or tax authority.

The local tax authorities in Shanghai approved and refunded our claims of approximately USD378,000 which was mainly the payment of VAT made in 2006 which is reflected in our financial statements for the five months period ended 31 May 2007.

Distribution costs

Distribution costs increased by USD1.4 million, or approximately 19.7%, from USD7.1 million for the five months ended 31 May 2006 to USD8.5 million for the five months ended 31 May 2007, primarily as a result of an increase in transportation costs and travel expenses due to the expansion of our business, and an increase in our sales and marketing costs.

Administrative expenses

Administrative expenses increased by USD0.3 million, or approximately 3.9%, from USD7.6 million for the five months ended 31 May 2006 to USD7.9 million for the five months ended 31 May 2007, primarily as a result of an increase in administrative staff costs due to the expansion of our business.

Other operating expenses

Other operating expenses remained stable at USD0.1 million and USD0.2 million, for the five months ended 31 May 2006 and the five months ended 31 May 2007, respectively.

Finance costs

Finance costs increased by USD0.2 million, or approximately 16.7%, from USD1.2 million for the five months ended 31 May 2006 to USD1.4 million for the five months ended 31 May 2007, primarily as a result of an increase in the aggregate principal amount of our interest-bearing loans.

Income tax

Income tax increased by USD0.3 million, or approximately 75%, from USD0.4 million for the five months ended 31 May 2006 to USD0.7 million for the five months ended 31 May 2007 primarily as a result of an increase in taxable profit, the effect of which is partially offset by a decrease in our effective tax rate, from 12.0% for the five months ended 31 May 2006 to 4.1% for the five months ended 31 May 2007. The decrease in our effective tax rate is mainly due to a larger proportion of our total net profit being derived from Dalian Gourmet and Tianjin DaChan, as both of these companies are entitled to full exemption from PRC enterprise income tax in 2007. Dalian Great Wall and Shanghai Gourmet also continues to utilise their accumulated tax losses brought forward in 2007.

Profit attributable to minority interests

For the five months ended 31 May 2006, there was a profit attributable to minority interests of USD1.0 million, as compared with a profit attributable to minority interests of USD2.1 million for the five months ended 31 May 2007, primarily as a result of the improved financial performance of our non wholly-owned subsidiaries, Dalian Gourmet, Dalian Great Wall, ANT-VN and ANT-HN.

Profit attributable to equity holders of our Company and net profit margin

Profit attributable to equity holders of our Company increased by USD12.0 million, or approximately 521.7%, from USD2.3 million for the five months ended 31 May 2006 to USD14.3 million for the five months ended 31 May 2007, primarily as a result of the increase in the gross profit for our chicken meat products due to increased chicken meat prices, and an increase of 32.7% in the sales volume of our pig feeds. Our net profit margin increased by approximately 3.7%, from 1.4% for the five months ended 31 May 2006 to 5.1% for the five months ended 31 May 2007. Given (i) our gross profit increased by approximately 60.9% from the five months ended 31 May 2006 to the five months ended 31 May 2007; (ii) but our distribution expenses and administrative expenses only increased by approximately 19.7% and 3.9%, respectively, from the five months ended 31 May 2006 to the five months ended 31 May 2007, as these expenses were not directly related to our sales performance; and (iii) we recognised other income of USD6.1 million for the five months ended 31 May 2007 as compared to only USD1.9 million for the five months ended 31 May 2006, our net profit increased by approximately 400%.

Dividend

We did not declare any dividend during the five months ended 31 May 2007.

Year Ended 31 December 2006 Compared to Year Ended 31 December 2005

Revenue

Our revenue increased by USD105.3 million, or approximately 19.8%, from USD532.1 million for the year ended 31 December 2005 to USD637.4 million for the year ended 31 December 2006, primarily as a result of the increase in sales volume across our three business segments.

Chicken meat

— Revenue from sales of our chicken meat business increased by USD72.8 million, or approximately 24.0%, from USD303.9 million for the year ended 31 December 2005 to USD376.7 million for the year ended 31 December 2006, primarily as a result of the increase of approximately 26.1% in sales volume of our chicken meat products. The increase was driven by the higher chicken meat consumption rate in the PRC and the increased production capacity in the PRC. The increase in our production capacity in the PRC was mainly due to the full year effect on the establishment of our three new production facilities in late 2005. During the year ended 31 December 2006, we also increased the utilisation rates of our production facilities to enable us to capture the increased sales opportunities from the growing PRC chicken meat market.

Feeds to external customers

— Revenue from sales of our feeds to external customers increased by USD26.0 million, or approximately 13.2%, from USD196.8 million for the year ended 31 December 2005 to USD222.8 million for the year ended 31 December 2006, primarily as a result of the increase of approximately 11.6% in sales volume of our feeds products mainly due to increased sales activities for and increased sales volume of our piglet feeds, particularly in Vietnam where our Group's production volume increased in 2006 due to higher utilisation of our feeds production facilities.

Processed foods

— Revenue from sales of our processed food products increased by USD6.5 million, or approximately 20.7%, from USD31.4 million for the year ended 31 December 2005 to USD37.9 million for the year ended 31 December 2006, primarily as a result of the increase in our sales volume in the PRC domestic market due to greater marketing efforts in promoting our processed food products. During the same period, our exports to Japan increased by 28.6% which also contributed to the increase in revenue from sales of our processed food products.

Cost of Sales

Our total cost of sales increased by USD95.3 million, or approximately 19.5%, from USD488.6 million for the year ended 31 December 2005 to USD583.9 million for the year ended 31 December 2006, primarily as a result of an increase in both sales and production volumes across all business segments. The principal component of our cost of sales, direct material costs, increased by approximately 18.6% in 2006.

Chicken meat

— Cost of sales for our chicken meat business increased by USD67.9 million, or approximately 23.7%, from USD286.7 million for the year ended 31 December 2005 to USD354.6 million for the year ended 31 December 2006, primarily as a result of increased sales volume of our chicken meat products.

Feeds to external customers

— Cost of sales for our feeds products to external customers increased by USD24.4 million, or approximately 13.9%, from USD175.2 million for the year ended 31 December 2005 to USD199.6 million for the year ended 31 December 2006, primarily as a result of increased sales volume of our feeds products and increased corn prices during this period. During this period, corn prices increased by approximately 26.5%.

Processed foods

— Cost of sales for our processed food products increased by USD3.1 million, or approximately 11.6% from USD26.7 million for the year ended 31 December 2005 to USD29.8 million for the year ended 31 December 2006, primarily as a result of the increase in sales volume of processed foods.

Gross profit and gross profit margin

Gross profit increased by USD10.0 million, or approximately 23.0%, from USD43.5 million for the year ended 31 December 2005 to USD53.5 million for the year ended 31 December 2006, primarily as a result of an increase in sales across all business segments during this period and mainly with our chicken meat and feeds business segments. Our overall gross profit margin increased by approximately 0.2%.

Chicken meat

— Gross profit from our chicken meat business increased by approximately 29.1%, from USD17.2 million for the year ended 31 December 2005 to USD22.2 million for the year ended 31 December 2006, primarily as a result of increase in sales volume. The gross profit margin for our chicken meat products remained stable at approximately 5.7% for the year ended 31 December 2005 and at approximately 5.9% for the year ended 31 December 2006.

Feeds to external customers

— Gross profit from sales of our feeds products to external customers increased by approximately 7.9%, from USD21.5 million for the year ended 31 December 2005 to USD23.2 million for the year ended 31 December 2006, primarily as a result of increase in sales volume. The gross profit margin for our feeds products remained stable at approximately 10.9% for the year ended 31 December 2005 and at approximately 10.4% for the year ended 31 December 2006.

— In terms of the different types of our feeds products, the gross profit margin for our pig feeds products was relatively higher than the gross profit margin for other feeds products. The gross profit margin for our pig feeds products was approximately 12.2% for the year ended 31 December 2005 and approximately 11.9% for the year ended 31 December 2006, whereas the gross profit margin for our chicken feeds products was approximately 9.2% and 7.9% for these respective periods. Our gross profit margin for aquatic feeds products was also slightly lower at approximately 8.3% for the year ended 31 December 2005 and approximately 11.0% for the year ended 31 December 2006.

Processed foods

— Gross profit from our processed food products increased by approximately 72.3%, from USD4.7 million for the year ended 31 December 2005 to USD8.1 million for the year ended 31 December 2006, primarily as a result of increase in sales volume. The gross profit margin for our processed food products increased from approximately 15.1% for the year ended 31 December 2005 to approximately 21.4% for the year ended 31 December 2006. The increase in gross profit margin for our processed food products was primarily a result of economies of scale and concentrated efforts to sell our processed food products with higher gross profit margins.

Change in fair value of biological assets less estimated point-of-sale costs, fair value of agricultural produce on initial recognition and reversal of fair value of agricultural produce due to sales and disposals

The loss recognised for the change in fair value of biological assets increased by approximately 188.1% from approximately USD67,000 for the year ended 31 December 2005 to approximately USD193,000 for the year ended 31 December 2006. Such increase was primarily due to the increase in the number of matured breeders.

The fair value of agricultural produce on initial recognition decreased slightly by 2.8% from approximately USD3.6 million for the year ended 31 December 2005 to approximately USD3.5 million for the year ended 31 December 2006. The decrease was mainly due to the decrease of approximately 6.1% in the average market price of agricultural produce for the year ended 31 December 2006. However, the decrease was partly offset by the increase of approximately 10.3% in the production volume of the agricultural produce as a result of the establishment of a new breeder farm in 2006.

The reversal of fair value of agricultural produce due to sales and disposals decreased by approximately 16.2% from approximately USD3.7 million for the year ended 31 December 2005 to approximately USD3.1 million for the year ended 31 December 2006. The decrease was mainly due to the decrease in average market price of agricultural produce for the year ended 31 December 2006.

Other income

Other income increased by USD3.4 million, or approximately 242.9%, from USD1.4 million for the year ended 31 December 2005 to USD4.8 million for the year ended 31 December 2006, primarily as a result of compensation received from a jointly controlled entity for their supply of processed foods to us, government subsidy in respect of avian influenza, foreign exchange gains and increase in interest income.

Pursuant to the terms of a food processing agreement entered between one of our subsidiary and our jointly controlled entity in 2003, we agreed to supply processed food to the jointly controlled entity which guaranteed a minimum amount of profits to be shared with us. The minimum profits had not been achieved and the food processing agreement was terminated. As a result, we received from the jointly controlled entity a compensation of approximately USD1.3 million in 2006.

The government subsidy represented the refund of Value Added Tax ("**VAT**") and interest expenses, which was granted by the Government in accordance with the Guobanfamingdian Notice (2006) No.26 ("國辦發明電 [2006]26號 ") (the "**Notice**") issued by the State Council in June 2006 to ease the financial pressure or adverse effect of the outbreak of avian influenza on the agricultural industry in 2005. The Notice stipulated that the supportive measures are in form of exemption of VAT and refund of bank loan interest incurred from those bank loans drawn for working capital purposes, of which the VAT and interest expenses had already been incurred and paid by our Group. The refund was subjected to the approval from local government or tax authority. In 2006, the local tax authority in Shanghai approved and refunded our claim of approximately USD340,000 being the payment of VAT made in 2005.

Distribution costs

Distribution costs increased by USD3.5 million, or approximately 22.4%, from USD15.6 million for the year ended 31 December 2005 to USD19.1 million for the year ended 31 December 2006, primarily as a result of an increase in transportation expenses and sales and marketing staff costs due to increased sales volume, an increase in travel expenses mainly related to our marketing activities and an increase in advertising expenses due to the growth of our processed foods business.

Administrative expenses

Administrative expenses increased by USD2.7 million, or approximately 17.6%, from USD15.3 million for the year ended 31 December 2005 to USD18.0 million for the year ended 31 December 2006, primarily as a result of an increase in administrative staff costs due to our higher production requirement, which is generally in line with the growth of our total revenue.

Other operating expenses

Other operating expenses increased by USD0.3 million from USD0.3 million for the year ended 31 December 2005 to USD0.6 million for the year ended 31 December 2006.

Finance costs

Finance costs decreased by USD0.2 million, or approximately 6.9%, from USD2.9 million for the year ended 31 December 2005 to USD2.7 million for the year ended 31 December 2006, primarily as a result of a decrease in our interest expenses due to reduced bank borrowings.

Income tax

Income tax increased by USD0.3 million, or approximately 15.8%, from USD1.9 million for the year ended 31 December 2005 to USD2.2 million for the year ended 31 December 2006, primarily as a result of an increase in taxable profit, the effect of which was partially offset by a decrease in our effective tax rate, from 17.4% for the year ended 31 December 2005 to 11.6% for the year ended 31 December 2006. The decrease in our effective tax rate was mainly due to a larger proportion of our total net profit being derived from Dalian Gourmet and Tianjin DaChan, as both of these companies are entitled to full exemption from PRC enterprise income tax in 2006. Dalian Great Wall and Shanghai Gourmet also continue to utilise their accumulated tax losses brought forward from 2005. Our feeds businesses in Vietnam where our operating subsidiaries ANT-VN and ANT-HN are located also entitled to more preferential tax treatment as compared to other main subsidiaries of our Group in 2006 and these operations in Vietnam experienced an increase of approximately 222.5% in profit in 2006. For further details, please refer to the paragraph headed "Principal income statement components — income tax " under this section.

Profit attributable to minority interests

For the year ended 31 December 2005, there was a profit attributable to minority interests of USD0.4 million, as compared with a profit attributable to minority interests of USD3.1 million for the year ended 31 December 2006, primarily because our non wholly-owned subsidiaries, Dalian Gourmet and Dalian Great Wall, had each started to record net profits in 2005.

Profit attributable to equity holders of our Company and net profit margin

Profit attributable to equity holders of our Company increased by USD4.9 million, or approximately 57.6%, from USD8.5 million for the year ended 31 December 2005 to USD13.4 million for the year ended 31 December 2006, primarily as a result of the increase in sales volume across all of our three business segments, which was partly offset by a similar increase in our total cost of sales. Our net profit margin increased by 0.9 %, from 1.7% for the year ended 31 December 2005 to 2.6% from the year ended 31 December 2006. Given (i) our gross profit increased by approximately 23.2% from the year ended 31 December 2005 to the year ended 31 December 2006; (ii) but our administrative expense only increased by 17.8%; and (iii) we recognised other income of USD4.8 million which mainly relates to compensation received, as a result our net profit increased by over 80%.

Dividend

We did not declare any dividend during the year ended 31 December 2006. We declared a dividend of USD1.0 million in respect of the year ended 31 December 2004, which was distributed in October 2005. This amount represented the total dividend payments made by us to our shareholders during the Track Record Period.

Year Ended 31 December 2005 Compared to Year Ended 31 December 2004

Revenue

Our revenue increased by USD102.4 million, or approximately 23.8%, from USD429.7 million for the year ended 31 December 2004 to USD532.1 million for the year ended 31 December 2005, primarily as a result of the increase in sales volume across all of our three business segments.

Chicken meat

— Revenue from sales of our chicken meat business increased by USD35.7 million, or approximately 13.3%, from USD268.2 million for the year ended 31 December 2004 to USD303.9 million for the year ended 31 December 2005, primarily as a result of the increase of approximately 26.5% in sales volume of our chicken meat products due to the higher chicken meat consumption rate in the PRC.

Feeds to external customer

— Revenue from sales of our feeds products to external customers increased by USD52.4 million, or approximately 36.3%, from USD144.4 million for the year ended 31 December 2004 to USD196.8 million for the year ended 31 December 2005, primarily as a result of the increase of approximately 24.7% in sales volume of our feeds products in the PRC and Vietnam, which is in line with increases in our production capacities.

Processed foods

— Revenue from sales of our processed food products increased by USD14.2 million, or approximately 82.6%, from USD17.2 million for the year ended 31 December 2004 to USD31.4 million for the year ended 31 December 2005, primarily as a result of an increase of approximately 37.9% in sales volume of our processed food products due to a shift in the product mix of our processed food products in the PRC domestic market towards higher quality products that appeal to the taste of the general public. The shift in the product mix of our processed food products and the increase in utilisation rate for Dalian Gourmet from approximately 32% to 42% had also resulted in a higher percentage rate growth in our revenue from sales of our processed food products, as compared with the percentage growth of our cost of sales in 2005. The average sales price of our processed food products also increased by approximately 32.7% during this period.

Cost of Sales

Our total cost of sales increased by USD87.4 million, or approximately 21.8%, from USD401.2 million for the year ended 31 December 2004 to USD488.6 million for the year ended 31 December 2005, primarily as a result of an increase in production volumes across all product categories, in each case, due to increased sales volume. The principal component of our cost of sales, direct material costs, increased by approximately 20.4% in 2005. The percentage increase in our direct materials was slightly lower than our increase in total revenue for the same period.

Chicken meat

— Cost of sales for our chicken meat business increased by USD31.3 million, or approximately 12.3%, from USD255.4 million for the year ended 31 December 2004 to USD286.7 million for the year ended 31 December 2005, primarily as a result of increased sales volume of chicken meat products.

Feeds to external customers

— Cost of sales for our feeds products to external customers increased by USD45.2 million, or approximately 34.8%, from USD130.0 million for the year ended 31 December 2004 to USD175.2 million for the year ended 31 December 2005, primarily as a result of increased sales volume of our feeds products.

Processed foods

— Cost of sales for our processed food products increased by USD11.0 million, or approximately 70.0%, from USD15.7 million for the year ended 31 December 2004 to USD26.7 million for the year ended 31 December 2005, primarily as a result of the shift in product mix of our processed food products in the PRC market.

Gross profit and gross profit margin

Gross profit increased by USD14.9 million, or approximately 52.1%, from USD28.6 million for the year ended 31 December 2004 to USD43.5 million for the year ended 31 December 2005, primarily as a result of an increase in sales across our three business segments. Our overall gross profit margin increased by approximately 1.6%.

Chicken meat

— Gross profit from our chicken meat products increased by approximately 34.4%, from USD12.8 million for the year ended 31 December 2004 to USD17.2 million for the year ended 31 December 2005, primarily as a result of increase in sales volume. The gross profit margin for our chicken meat products increased from approximately 4.8% for the year ended 31 December 2004 to approximately 5.7% for the year ended 31 December 2005. The increase in gross profit margin for our chicken meat products was primarily the result of an increase of 22% and 7% in the utilisation rates at our production facilities in Tieling and Dalian, respectively, which drove down the per unit cost for our chicken meat products.

Feeds to external customers

— Gross profit from sales of our feeds products to external customers increased by approximately 50.3%, from USD14.3 million for the year ended 31 December 2004 to USD21.5 million for the year ended 31 December 2005, primarily as a result of increase in sales volume. The gross profit margin for our feeds products increased from approximately 9.9% for the year ended 31 December 2004 to approximately 10.9% for the year ended 31 December 2005. The increase in the overall gross profit margin for our feeds products was primarily a result of a greater proportion of sales volume of our piglet feeds in the PRC and Vietnam, which generally have higher gross profit margins as compared to other feeds products. During the same period, we also had higher utilisation rates at most of our production facilities for feeds products, which drove down their unit costs.

— In terms of the different types of our feeds products, the gross profit margin for our pig feeds products was relatively higher than the gross profit margin for other feeds products. The gross profit margin for our pig feeds products was approximately 13.6% for the year ended 31 December 2004 and approximately 12.2% for the year ended 31 December 2005, whereas the gross profit margin for our chicken feeds products was approximately 7.8% and 9.2% for these respective periods. Our gross profit margin for aquatic feeds products was also slightly lower at approximately 12.2% for the year ended 31 December 2004 and approximately 8.3% for the year ended 31 December 2005.

Processed foods

— Gross profit from our processed food products increased by approximately 235.7%, from USD1.4 million for the year ended 31 December 2004 to USD4.7 million for the year ended 31 December 2005, primarily as a result of increase in sales volume. The gross profit margin for our processed food products increased from approximately 8.4% for the year ended 31 December 2004 to approximately 15.1% for the year ended 31 December 2005. The increase in gross profit margin for our processed food products was primarily a result of increased average sales prices, and a higher utilisation rate at most of our production facilities.

Change in fair value of biological assets less estimated point-of-sale costs, fair value of agricultural produce on initial recognition and reversal of fair value of agricultural produce due to sales and disposals

A loss of approximately USD67,000 was recognised for the change in fair value of the biological assets as compared to a gain of approximately USD343,000 recognised for the year ended 31 December 2004. Such change was mainly attributable to the increase in number of mature breeders in 2005.

The fair value of the agricultural produce on initial recognition increased by approximately 56.5% from approximately USD2.3 million for the year ended 31 December 2004 to approximately USD3.6 million for the year ended 31 December 2005. Such increase was a combined result of (i) the increase of approximately 30.7% in the average market price of the agricultural produce, and (ii) the increase of approximately 16.4% in the production volume of our agricultural produce, which was primarily due to the increase in number of mature breeders. The Directors believe, to their best knowledge, that the increase in the average market price in 2005 as compared to 2004 was related to the outbreak of SARS in 2003 and avian influenza in 2004 that hampered both the consumers' propensity to consume and the preference of taking chicken meat in 2004.

The reversal of fair value of agricultural produce due to sales and disposals increased by approximately 48.0% from approximately USD2.5 million for the year ended 31 December 2004 to approximately USD3.7 million for the year ended 31 December 2005. The reversal of fair value was higher than the fair value on initial recognition because more chicks were sold during the year 31 December 2005.

Other income

Other income remained stable at USD1.5 million and USD1.4 million for the years ended 31 December 2004 and 2005, respectively.

Distribution costs

Distribution costs increased by USD4.5 million, or approximately 40.5%, from USD11.1 million for the year ended 31 December 2004 to USD15.6 million for the year ended 31 December 2005, primarily as a result of an increase in sales and marketing staff costs, an increase in sales and marketing expenses, and higher travel expenses due to the expansion of our business.

Administrative expenses

Administrative expenses increased by USD2.6 million, or approximately 20.5%, from USD12.7 million for the year ended 31 December 2004 to USD15.3 million for the year ended 31 December 2005, primarily as a result of an increase in administrative staff costs due to the expansion of our production facilities and a general increase in labour costs in the PRC.

Other operating expenses

Other operating expenses decreased by USD0.6 million, approximately 66.7%, from USD0.9 million for the year ended 31 December 2004 to USD0.3 million for the year ended 31 December 2005.

Finance costs

Finance costs increased by USD0.2 million, or approximately 7.4%, from USD2.7 million for the year ended 31 December 2004 to USD2.9 million for the year ended 31 December 2005, primarily as a result of an increase in our interest expenses due to increase in interest rates and increase in borrowings from related parties.

Income tax

Income tax increased by USD0.7 million, or approximately 58.3%, from USD1.2 million for the year ended 31 December 2004 to USD1.9 million for the year ended 31 December 2005, primarily as a result of an increase in taxable profit, the effect of which was partially offset by a decrease in our effective tax rate from 41.9% for the year ended 31 December 2004 to 17.4% for the year ended 31 December 2005. The decrease in our effective tax rate was mainly due to the utilisation of accumulated tax loss brought forward by Dalian Gourmet, Dalian Great Wall, Tianjin DaChan and Shanghai Gourmet in 2005. For further details, please refer to the paragraph headed "Principal income statement components — income tax" under this section.

Profit/(loss) attributable to minority interests

For the year ended 31 December 2004, there was a loss attributable to minority interests of USD0.9 million, as compared with a profit attributable to minority interests of USD0.4 million for the year ended 31 December 2005, primarily because both of our non wholly-owned subsidiaries, Dalian Gourmet and Dalian Great Wall, recorded net losses in 2004 and 2005.

Profit attributable to equity holders of our Company and net profit margin

Profit attributable to equity holders of our Company increased by USD5.9 million, or approximately 226.9%, from USD2.6 million for the year ended 31 December 2004 to USD8.5 million for the year ended 31 December 2005, primarily as a result of the increase in sales volume across all of our three business segments, which was partly offset by (i) a similar increase in our total cost of sales; (ii) a proportionately higher increase in distribution costs and (iii) administrative expenses contributed to the increase in profit attributable to equity holders of our Company. Our net profit margin increased by approximately 1.3%, from 0.4% for the year ended 31 December 2004 to 1.7% for the year ended 31 December 2005. Given (i) our gross profit increased by 52.1% from the year ended 31 December 2004 to the year ended 31 December 2005; (ii) but our distribution expenses and administrative expense increased by 40.4% and 20.2%, respectively, from the year ended 31 December 2004 to the year ended 31 December 2005, as a result our net profit increased by more than 400% from the year ended 31 December 2004 to the year ended 31 December 2005.

Dividend

We declared a dividend of USD1.0 million for the year ended 31 December 2004, which was distributed in October 2005. This amount represented the total dividend payments made by us to our shareholders during the Track Record Period.

LIQUIDITY AND CAPITAL RESOURCES

On a combined basis, we funded our operations primarily from cash flow from operating activities and proceeds of short-term and long-term bank borrowings. We require cash primarily for our production and operating activities, and capital expenditures on property, plant and equipment.

The following table is a summary of our combined cash flow statements during the Track Record Period:

	Year ended 31 December			Five months ended 31 May	
	2004	2005	2006	2006	2007
	USD ('000)	*USD ('000)*	*USD ('000)*	*USD ('000)*	*USD ('000)*
				(Unaudited)	
Net cash generated from operating activities	16,225	13,797	12,931	7,827	3,061
Net cash used in investing activities	(6,988)	(5,842)	(6,967)	(3,082)	(8,727)
Net cash (used in)/generated from financing activities	(242)	(7,401)	(4,683)	(4,992)	12,938
Net increase/(decrease) in cash and cash equivalents	8,995	554	1,281	(247)	7,272
Cash and cash equivalents at beginning of the year/period	8,866	17,861	18,415	18,415	19,696
Cash and cash equivalents at end of the year/period	17,861	18,415	19,696	18,168	26,968

Operating activities

We derive our cash inflow from operating activities principally from the receipt of payments for the sale of our products. During the Track Record Period, our cash outflow from operating activities was principally for purchases of raw materials.

In the five months ended 31 May 2007, we had net cash inflows from operating activities of USD3.1 million, which was primarily contributed by operating cash flows before changes in working capital of USD18.0 million and increase in trade and other payables of USD5.0 million. These cash inflows were partially offset by an increase in trade and other payables of USD9.4 million and an increase in inventories of USD7.5 million. The increase in inventories and the increase in trade and other payables were both primarily due to the increased purchases of raw materials to cope with the expanded sales of our products from the increased production capacity and to meet the demand for our products.

In the five months ended 31 May 2006, we had net cash inflows from operating activities of USD7.8 million, which was primarily contributed by operating cash flows before changes in working capital of USD7.7 million. These cash inflows were partially offset by an increase in trade and other receivables of USD7.2 million. The increase in both receivables and payables was mainly due to the higher sales and purchases towards the end of period ended 31 May 2006 as compared to the sales and purchases towards the end of 2005 which was in line with our business expansion.

In the year ended 31 December 2006, we had net cash inflows from operating activities of approximately USD12.9 million, which was primarily contributed by operating cash flows before changes in working capital of USD28.5 million and increase in trade and other payables of USD5.6 million. These cash inflows were partially offset by an increase in trade and other receivables of USD13.0 million and an increase in inventories of USD9.3 million. The increase in trade and other receivables was primarily due to increase in sales of our products due to expanded production capacity and to meet the growth in the demand for our products. The increase in trade and other payables and the increase in inventories were both primarily due to increased purchases of raw materials to cope with the expanded scale resulted from the increased production capacity and to meet the demand for our products.

In the year ended 31 December 2005, we had net cash inflows from operating activities of approximately USD13.8 million, which was primarily contributed by operating cash flows before changes in working capital of USD21.1 million and an increase in trade and other payables of USD11.2 million. These cash inflows were partially offset by an increase in inventories of USD14.7 million and an increase in trade and other receivables of USD3.8 million. The increase in trade and other receivables was primarily due to increased sales volume across all of our three business sections. The increase in inventories and the increase in trade and other payables were both primarily due to increased purchases of raw materials to cope with the expanded sale resulted from the increased production capacity and to meet the demand for our products.

In the year ended 31 December 2004, we had net cash inflows from operating activities of approximately USD16.2 million, which was primarily contributed by operating cash flows before changes in working capital of USD11.2 million and an increase in trade and other payables of USD11.3 million. These cash inflows were partially offset by an increase in inventories of USD2.4 million. The increase in trade and other payables and the increase in inventories were both primarily due to increased purchases of raw materials to cope with the expanded sale resulted from the increased production capacity and to meet the demand for our products.

Investing activities

We derive our cash inflow from investing activities principally from interest received from bank deposits. During the Track Record Period, our cash outflow for investing activities was principally for purchases of property, plant and equipment.

In the five months ended 31 May 2007, we had net cash outflows from investing activities of USD8.7 million, which was primarily due to our payment for purchases of fixed assets mainly for the expansion of production capacity in Liaoning and Vietnam in the amount of USD12.7 million. These cash outflows were partially offset by proceeds on disposal of our fixed assets in the amount of USD3.7 million.

In the five months ended 31 May 2006, we had net cash outflows from investing activities of USD3.0 million, which was primarily due to our payment of USD4.8 million for purchases of fixed assets. The additions were mainly due to the expansion of our Group's operations which included an amount of approximately USD1.2 million spent on expansion of production capacity in Shandong, Anhui and Liaoyang. These cash outflows were partially offset by our withdrawal of pledged bank deposits of USD1.0 million in respect of the cancellation of one of our banking facilities.

In the year ended 31 December 2006, we had net cash outflows from investing activities of USD7.0 million, which was primarily due to our payments for purchases of property, plant and equipment for expansion of product capacity in Anhui, Hunan, Shandong and Liaoning in the amount of USD9.7 million. These cash outflows were partially offset by our withdrawal of pledged bank deposits in the amount of USD2.7 million in respect of the cancellation of one of our banking facilities.

In the year ended 31 December 2005, we had net cash outflows from investing activities of USD5.8 million, which was primarily due to our payment for purchases of property, plant and equipment for new production facilities in Sichuan, Liaoyang and Anhui in the amount of USD6.0 million.

In the year ended 31 December 2004, we had net cash outflows from investing activities of USD7.0 million, which was primarily due to our payment for purchases of property, plant and equipment for expansion of production capacity in Heilongjiang and Hanoi in the amount of USD5.4 million and a net placement in pledged bank deposits of USD2.4 million as security for our banking facilities.

Financing activities

We derive our cash inflow from financing activities principally from an increase in proceeds from bank loans. During the Track Record Period, our cash inflow from financing activities related primarily to proceeds from our new bank loans, and cash outflow from financing activities related primarily to our repayment of principal and interest on our bank loans.

In the five months ended 31 May 2007, we had net cash inflows from financing activities of USD12.9 million, which was primarily due to the proceeds from net bank loans in the amount of USD16.7 million, which mainly were used for the purchase of fixed assets for the expansion of our production capacity in Vietnam.

In the five months ended 31 May 2006, we had net cash outflows from financing activities of USD5.0 million, which was primarily due to the net proceeds from bank loans of USD3.5 million, which mainly related to the purchase of fixed assets for the expansion of our production capacity in Shangdong, Anhui and Liaoyang. These cash inflows were partially offset by repayment of our advances from related parties of USD7.0 million as a result of the improvement in our profitability.

In the year ended 31 December 2006, we had net cash outflows from financing activities of USD4.7 million, which was primarily due to improvement in our profitability, borrowing of USD6.1 million net bank loans for purchase of fixed assets for the expansion of our production capacity and partial settlement of advances from related parties. These cash inflows were partially offset by repayment of advances from related parties of USD8.1 million as a result of the improvement in our profitability.

In the year ended 31 December 2005, we had net cash outflows from financing activities of USD7.4 million, which was primarily due to repayment of USD7.8 million net bank loans as a result of the improvement in our profitability.

In the year ended 31 December 2004, we had net cash outflows from financing activities of USD0.2 million, which was primarily due to payment of interest in the amount of USD2.5 million, partially offset by increase in advances from related parties of USD2.4 million and borrowing of USD0.1 million net bank loans for working capital purposes.

CONTRACTUAL AND CAPITAL COMMITMENTS

The following table sets forth the aggregate amounts of our future contractual obligations on a combined basis as at the balance sheet dates indicated:

Contractual commitments

Our contractual obligations consisted of operating leases during the Track Record Period. As at 31 December 2004, 2005 and 2006 and 31 May 2007, we had commitments for future minimum lease payments under non-cancellable operating leases for our production plant and machinery as follows:

	As at 31 December			As at 31 May
	2004	**2005**	**2006**	**2007**
	USD ('000)	*USD ('000)*	*USD ('000)*	*USD ('000)*
Within 1 year	1,001	1,023	948	897
After 1 year but within 5 years	2,465	2,432	2,077	1,536
After 5 years	3,451	3,216	3,233	3,487
Total	6,917	6,671	6,258	5,920

Capital commitments

We had the following commitments of capital expenditure, which were not provided for in our combined financial statements:

	As at 31 December			As at 31 May
	2004	**2005**	**2006**	**2007**
	USD ('000)	*USD ('000)*	*USD ('000)*	*USD ('000)*
Contracted, but not provided for in the combined financial statements	—	225	424	308
Authorised, but not contracted for	3,462	402	1,354	1,929
Total	3,462	627	1,778	2,237

Operating commitments

We have entered into one-year contracts (renewable and reviewed annually) with certain Contract Farmers under which we agree to purchase live chickens, upon fulfilment of certain quality requirements, from our Contract Farmers at an agreed price determined based on the then prevailing market prices. As at 31 December 2004, 2005 and 2006 and 31 May 2007, the amounts of live chickens contracted to be purchased from our Contract Farmers were USD8.6 million, USD9.9 million, USD13.5 million and USD22.3 million, respectively.

In addition, we have entered into one-year contracts (renewable and reviewed annually) with certain customers under which we agree to sell our chicken meat at an agreed price determined based on the then prevailing market prices. As at 31 December 2004, 2005 and 2006 and 31 May 2007, the amounts of chicken meat contracted to be sold to these customers were USD10.2 million, USD11.5 million, USD11.3 million and USD15.1 million, respectively.

CAPITAL EXPENDITURES

The following table sets out our Group's historical capital expenditures during the Track Record Period:

	Year ended 31 December			Five months ended 31 May
	2004	**2005**	**2006**	**2007**
Historical capital expenditures	*USD ('000)*	*USD ('000)*	*USD ('000)*	*USD ('000)*
Property, plant and equipment	2,408	5,166	6,332	2,433
Construction in progress	3,124	774	2,688	4,986
Buildings	609	478	973	2,370
Land use rights	—	533	780	829
Total	6,141	6,951	10,773	10,618

Our Group's capital expenditures for the year ended 31 December 2004, 2005 and 2006 and the five months ended 31 May 2007 principally consisted of expenditures on acquisitions of property, plant and equipment, and construction in progress.

The following table sets out our Group's projected capital expenditures for the year ended 31 December 2007, 2008 and 2009:

	Year ended 31 December		
	2007	**2008**	**2009**
Projected capital expenditures	*USD ('000)*	*USD ('000)*	*USD ('000)*
Property, plant and equipment	12,432	19,681	17,475
Construction in progress	145	229	203
Buildings	10,312	16,325	14,493
Land use rights	1,204	1,907	1,695
Total	24,093	38,142	33,866

We expect that the capital expenditures planned for 2007 to 2009 will be primarily used for the expansion of our production capacity, including the construction of new production facilities, improvement in our existing productions facilities and purchase of production equipment and facilities for our feeds, chicken meat and processed foods operations.

Our Group's projected capital expenditures are subject to revision based upon any future changes to our business plan, market conditions, economic and regulatory environment.

We expect to fund our contractual commitments and capital expenditures principally through the net proceeds we receive from the New Issue, cash generated from operating activities and proceeds from bank loans. We believe that these sources will be sufficient to finance our contractual commitments and capital expenditure needs for the next 12 months.

NET CURRENT ASSETS/LIABILITIES

Details of our current assets and current liabilities at each of the balance sheet date during the Track Record Period are as follows:

	As at 31 December			As at 31 May
	2004	**2005**	**2006**	**2007**
	USD ('000)	*USD ('000)*	*USD ('000)*	*USD ('000)*
Current assets				
Inventories	30,279	43,843	54,425	62,161
Biological assets	1,105	1,165	798	922
Trade and other receivables(1)	35,252	37,796	51,249	63,556
Amount due from related parties	814	434	778	652
Tax recoverable	—	3	14	—
Pledged bank deposits	2,626	3,482	789	954
Cash and cash equivalents	17,907	18,446	19,778	26,968
	87,983	105,169	127,831	155,213
Current liabilities				
Interest-bearing borrowings	43,601	36,863	43,507	59,857
Trade and other payables	43,000	55,336	65,944	69,575
Amount due to related parties	8,694	12,797	4,699	2,464
Current taxation	872	1,912	1,992	1,351
	96,167	106,908	116,142	133,247
Net current (liabilities)/assets	(8,184)	(1,739)	11,689	21,966

Note:

(1) Trade and other receivables include VAT recoverable, which represents the unutilised input VAT eligible for offset against future output VAT. The unutilised input VAT arose primarily as a result of the insufficiency of output VAT on sales of chicken meats to offset the input VAT recognised on purchases of live chickens from Contract Farmers. Such insufficiency is mainly due to the approximately 2.0% higher tax rate for input VAT as compared with that for output VAT. Our Directors estimate that our VAT recoverable will be fully utilised in line with our future expansion of our processed food production within the next five year period.

Our net working capital improved during the year from 31 December 2004 to 31 December 2005. We recorded a net current liabilities position of USD8.2 million as at 31 December 2004, compared to a net current liabilities position of USD1.7 million as at 31 December 2005. Our net current liabilities position of USD8.2 million as at 31 December 2004 was primarily attributable to our use of short-term borrowings to fund our long-term capital requirements, which reflected our management's expectation and optimism that our financial performance will continue to improve in the coming years. This was also aimed at maintaining a greater flexibility in managing our financing costs. Our net current liabilities position reduced to USD1.7 million as at 31 December 2005, in part due to our improvement in financial and business performance, as reflected in our higher trade and other receivables, higher pledged bank deposits, higher cash and cash equivalents and lower interest-bearing borrowings. Increased sales across all of our business segments also resulted in an increase in our inventories during this period. These factors that improved our net current liabilities position were partially offset by our increase in trade and other payables.

Our net working capital improved during the period from 31 December 2005 to 31 December 2006. We recorded a net current liabilities position of USD1.7 million as at 31 December 2005, compared to a net current assets position of USD11.7 million as at 31 December 2006. Our net current liabilities position of USD1.7 million as at 31 December 2005 was primarily attributable to our use of short-term borrowings to fund our long-term capital requirements. We recorded a net current assets position of USD11.7 million as at 31 December 2006, primarily due to our improvement in financial and business performance, as reflected in the increase in our trade and other receivables and reduction in advances and loans from related parties. We also increased our inventories in 2006 in anticipation of higher prices of corn, which is the principal raw material that we require for our feeds business. These factors that contributed to our net current assets position were partially offset by our increase in interest-bearing borrowings and increase in trade and other payables.

Our net working capital improved during the period from 31 December 2006 to 31 May 2007. Our net current assets position increased from USD11.7 million as at 31 December 2006, to USD22.0 million as at 31 May 2007, primarily as a result of our improvement in financial and business performance, as reflected in the increase in our cash and cash equivalents, increase in our trade and other receivables and decrease in the amount due to our related parties. We also increased our inventories during this period in anticipation of higher prices of corn. These factors that contributed to the increase in our net assets position were partially offset by our increase in interest-bearing borrowings and increase in trade and other payables.

During the Track Record Period, we have made use of bulk purchasing to negotiate better purchase terms and implemented a more stringent internal control system regarding purchases and sales cycle to better monitor the daily operation of our Group. In addition, we have implemented stringent internal policies for the approval of our capital expenditures. These measures were taken to ensure that our Group will have sufficient working capital to finance our operations. We also anticipate that our Group's business performance will continue to improve, thereby generating more cash flow from our operations and reducing our reliance on bank borrowings to finance our working capital requirements.

The following table sets forth our current assets, current liabilities and net current assets as at 31 July 2007:

	As at 31 July 2007
	USD ('000)
Current assets	
Inventories	65,762
Biological assets	1,619
Trade and other receivables	68,463
Amounts due from related parties	179
Cash and cash equivalents	28,335
	164,358
Current liabilities	
Interest-bearing borrowings	66,216
Trade and other payables	71,285
Amounts due to related parties	1,298
Current taxation	1,704
	140,503
Net current assets	23,855

INVENTORY ANALYSIS

During the Track Record Period, inventories were one of the principal components of our current assets. It is imperative that we manage and control our level of inventories. The value of our inventory accounted for approximately 34.4%, 41.7%, 42.6% and 40.0% of our total current assets as at 31 December 2004, 2005 and 2006 and the five months ended 31 May 2007, respectively.

The following table is a summary of our balance of inventories at each of the balance sheet dates during the Track Record Period:

	As at 31 December			As at 31 May
	2004	**2005**	**2006**	**2007**
Inventories	*USD ('000)*	*USD ('000)*	*USD ('000)*	*USD ('000)*
Animal feeds	17,467	23,746	40,648	48,676
Poultry and chilled meats	9,448	15,846	8,159	8,546
Processed foods	761	1,648	1,343	1,576
Agricultural produce	297	213	539	996
Consumables	2,306	2,390	3,736	2,367
Total	30,279	43,843	54,425	62,161

Our inventories are stated at the lower of cost and net realisable value, and increased by approximately 14.3%, from USD54.4 million as at 31 December 2006 to USD62.2 million as at 31 May 2007, primarily due to an increase of USD8.0 million in our animal feeds, which was slightly offset by a decrease of USD1.4 million in our consumables. We increased our stock of animal feeds primarily as a result of the increase of raw material inventory in ANTC-VN in anticipation of higher sales. Impairment loss on the inventories of USD0.3 million, USD1.0 million and USD0.4 million for the year ended 31 December 2004 and 2005, and the five months ended 31 May 2007, respectively. No impairment loss on the inventory was made for the year ended 31 December 2006.

Our inventories increased by approximately 24.2%, from USD43.8 million as at 31 December 2005 to USD54.4 million as at 31 December 2006, primarily due to an increase of USD16.9 million in our animal feeds, which is slightly offset by a decrease of USD7.7 million in our poultry and chilled meats. We increased our purchases of animal feeds in the fourth quarter of 2006 in anticipation of higher prices of corn, which is the principal raw material that we require for our feeds business.

Our inventories increased by approximately 44.6%, from USD30.3 million as at 31 December 2004 to USD43.8 million as at 31 December 2005, primarily due to an increase in our poultry and chilled meats and animal feeds, which accounted for approximately USD6.4 million and USD6.3 million of the USD13.6 million increase in our inventories as at 31 December 2005, respectively. We increased our purchases of animal feeds in 2005 due to increase in sales volume across all of our business segments. We also increased our stocks of poultry and chilled meats as at 31 December 2005 due to the decrease in market prices for chicken meat products and we expected that the market prices would gradually rebound in 2006.

Our inventory mainly is comprised of raw materials such as corn, soybean meal and additives, finished products such as feeds, chicken meat and processed foods. We adopt stringent inventory control especially since our inventory is perishable in nature, and periodically review our inventory levels for slow moving inventory, obsolescence or declines in market value. We manage our inventory levels based principally on anticipated demand and prevailing market price of a particular product. We usually store finished products for a short period before delivering them to our customers. We have our own refrigerated facilities to store our raw materials and finished products, and engage external refrigeration facility providers to store our raw materials.

During the Track Record Period, we made provisions for obsolete inventories of USD0.3 million, USD1.0 million and USD0.4 million for the years ended 31 December 2004 and 2005 and the five months ended 31 May 2007. We made no provisions for obsolete inventories in 2006. As at 31 July 2007, an amount of approximately USD45.7 million out of our inventory as at 31 May 2007 was subsequently used in our production or sold.

The following table sets out the average inventory turnover days for the Track Record Period:

	Year ended 31 December			**Five months ended 31 May**
	2004	**2005**	**2006**	**2007**
Average inventory turnover days[(1) (2)]	27	28	31	30

Notes:

(1) Average inventory turnover days is equal to the average inventory divided by costs of sales and multiplied by 365 days. Average inventory equals inventory at the beginning of the year plus inventory at the end of the year and divided by two.

(2) Average inventory turnover days for the five months ended 31 May 2007 is equal to the average inventory divided by cost of sales and multiplied by 151 days. Average inventory equals to inventory at the beginning of the period plus inventory at the end of the period and divided by two.

The increase in the average inventory turnover days from 28 days for the year ended 31 December 2005, to 31 days for the year ended 31 December 2006, was predominantly due to the production planning by our management in response in raw material prices, in particular the prices of corn. Our management anticipated that the prices of corn will continue to increase in the first half of 2007 and therefore accumulated more inventories in 2006, which contributed to the higher average inventory turnover days in that year.

The increase in the average inventory turnover days from 27 days for the year ended 31 December 2004, to 28 days for the year ended 31 December 2005, was predominantly due to the increase in our chicken meat finished goods. We increased our inventories of chicken meat in late 2005 as our management anticipated that chicken meat prices would increase in 2006.

TRADE RECEIVABLES ANALYSIS

The following table sets out the aging analysis of our trade receivables, net of impairment losses, at each of the balance sheet dates during the Track Record Period:

	As at 31 December			**As at 31 May**
	2004	**2005**	**2006**	**2007**
Aging analysis of trade receivables	*USD ('000)*	*USD ('000)*	*USD ('000)*	*USD ('000)*
Within 30 days	13,575	14,040	19,254	24,749
31 days to 60 days	1,148	1,375	766	1,168
61 days to 90 days	808	446	757	377
Over 90 days	1,483	916	562	256
Total trade receivables	17,014	16,777	21,339	26,550

Our customers generally settle their purchases in cash upon or shortly after delivery. We however give a credit period between 30 and 60 days to our key clients, such as KFC in the PRC or some supermarket chain stores. As at 31 July 2007, an amount of approximately USD24.1 million out of our trade receivables as at 31 May 2007 was subsequently received.

The following table sets out our average trade receivables turnover days for the Track Record Period:

	Year ended 31 December			**Five months ended 31 May**
	2004(1)	**2005(1)**	**2006(1)**	**2007(2)**
Average trade receivables turnover days	14	12	11	11

Notes:

(1) Average trade receivables turnover days is equal to the average trade receivables divided by revenue and multiplied by 365 days. Average trade receivables is equal to trade receivables at the beginning of the year plus trade receivables at the end of the year and divided by two.

(2) Average trade receivables turnover days for the five months ended 31 May 2007 is equal to the average trade receivables divided by revenue and multiplied by 151 days. Average trade receivables is equal to trade receivables at the beginning of the period plus trade receivables at the end of the period and divided by two.

The decrease in the average trade receivables turnover days from 14 days for the year ended 31 December 2004, to 12 days the year ended 31 December 2005, was predominantly due to our better collection control procedures.

The average trade receivables turnover days remained stable at 12 days and 11 days for the year ended 31 December 2005 and 2006, respectively. For the five months ended 31 May 2007, the average trade receivables turnover days remained stable at 11 days.

TRADE PAYABLES ANALYSIS

Our trade payables primarily relate to the purchase of raw materials from our suppliers, with payment period within 30 days for trade payables. For the year ended 31 December 2005, our trade payables increased in line with the growth in our revenue.

The following table sets out the aging analysis of our trade payables at each of the balance sheet dates during the Track Record Period:

	As at 31 December			As at 31 May
	2004	**2005**	**2006**	**2007**
Aging analysis of trade payables	*USD ('000)*	*USD ('000)*	*USD ('000)*	*USD ('000)*
Within 30 days	23,733	29,551	34,323	35,524
31 days to 60 days	1,055	2,353	1,653	2,903
61 days to 90 days	1,084	3,612	500	1,468
91 days to 180 days	4,121	2,024	702	1,962
Total trade payables	29,993	37,540	37,178	41,857

The following table sets out our average trade payables turnover days for the Track Record Period:

	Year ended 31 December			Five months ended 31 May
	2004(1)	**2005(1)**	**2006(1)**	**2007(2)**
Average trade payables turnover days	23	25	23	20

Notes:

(1) Average trade payables turnover days is equal to the average trade payables divided by cost of sales and multiplied by 365 days. Average trade payables is equal to the trade payables at the beginning of the year plus trade payables at the end of the year and divided by two.

(2) Average trade payables turnover days for the five months ended 31 May 2007 is equal to the average trade payables divided by cost of sales and multiplied by 151 days. Average trade payables is equal to trade payables at the beginning of the period plus trade payables at the end of the period and divided by two.

The average trade payables turnover days remained stable during the Track Record Period at 23 days, 25 days and 23 days for the year ended 31 December 2004, 2005 and 2006, respectively.

The decrease in the average trade payables turnover days from 23 days for the year ended 31 December 2006, to 20 days for the five months ended 31 May 2007, was predominantly due to our management's effort in making timely payments.

OTHER KEY FINANCIAL RATIOS

	Year ended 31 December			Five months ended 31 May
	2004	**2005**	**2006**	**2007**
Current ratio *(Note 1)*	0.9	1.0	1.1	1.2
Quick ratio *(Note 2)*	0.6	0.6	0.6	0.7
Return on assets *(Note 3)*	1.1%	5.3%	8.6%	17.7%
Return on equity *(Note 4)*	2.8%	13.6%	20.9%	40.6%
Debt to equity *(Note 5)*	75.5%	58.1%	56.0%	62.7%
Interest coverage ratio *(Note 6)*	2.1	4.7	7.8	13.5

Notes:

(1) Current ratio equals current assets divided by current liabilities as at the end of each year/period.

(2) Quick ratio equals current assets minus inventories, divided by current liabilities as at the end of each year/period.

(3) Return on assets equals net profit for each year divided by the average balance of total assets as at the beginning of each year and as at the end of each year. Return on assets for the five months ended 31 May 2007 is calculated by dividing the annualised net profit for the five-month period by the average balance of the total assets as at 1 January 2007 and the total assets as at 31 May 2007.

(4) Return on equity equals net profit for each year divided by the average balance of total equity as at the beginning of each year and as at the end of each year. Return on equity for the five months ended 31 May 2007 is calculated by dividing the annualised net profit for the five-month period by the average balance of the total equity as at 1 January 2007, and the total equity as at 31 May 2007.

(5) Debt to equity equals interest-bearing debt from the bank for each year/period divided by the average balance of the total equity as at the beginning of each year/period and as at the end of each year/period.

(6) Interest coverage ratio is calculated by dividing earnings before interest and income tax expenses by interest expenses for each year/period.

WORKING CAPITAL

The Directors are of the opinion that, taking into consideration the financial resources presently available to our Group, including banking facilities and other internal resources, and the estimated net proceeds of the New Issue, our Group has sufficient working capital for our present requirements, that is, for at least in the next 12 months commencing from the date of this prospectus.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As at 31 May 2007, our Group had not entered into any off-balance sheet transactions save as included under "Contractual and Capital Commitments" in this section of the prospectus.

INDEBTEDNESS

Borrowings

The following table sets out our borrowings at each of the balance sheet dates during the Track Record Period:

	As at 31 December			As at 31 May
	2004	**2005**	**2006**	**2007**
	USD ('000)	*USD ('000)*	*USD ('000)*	*USD ('000)*
Short-term borrowings:				
Secured bank loans:				
Bank loans	18,236	14,726	12,514	12,186
Current portion of long term secured bank loans	249	488	490	—
Bank overdrafts	46	31	82	—
Secured bank loans and bank overdrafts subtotal:	18,531	15,245	13,086	12,186
Unsecured bank loans:				
Bank loans	24,570	21,139	30,421	47,671
Current portion of long term unsecured loans	500	479	—	—
Unsecured bank loans subtotal:	25,070	21,618	30,421	47,671
Short-term borrowings subtotal:	43,601	36,863	43,507	59,857

	As at 31 December			As at 31 May
	2004	2005	2006	2007
	USD ('000)	*USD ('000)*	*USD ('000)*	*USD ('000)*
Long-term borrowings:				
Secured bank loans:				
- repayable within 1 year	249	488	490	—
- repayable after 1 year but within 2 years	1,119	906	694	524
- repayable after 2 years but within 5 years	608	279	—	412
Secured bank loans subtotal:	1,976	1,673	1,184	936
Unsecured bank loans:				
- repayable within 1 year	500	479	—	—
- repayable after 1 year but within 2 years	486	—	—	—
Unsecured bank loans subtotal:	986	479	—	—
Less: Loans due within 1 year classifies as current liabilities	(749)	(967)	(490)	—
Long-term borrowings subtotal:	2,213	1,185	694	936
Total indebtedness	45,814	38,048	44,201	60,793
Banking facilities:				
Utilised	45,814	38,048	44,201	60,793
Unutilised	18,396	18,147	15,482	19,844
Total banking facilities:	64,210	56,195	59,683	80,637

The following table sets out the range of interest rates for our outstanding bank borrowings as at the balance sheet dates during the Track Record Period:

	As at 31 December			As at 31 May
	2004	2005	2006	2007
Interest rates	2.8-9.1%	3.6-9.2%	3.3-9.3%	5.0-10.4%

As at 31 July 2007, our Group's total indebtedness was USD68.2 million, consisting USD15.2 million of short-term secured bank loans and bank overdrafts, USD51.0 million of short-term unsecured bank loans and USD2.0 million of long-term borrowings.

Except as disclosed in this paragraph headed "Indebtedness — Borrowings", our Group did not have outstanding mortgages, charges, debentures, loan capital, bank overdrafts, loans, debt securities or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptance credits or any guarantees or other material contingent liabilities outstanding as at 31 July 2007. We confirm that there has not been any material change in our indebtedness since 31 July 2007.

Debt to equity

As at 31 December 2004, 2005, 2006 and 31 May 2007, our total interest bearing borrowings amounted to approximately USD45.8 million, USD38.0 million, USD44.2 million and USD60.8 million, respectively. As at 31 December 2004, 2005, 2006 and 31 May 2007, our debt to equity ratio, calculated as the total interest bearing borrowings as a percentage of average balance of total equity, was approximately 75.5%, 58.1%, 56.0% and 62.7%, respectively. The debt to equity ratio decreased from the year ended 31 December 2004 to the year ended 31 December 2006 primarily due to our continuous growth in our results from operation. However, the debt to equity ratio increased for the five months ended 31 May 2007 primarily due to the additional bank loans drawn down by one of our subsidiaries in Vietnam for the expansion of its feed production facilities.

CONTINGENT LIABILITIES

As at 31 July 2007, our Group had no material contingent liabilities. Our Group is currently not involved in any material legal proceedings, nor is our Group aware of any pending or potential material legal proceedings involving our Group. If our Group was involved in such material legal proceedings, it would record any loss contingencies when, based on information then available, it is likely that a loss has been incurred and the amount of the loss can be reasonably estimated.

QUANTITATIVE AND QUALITATIVE INFORMATION ABOUT MARKET RISKS

Interest Rate Risk

Our exposure to interest rate risks relates to our bank borrowings. We currently do not have any interest rate hedging policy. Upward fluctuations in interest rates will increase the costs of both our existing and new debts. As at 31 July 2007, we have a total of USD68.2 million interest bearing bank borrowings, which are both short-term and long-term in nature. We believe we have sufficient working capital and any fluctuations in interest rates will not have a material adverse effect impact on our financial condition and results of operations.

Foreign Exchange Rate Risk

Our transactions are primarily settled in Renminbi. The value of the Renminbi is also subject to changes in the PRC Government's policies and depends to a large extent on domestic and international economic and political developments. We believe that our foreign exchange risk is not significant and we therefore currently do not have any foreign exchange rate hedging policy. A 1.0% increase or decrease in the value of Renminbi would not have a material adverse effect on our financial condition and results of operations.

Commodity price risk

The major raw materials used in our feeds business are corn and soybean meal. We are exposed to commodity price risk resulting from changes in the prices of corn and soybean meal. The price of corn and soybean meal are subject to significant fluctuations and are influenced by global as well as regional supply and demand conditions. We do not have any long-term contracts with our suppliers for any of our raw materials.

To protect us from the impact of price fluctuations in corn and soybean commodities, we have entered commodity derivative contracts with independent futures trading agents during the Track Record Period. Changes in the fair value of commodity derivative contracts that economically hedge the price fluctuations in corn commodities and for which no hedge accounting is applied are recognised in the combined income statement.

DIVIDEND POLICY

For the year ended 31 December 2005, NAC declared dividends of USD1 million in respect of the year ended 31 December 2004, which were distributed and fully paid in 2005. The amount represented the total dividend payments made by NAC to its then three shareholders during the Track Record Period. We intend to declare and pay dividends in the future. The payment and the amount of any dividends will depend on the results of our operations, cash flow, financial condition, statutory and regulatory restrictions on the payment of dividends, future prospects and other factors that we may consider relevant. Holders of the Shares will be entitled to receive such dividends on a pro rata basis according to the amounts paid up or credited as paid up on the Shares. The declaration, payment, and amount of dividends will be subject to our discretion.

Dividends may be paid only out of our distributable profits as permitted under the relevant laws. To the extent profits are distributed as dividends, such profits will not be available to be reinvested in our operations. There can be no assurance that we will be able to declare or distribute any dividend in the amount set out in any of our plans or at all. Our dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future.

Subject to the factors described above, we currently intend to recommend at the annual general meeting of our Company for the financial year ending 31 December 2008 an annual dividend of approximately 25% of our net profit available for distribution to our Shareholders after the Global Offering.

RELATED PARTY TRANSACTIONS

With respect to the related parties transactions set out in note 23 of the accountants' report in Appendix I to this prospectus, our Directors confirm that these transactions were conducted on normal commercial terms and/or that such terms that were no less favourable to our Group than terms available from Independent Third Parties which are fair and reasonable and in the interest of our Shareholders as a whole.

DISTRIBUTABLE RESERVES

As at 31 May 2007, we had USD30.7 million of distributable reserves available for distribution to our Shareholders.

PROPERTY INTERESTS AND PROPERTY VALUATION

Sallmanns (Far East) Limited, an independent property valuer, has valued our property interests as at 30 June 2007 and is of the opinion that the value of our property interests as at such date is an aggregate amount of USD91.2 million. The full text of the letter, summary of valuation and valuation certificates with regard to such property interests are set out in Appendix IV to this prospectus. Investors should be aware that there are differences among the classification of properties used by our Group, the classification used by Sallmanns (Far East) Limited as set out in Appendix IV to this prospectus, and the classification of properties used by KPMG, our reporting accountants, in the accountants' report in Appendix I to this prospectus.

The table below sets forth, as required under Rule 5.07 of the Listing Rules, the reconciliation of properties from the audited combined financial statements as at 31 May 2007 and the valuation of such property interests as at 30 June 2007:

	(USD ’000)	*(USD ’000)*
Valuation of property interests as at 30 June 2007 as set out in the Valuation Report in Appendix IV to this prospectus		91,171
Less: Valuation in respect of property owned by a jointly controlled entity		4,326
		86,845
Net book value of our property interests as at 31 May 2007 *(Note)*		
— Building and lease prepayments	14,442	
Movements for the one month ended 30 June 2007:		
— Additions	1,788	
— Depreciation and amortisation	(51)	
Net book value of property interests as at 30 June 2007		16,179
Revaluation surplus as at 30 June 2007		70,666

Note: The net book value of property interests of our Group as at 31 May 2007 is arrived based on our carrying amount of buildings and lease prepayments of USD8,157,000 and USD6,285,000, respectively as at 31 May 2007 extracted from the accountants’ report set out on page I-49 in Appendix I to this prospectus.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative and unaudited pro forma statement of adjusted net tangible assets of our Group which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering as if it had taken place on 31 May 2007. This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of our Group had the Global Offering been completed as at 31 May 2007 or at any future date.

	Audited combined net tangible assets attributable to the equity holders of the Company as at 31 May 2007	**Estimated net proceeds from the New Issue**	**Unaudited pro forma adjusted net tangible assets**	**Unaudited pro forma adjusted net tangible assets per Share**
	(USD'000) *(Note 1)*	*(USD'000)* *(Note 2)*	*(USD'000)*	*(USD)* *(Note 3)*
Based on an Offer Price of HK$2.20 per Share (being the lowest)	89,228	63,159	152,387	0.15
Based on an Offer Price of HK$3.00 per Share (being the highest)	89,228	87,887	177,115	0.18

Notes:

(1) The audited combined net tangible assets attributable to the equity holders of the Company as at 31 May 2007 is arrived at based on our Group's audited combined net assets of USD89,228,000 as at 31 May 2007 extracted from the accountants' report set out in Appendix I to this prospectus.

(2) The estimated net proceeds from the New Issue are based on the Offer Price of HK$2.20 and HK$3.00 per Share, after deduction of the underwriting fees and other related expenses payable by our Company. No account has been taken of the Shares which may fall to be issued upon the exercise of the Over-allotment Option and the options that may be granted under the Share Option Scheme.

The estimated net proceeds from the New Issue are translated into USD at the exchange rate of HK$7.80 to USD1.

(3) The unaudited pro forma net tangible assets per Share is arrived at after adjustment for the estimated net proceeds from the New Issue payable to our Company as described in note (2) above and on the basis that a total of 1,000,000,000 Shares were in issue as at 31 May 2007 (including Shares in issue as at the date of this prospectus and those Shares to be issued pursuant to the Global Offering and the Capitalisation Issue).

(4) Details of valuation of our Group's property interests as at 30 June 2007 are set out in Appendix IV to this prospectus. Our Group will not incorporate the revaluation surplus or deficit in its financial statements for the year ending 31 December 2007. It is our Group's accounting policy to state its lease prepayments and property, plant and equipment at cost less accumulated depreciation/amortisation and any impairment loss in accordance with relevant International Accounting Standards, rather than at revalued amounts. The impairment reviews performed by our Company as at 31 May 2007 did not indicate the need to recognise any impairment loss for its lease prepayments and property, plant and equipment. With reference to the valuation of our Group's property interests as set out in Appendix IV to this prospectus, there was a revaluation surplus of our Group's properties of approximately USD70.7 million. If the revaluation surplus was incorporated in our Group's financial statements for the year ending 31 December 2007, an additional depreciation of approximately USD4.9 million per annum would be incurred.

PROFIT FORECAST

Our Directors believe that, in the absence of unforeseen circumstances and on the basis of the assumptions set out in "Profit Forecast'' in Appendix III to this prospectus, our Group's combined net profit attributable to the equity holders for the year ending 31 December 2007 is unlikely to be less than USD22.6 million. Our Directors are currently not aware of any unforeseen circumstances which have arisen or are likely to arise in respect of the year ending 31 December 2007 that would affect the prospective financial information presented in this prospectus. On the basis of the prospective financial information and the weighted average number of Shares expected to be issued and outstanding during the current financial year of 810,958,904 Shares (assuming that the Over-allotment Option is not exercised), the forecast earnings per Share on a weighted average basis for the year ending 31 December 2007 is unlikely to be less than USD2.8 cents.

On a pro forma fully diluted basis and on the assumption that our Group had been listed since 1 January 2007 and a total of 1,000,000,000 Shares were issued and outstanding during the entire year (taking no account of any Shares which may be issued upon exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme, the forecast earnings per Share for the year ending 31 December 2007 is unlikely to be less than USD2.3 cents representing a price/earnings multiple of approximately 12.50 times and 17.05 times if the Offer Price is HK$2.20 per Share and HK$3.00 per Share, respectively).

The texts of letters from our reporting accountants, and from the Sponsor in respect of the profit forecast are set out in "Profit Forecast" in Appendix III to this prospectus.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors have confirmed that as at the Latest Practicable Date, there are no circumstances which, had our Group been required to comply with Rules 13.13 to 13.19 in Chapter 13 of the Listing Rules, would have given rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the Latest Practicable Date, there has been no material adverse change in the financial or trading position or prospects of our Group since 31 May 2007, the end of period reported in the accountants' report set out in Appendix I to this prospectus, and there is no event since 31 May 2007 which would materially affect the information shown in the accountants' report set out in Appendix I to this prospectus.

FUTURE PLANS

Please refer to the paragraph headed “Business Strategies” under the “Business” section for a detailed description of our future plans.

USE OF PROCEEDS

The net proceeds from the New Issue, after deducting the underwriting fees and estimated expenses payable by our Company in connection with the Global Offering (assuming the Over-allotment Option and the options that may be granted under the Share Option Scheme are not exercised), will be approximately HK$685.5 million assuming an Offer Price of HK$3.00 per Share (being the upper end of the indicative range of Offer Price), or approximately HK$492.6 million assuming an Offer Price of HK$2.20 per Share (being the lower end of the indicative range of Offer Price) (or, if the Over-allotment Option is exercised in full, approximately HK$591.1 million assuming an Offer Price of HK$2.20 or approximately HK$819.8 million assuming an Offer Price of HK$3.00).

Assuming the Over-allotment Option is not exercised at all and based on an Offer Price of HK$2.60, being the mid-point of our Company’s Offer Price range of HK$2.20 to HK$3.00 per Share, the fees and commissions in connection with the Hong Kong Public Offer and the International Placing, together with the Stock Exchange listing fees, SFC transaction levy of 0.004%, Stock Exchange trading fee of 0.005%, legal and other professional fees, printing, and other expenses relating to the Global Offering, are estimated to amount to approximately HK$75.0 million in aggregate, and will be payable by our Company and the Selling Shareholder in proportion to the number of Offer Shares issued or sold by each under the Global Offering.

The net proceeds from the New Issue, after deducting the underwriting fees and estimated expenses payable by our Company in connection thereto, are estimated to be approximately HK$589.1 million, assuming that the Over-allotment Option is not exercised and assuming an Offer Price of HK$2.6 per Share, being the mid-point of the proposed Offer Price range of K$2.20 to HK$3.00 per Share. Our Group currently intends to apply the net proceeds from the New Issue as follows:

- approximately HK$312.2 million for the expansion of our production capacity by way of procuring additional and improved production facilities, of which approximately HK$81.2 million is expected to be used for feed production, HK$118.6 million is expected to be used for operation of meat business and HK$112.4 million is expected to be used for operation of processed food business, respectively;

- approximately HK$176.7 million for the potential acquisitions and leases of similar business and facilities. We will consider various factors such as the legality of the property, market, sales potential, distribution and transportation network and supply of raw materials in the particular area. At present, our Group has not identified any specific investment target;

- approximately HK$35.3 million for expanding the sales and marketing function of the Group, in particular enhancing the marketing and distribution team and exploring new markets;

- approximately HK$11.8 million for improving research and development capabilities; and

- any remaining balance for working capital purposes and other general corporate purposes.

With the procurement of additional and improved production facilities, and acquisitions and leases of similar business and facilities with the net proceeds from the New Issue, it is expected that our production capacity will increase significantly. Our estimated maximum capacity for the production of feed, chicken meat and processed food will be approximately 233,000, 37,000 and 5,730 tonnes per month respectively. At present, our Group has not identified any specific investment target.

If the Offer Price is set at the high-end or low-end of the proposed Offer Price range, the net proceeds from the New Issue (assuming that the Over-allotment Option is not exercised) will increase or decrease by approximately HK$96.4 million, respectively. In such event, we intend to adjust the net proceeds allocated to the above uses in the proportions stated above.

If the Over-allotment Option is exercised in full, the net proceeds from the New Issue will increase to approximately HK$705.5 million, assuming an Offer Price of HK$2.6 per Share, being the mid-point of the proposed Offer Price range. Any additional proceeds received from any exercise of the Over-allotment Option will also be allocated to the above uses on a pro rata basis.

To the extent that the net proceeds from the New Issue are not immediately used for the above purposes, it is our present intention to place such proceeds on short-term deposits with authorised financial institution and/or licensed banks or invest the proceeds in short-term money market instruments.

HONG KONG UNDERWRITERS

Lead Manager

Cazenove Asia Limited

Co-Lead Managers

China International Capital Corporation (Hong Kong) Limited
Guotai Junan Securities (Hong Kong) Limited
Polaris Capital (Asia) Limited

Co-Managers

BOCI Asia Limited
First Shanghai Securities Limited
Taifook Securities Company Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

The Public Offer

Hong Kong Underwriting Agreement

Our Company is initially offering 31,000,000 Hong Kong Offer Shares for subscription by the public in Hong Kong on the terms and subject to the conditions set out in this prospectus and the Application Forms. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offer is fully underwritten on a several basis by the Hong Kong Underwriters in accordance with their respective commitments as set out in the Hong Kong Underwriting Agreement. The Hong Kong Underwriting Agreement is conditional upon, amongst other things:

(i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option and any options that may be granted under the Share Option Scheme) and the Capitalisation Issue;

(ii) the International Underwriting Agreement having been duly executed and delivered and having become unconditional in accordance with its terms; and

(iii) certain other conditions set out in the Hong Kong Underwriting Agreement (including but not limited to the Offer Price being agreed between our Company, the Selling Shareholder and the Global Coordinator (on behalf of the Hong Kong Underwriters)).

Grounds for termination

The Global Coordinator (for itself and on behalf of the other Hong Kong Underwriters), in its absolute discretion, is entitled to terminate the Hong Kong Underwriting Agreement upon occurrence of any of the following events at any time at or before 8:00 a.m. on the Listing Date:

(i) (a) there is any material adverse change or prospective material adverse change in the business or in the financial or trading position of any other member of our Group; or

(b) any event or series of events resulting or representing or likely to result in any material adverse change or development in local, national, regional or international financial, political, industrial, economic, currency, military, conflict-related, legal, fiscal, exchange control, regulatory, equity or market or other conditions, circumstances or matters shall have occurred, happened or come into effect; or

(c) any new or change (whether or not forming part of a series of changes) in existing laws or any change in the interpretation or application thereof by any court or governmental authority of any other jurisdiction relevant to our Group shall have been introduced or effected; or

(d) a change or development occurs involving a prospective change in taxation or exchange control (or in the implementation of any exchange control) or foreign investment regulations in Hong Kong, the PRC, Macau, the Cayman Islands, the US, the European Union (or any member thereof) or elsewhere; or

(e) any event, act or omission which gives rise or is likely to give rise to any liability of any of the Company or the Covenantors (as defined below) pursuant to the indemnities referred to in the Hong Kong Underwriting Agreement; or

(f) the imposition of economic or other sanctions, in whatever form, directly or indirectly, by the US, the European Union (or any member thereof) or any other country or organisation in Hong Kong, the PRC, Macau, the Cayman Islands or any other jurisdiction relevant to our Group; or

(g) any event, or series of events, beyond the control of the Hong Kong Underwriters (including without limitation, any acts of God, acts of government, war, riot, public disorder, civil commotion, fire, flooding, explosion, epidemic (including but not limited to severe acute respiratory syndrome), terrorism, strike or lockout) shall have occurred, happened or come into effect; or

(h) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or crisis involving or affecting Hong Kong, the PRC, Macau, the Cayman Islands, the US, the European Union (or any member thereof) or any other jurisdiction relevant to our Group; or

(i) there is a material change in the current system under which the value of the HK dollar is linked to that of the US dollar; or

(j) there is a material change in the exchange rate between the US dollar and Renminbi, or between the HK dollar and Renminbi, or between the HK dollar and the US dollar; or

(k) a demand by any creditor for repayment or payment of any indebtedness of any member of our Group or in respect of which such member of our Group is liable prior to its stated maturity and which may have a material adverse effect on our Group; or

(l) any material loss or damage sustained by any member of our Group (howsoever caused and whether or not the subject of any insurance or claim against any person); or

(m) a petition is presented for the winding-up or liquidation of any member of our Group or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any member of our Group; or

(n) any proceedings, claims, litigation, arbitration or governmental proceedings or investigations being instigated or threatened against, or directly or indirectly involve, any member of our Group, or directly or indirectly involve or affect any of the directors of any member of our Group and which has a material adverse effect on our Group, which has not been disclosed in writing to the Global Coordinator or in this prospectus; or

(o) the imposition or declaration of (1) any suspension or material limitation on trading in shares or securities generally on the Stock Exchange, New York Stock Exchange, Inc., London Stock Exchange plc or any other stock exchange or (2) any moratorium on banking activities or disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services in or affecting Hong Kong, the PRC, Macau, New York, London or any other jurisdiction relevant to any member of our Group; or

(p) any matter or event resulting in a breach of any of the warranties, representations or undertakings contained in the Hong Kong Underwriting Agreement or there has been a material breach of any other provisions thereof; or

(q) any matter or event resulting in any statement contained in any of this prospectus or the Application Forms being untrue, inaccurate, misleading or incomplete in any material respects; or

(r) any material change or development in the conditions of local, national or international equity securities or other financial market; or

which in the sole and absolute opinion of the Global Coordinator:

(1) is or shall or may individually or in the aggregate have a material adverse effect on the business, financial, trading or other condition or prospects of our Company taken alone or our Group taken as a whole and/or, in the case of clause (i)(d) above, to any present or prospective shareholder in its capacity as such; or

(2) has or shall or may have a material adverse effect on the success of the Hong Kong Public Offer, the International Placing, or the level of Offer Shares being applied for or accepted or the distribution of Offer Shares; or

(3) is or shall or may make it impracticable, inadvisable, inexpedient or not commercially viable (A) for any material part of the Hong Kong Underwriting Agreement, the International Underwriting Agreement, the Hong Kong Public Offer, the International Placing and/or the Global Offering to be performed or implemented as envisaged or (B) to proceed with the Hong Kong Public Offer, the International Placing and/or the Global Offering on the terms and in the manner contemplated in this prospectus and the Application Forms; or

(ii) any of the Hong Kong Underwriters shall become aware of the fact that, or have cause to believe that:

(a) any of the warranties given by the Warrantors (as defined in the Hong Kong Underwriting Agreement) pursuant to the provisions of the Hong Kong Underwriting Agreement or pursuant to the provisions of the International Underwriting Agreement is untrue, inaccurate, misleading or breached in any respect when given or repeated as determined by the Global Coordinator in its sole and absolute discretion;

(b) any statement contained in this prospectus and the Application Forms was or is untrue, incorrect or misleading in any respect, or any matter arises or is discovered which would, if this prospectus and the Application Forms were to be issued at that time, constitute a material omission therefrom as determined by the Global Coordinator in its sole and absolute discretion; or

(c) there has been a breach on the part of any of the Warrantors or any of the provisions of the Hong Kong Underwriting Agreement or the International Underwriting Agreement as determined by the Global Coordinator in its sole and absolute discretion.

Undertakings

1. Our Company undertakes to the Hong Kong Underwriters that our Company shall, and each of the covenantors (namely, Waverley Star, Great Wall International, Great Wall Enterprise and ANTC) under the Hong Kong Underwriter Agreement (the "**Covenantors**") and the executive Directors undertakes to the Hong Kong Underwriters to procure that our Company shall not, at any time during the period commencing on the date of this prospectus and ending on the date which is six months from the Listing Date (the "**Lock-up Period**"), except pursuant to the Global Offering, the Capitalisation Issue or the exercise of the subscription rights attaching to the Over-allotment Option:

   (A) not without the prior written consent of the Global Coordinator (on behalf of the Hong Kong Underwriters), and subject always to the provisions of the Listing Rules, offer, allot, issue or sell, or agree to allot, issue or sell, grant or agree to grant any option, right or warrant over, or otherwise dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by our Company or any of our subsidiaries), either directly or indirectly, conditionally or unconditionally, any Shares or any securities convertible into or exchangeable for such Shares or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership of Shares or such securities, whether any of the foregoing transactions is to be settled by delivery of Shares or such securities, in cash or otherwise or announce any intention to effect any such transaction; and

   (B) issue or create any mortgage, pledge, charge or other security interest or any rights in favour of any other person over, directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any interest therein (including but not limited to any securities that are convertible into or exchangeable for, or that represent the right to receive, any Shares or securities of our Company) or repurchase any Shares or securities of our Company or grant any options, warrants or other rights to subscribe for any Shares or other securities of our Company or agree to do any of the foregoing.

2. Each of the Covenantors undertakes to the Hong Kong Underwriters and our Company:

   (A) it will comply with all the applicable restrictions and requirements under the Listing Rules on the disposal by it or by any registered holder on its behalf, of any Shares or other securities of our Company in respect of which it is shown in this prospectus to be the beneficial owner (directly or indirectly);

(B) neither it nor any of its respective associates or companies controlled by it has any present intention of disposing of any Shares or other securities of our Company in respect of which it is shown in this prospectus to be the beneficial owner (directly or indirectly) (or any beneficial interest therein), save in respect of Waverley Star in connection with any stock lending arrangement entered or to be entered into between Waverley Star and the Global Coordinator; and

(C) it shall not, at any time during the period commencing on the date of this prospectus and ending on the date which is twelve months from the Listing Date (1) without the prior written consent of the Global Coordinator, on behalf of the Hong Kong Underwriters, directly or indirectly, and shall procure that none of its associates or companies controlled by it or any nominee or trustee holding in trust for it shall, offer for sale, sell, transfer, contract to sell, or otherwise dispose of (including without limitation by the creation of any option, right, warrant to purchase or otherwise transfer or dispose of, or any lending, charges, pledges or encumbrances over, or by entering into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition of effective economic disposition due to cash settlement or otherwise)) any of the Shares in respect of which it is shown in this prospectus to be the beneficial owner (directly or indirectly) or any other securities convertible into or exchangeable for or which carry a right to subscribe, purchase or acquire any such Shares or enter into any swap, derivative or other arrangement that transfers to another, in whole or in part, any of the economic consequences of the acquisition or ownership of any such Shares or such securities save in connection with any stock lending arrangement entered or to be entered into between Waverley Star and the Global Coordinator and subject always to compliance with the provisions of the Listing Rules; and (2) in the event of a disposal by it of any of such Shares or any interest therein as may be permitted by the Global Coordinator and in compliance with the Listing Rules, it will take all reasonable steps to ensure that such a disposal will not create a disorderly or false market for the Shares or other securities of our Company or any interest therein.

3. Each of the Covenantors hereby undertakes to the Hong Kong Underwriters and our Company that within the Lock-up Period and the six-month period immediately following the expiry of the Lock-up Period it shall:

(A) if and when it pledges or charges, directly or indirectly, any Shares or other securities of our Company beneficially owned by it (or any beneficial interest therein), immediately inform our Company and the Global Coordinator in writing of such pledge or charge together with the number of such Shares or other securities so pledged or charged; and

(B) if and when it receives indications, either verbal or written, from any pledgee or chargee that any Shares or other securities in our Company (or any beneficial interest therein) pledged or charged by it shall be disposed of, immediately inform our Company and the Global Coordinator in writing of such indications.

Our Company shall notify the Stock Exchange as soon as we have been informed of such event and shall make a public disclosure by way of announcement in accordance with the Listing Rules.

4. The Selling Shareholder will undertake to the Global Coordinator (on behalf of the Underwriters) it shall not, at any time during the period commencing on the date of this prospectus and ending on the date which is nine months from the Listing Date, without the prior written consent of the Global Coordinator, on behalf of the Hong Kong Underwriters and except pursuant to the Global Offering, directly or indirectly, offer for sale, sell, transfer, contract to sell, or otherwise dispose of (including without limitation by the creation of any option, right, warrant to purchase or otherwise transfer or dispose of, or any lending, charges, pledges or encumbrances over, or by entering into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition of effective economic disposition due to cash settlement or otherwise)) any of the Shares in respect of which it is shown in this prospectus to be the beneficial owner (directly or indirectly) or any other securities convertible into or exchangeable for or which carry a right to subscribe, purchase or acquire any such Shares or enter into any swap, derivative or other arrangement that transfers to another, in whole or in part, any of the economic consequences of the acquisition or ownership of any such Shares or such securities.

Hong Kong Underwriters' interests in our Company

Save for their obligations under the Hong Kong Underwriting Agreement, as at the Latest Practicable Date, none of the Hong Kong Underwriters is interested directly or indirectly in any Shares or other securities of our Company or has any right or option (whether legally enforceable or not) to subscribe for, or nominate persons to subscribe for, any Shares or other securities of our Company. Our Company intends to appoint Cazenove as its compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Please refer to the section headed "Directors, Senior Management and Staff — Compliance adviser" in this prospectus for further details.

International Placing

In connection with the Global Offering, it is expected that our Company and the Selling Shareholder will enter into the International Underwriting Agreement with, amongst other parties, the International Underwriters. Under the International Underwriting Agreement, the International Underwriters, subject to certain conditions, will agree severally to subscribe or procure subscribers for the subscription of the International Placing Shares being offered pursuant to the International Placing. It is expected that the International Underwriting Agreement may be terminated in similar grounds as the Hong Kong Underwriting Agreement.

Total commission and expenses

In connection with the Hong Kong Public Offer, the Hong Kong Underwriters will receive an underwriting commission of 2.50% of the aggregate Offer Price payable for the initial Hong Kong Offer Shares, out of which they will pay any sub-underwriting commissions. For Hong Kong Offer Shares reallocated to the International Placing, our Company and the Selling Shareholder will pay to the International Underwriters an underwriting commission at the rate applicable to the International Placing Shares in proportion to the number of Offer Shares issued or sold by each under the Global Offering. In connection with the Global Offering, the Sponsor will receive a financial advisory and documentation fee.

Assuming the Over-allotment Option is not exercised at all and based on an Offer Price of HK$2.60, being the mid-point of our Company's Offer Price range of HK$2.20 to HK$3.00 per Share, the fees and commissions in connection with the Hong Kong Public Offer and the International Placing, together with the Stock Exchange listing fees, SFC transaction levy of 0.004%, Stock Exchange trading fee of 0.005%, legal and other professional fees, printing, and other expenses relating to the Global Offering, are estimated to amount to approximately HK$75.0 million in aggregate, and will be payable by our Company and the Selling Shareholder in proportion to the number of Offer Shares issued or sold by each under the Global Offering.

Our Company has agreed to indemnify the Hong Kong Underwriters and will agree to indemnify the International Underwriters for certain losses which they may suffer, including losses incurred arising from their performance of their obligations under the Hong Kong Underwriting Agreement and the International Underwriting Agreement, respectively, and any breach by our Company of the Hong Kong Underwriting Agreement or the International Underwriting Agreement, as the case may be.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offer as part of the Global Offering. The Global Offering comprises:

(i) the Hong Kong Public Offer of 31,000,000 Hong Kong Offer Shares (subject to adjustment as mentioned below) in Hong Kong as described below in the paragraph headed "The Hong Kong Public Offer"; and

(ii) the International Placing of an aggregate of 279,000,000 International Placing Shares (being 219,000,000 New Shares offered for subscription by our Company and 60,000,000 Sale Shares offered for sale by the Selling Shareholder) (subject to adjustment and the Over-allotment Option as mentioned below) (a) in the United States to QIBs in reliance on Rule 144A under the U.S. Securities Act or another exemption from the registration requirement under the U.S. Securities Act, and (b) outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act, including to "professional investors" in Hong Kong within the meaning of SFO and professional and institutional investors in certain other jurisdictions outside the United States in reliance on Regulation S.

Cazenove is the Global Coordinator, Sole Bookrunner, Lead Manager and Sponsor of the Global Offering.

Investors may apply for Hong Kong Offer Shares under the Hong Kong Public Offer or apply for or indicate an interest for Offer Shares under the International Placing, but may not do both.

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offer.

THE HONG KONG PUBLIC OFFER

Number of Offer Shares initially offered

We are initially offering 31,000,000 Offer Shares, representing approximately 10% of the total number of Offer Shares initially available under the Global Offering, for subscription by the public in Hong Kong at the Offer Price. Subject to the reallocation of Offer Shares between the International Placing and the Hong Kong Public Offer, the Hong Kong Offer Shares will represent approximately 3.1% of our Company's enlarged issued share capital immediately after completion of the Global Offering and the Capitalisation Issue, assuming that the Over-allotment Option is not exercised.

The Hong Kong Public Offer is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offer is subject to the conditions as set out in the paragraph headed "Conditions of the Hong Kong Public Offer" below.

Allocation

Allocation of Shares to investors under the Hong Kong Public Offer will be based solely on the level of valid applications received under the Hong Kong Public Offer. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants, but, subject to that, will be made strictly on a pro-rata basis. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The total number of Hong Kong Offer Shares (after taking account of any reallocation referred to below) is to be divided into two pools for allocation purposes: pool A and pool B. The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of HK$5 million (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of more than HK$5 million (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable) up to the total value of pool B. Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If Hong Kong Offer Shares in one (but not both) of the pools are undersubscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in this other pool and be allocated accordingly. For the purpose of this paragraph only, the "price" for Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 13,950,000 Hong Kong Offer Shares (after deducting the 3,100,000 Hong Kong Offer Shares under the **PINK** Application Forms), being the number of Hong Kong Offer Shares initially allocated to each pool, are liable to be rejected.

Up to 3,100,000 Hong Kong Offer Shares (representing 10% of the total number of Hong Kong Offer Shares initially available under the Hong Kong Public Offer) will be available for subscription on **PINK** Application Forms by all full-time employees of our Group (other than the chief executive or directors of our Company or its subsidiaries, existing beneficial owners of Shares or any of their respective associates) (the "**Eligible Employee(s)**") on a preferential basis under the Hong Kong Public Offer. See the sub-section below entitled "Preferential offer to Eligible Employees". Otherwise, allocation of Shares to applicants under the Hong Kong Public Offer will be based solely on the level of valid applications received under the Hong Kong Public Offer. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for, but, subject to that (and in accordance with the allocation of Hong Kong Offer Shares in Pool A and Pool B described below under the subsection entitled "Reallocation"), will be made on an equitable basis, although the allocation of Hong Kong Offer

Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

Reallocation

The allocation of the Offer Shares between (i) the Hong Kong Public Offer and (ii) the International Placing is subject to adjustment. If the number of Offer Shares validly applied for under the Hong Kong Public Offer represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more of the number of Offer Shares initially available under the Hong Kong Public Offer, then Offer Shares will be reallocated to the Hong Kong Public Offer from the International Placing. As a result of such reallocation, the total number of Offer Shares available under the Hong Kong Public Offer will be increased to 93,000,000 Offer Shares (in the case of (i)), 124,000,000 Offer Shares (in the case of (ii)) and 155,000,000 Offer Shares (in the case of (iii)), representing approximately 30%, 40% and 50% of the Offer Shares initially available under the Global Offering, respectively (before any exercise of the Over-allotment Option). In each case, the additional Offer Shares reallocated to the Hong Kong Public Offer will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Placing will be correspondingly reduced in such manner as the Global Coordinator deems appropriate. In addition, the Global Coordinator may allocate Offer Shares from the International Placing to the Hong Kong Public Offer to satisfy valid applications under the Hong Kong Public Offer.

If the Hong Kong Public Offer is not fully subscribed, the Global Coordinator has the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Placing, in such proportions as the Global Coordinator deems appropriate.

Preferential offer to Eligible Employees

Up to a maximum of 3,100,000 Hong Kong Offer Shares (representing approximately 10% of the total number of Hong Kong Offer Shares initially available) will be available for subscription made on **PINK** Application Forms by all the Eligible Employees on a preferential basis under the Hong Kong Public Offer. These Hong Kong Offer Shares will be allocated on a preferential basis to the Eligible Employees who have validly applied for such Hong Kong Offer Shares on **PINK** Application Forms in accordance with the terms set out in the section entitled "How to Apply for Hong Kong Offer Shares". Allocation of these Hong Kong Offer Shares will be made based on written guidelines consistent with the allocation guidelines contained in Practice Note 20 of the Listing Rules and distributed to the Eligible Employees. Such allocation will be made on a pro rata basis in an equitable manner and will not be based on the seniority, the length of service or the work performance of the Eligible Employees. No favour will be given to the Eligible Employees who apply for a large number of Hong Kong Offer Shares and any application by the Eligible Employees in excess of the maximum number of Hong Kong Offer Shares available for preferential allocation will be rejected. Any Hong Kong Offer Shares not validly applied for by the Eligible Employees in connection with the preferential offering to the Eligible Employees will be available for application by the public in the Hong Kong Public Offer. Allocation of Hong Kong Offer Shares to the Eligible Employees under the preferential offer to employees will be based solely on the level of valid applications received. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by each applicant, but will otherwise be made on a strictly pro-rata basis. However, this may involve balloting, which would mean that some applicants may be allotted more Hong Kong Offer Shares than others who have applied for the same number of Hong Kong Offer Shares and that applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

Our Company shall issue written guidance to all full-time employees of our Group on the allocation of the 3,100,000 Hong Kong Offer Shares under the **PINK** Application Forms detailing the basis of allocation.

Applications

Each applicant under the Hong Kong Public Offer will also be required to give an undertaking and confirmation in the Application Form submitted by him/her/it that he/she/it and any person(s) for whose benefit he/she/it is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the International Placing.

Applicants under the Hong Kong Public Offer are required to pay, on application, the maximum price of HK$3.00 per Offer Share in addition to the brokerage, SFC transaction levy and Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the paragraph headed "Pricing and Allocation" below, is less than the maximum price of HK$3.00 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out below in the section headed "How to Apply for the Hong Kong Offer Shares" in this prospectus.

THE INTERNATIONAL PLACING

Number of Offer Shares offered

The International Placing will consist of an initial offering of 279,000,000 Offer Shares, representing approximately 90% of the total number of Offer Shares initially available under the Global Offering. The International Placing is subject to the Hong Kong Public Offer becoming unconditional. Subject to the reallocation of Offer Shares between the International Placing and the Hong Kong Public Offer, the International Placing Shares will represent approximately 27.9% of our Company's enlarged issued share capital immediately after completion of the Global Offering and the Capitalisation Issue, assuming that the Over-allotment Option is not exercised.

Allocation

The International Placing will include selective marketing of International Placing Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such International Placing Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Placing will be effected in accordance with the "book-building" process described in the paragraph headed "Pricing and Allocation" below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares, and/or hold or sell its Shares, after the listing of the Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and its shareholders as a whole.

The Global Coordinator (on behalf of the Underwriters) may require any investor who has been offered International Placing Shares under the International Placing and who has made an application under the Hong Kong Public Offer, to provide sufficient information to the Global Coordinator so as to allow it to identify the relevant applications under the Hong Kong Public Offer and to ensure that they are excluded from any application of Offer Shares under the Hong Kong Public Offer.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, we are expected to grant the Over-allotment Option to the International Underwriters exercisable by the Global Coordinator on behalf of the International Underwriters.

Pursuant to the Over-allotment Option, the International Underwriters have the right, exercisable by the Global Coordinator within 30 days from the last day for lodging of applications under the Hong Kong Public Offer, to require us to allot and issue up to 46,500,000 additional Offer Shares representing approximately 15% of the initial Offer Shares, at the same price per Offer Share under the International Placing, to, among other things, cover over-allocations in the International Placing, if any. If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 4.4% of our enlarged issued share capital immediately following the completion of the Global Offering and the Capitalisation Issue and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, a press announcement will be made.

STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements including those of Hong Kong. In Hong Kong, the stabilisation price will not exceed the initial public offer price.

In connection with the Global Offering, Cazenove, its affiliates or any person acting for it, as stabilising manager, on behalf of the Underwriters, may over-allocate Shares or effect transactions with a view to stabilising or supporting the market price of our Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on Cazenove, its affiliates or any persons acting for it, to conduct any such stabilising action. Such stabilisation action, if commenced, may be discontinued at any time, and is required to be brought to an end after a limited period. Should stabilising transactions be effected in connection with the Global Offering, this will be at the absolute discretion of Cazenove, its affiliates or any person acting for it. The number of Shares over-allocated will not be greater than the maximum number of Shares which may be issued upon exercise of the Over-allotment Option, being 46,500,000 Shares, which is 15% of the shares initially available under the Global Offering.

Stabilisation action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilising) Rules, as amended, includes (i) over-allocating for the purpose of preventing or minimising any reduction in the market price of the Shares, (ii) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of the Shares, (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, the Shares pursuant to the Over- allotment Option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimising any reduction in the market price of the Shares, (v) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases and (vi) offering or attempting to do anything as described in (ii), (iii), (iv) or (v).

Specifically, prospective applicants for and investors in the Offer Shares should note that:

— Cazenove, its affiliates or any person acting for it, may, in connection with the stabilising action, maintain a long position in the Shares;

— there is no certainty regarding the extent to which and the time or period for which Cazenove, its affiliates or any person acting for it, will maintain such a long position;

— liquidation of any such long position by Cazenove, its affiliates or any person acting for it, may have an adverse impact on the market price of the Shares;

— no stabilising action can be taken to support the price of the Shares for longer than the stabilising period which will begin on the Listing Date, and is expected to expire on 25 October 2007, being the 30th day after the last date for lodging applications under the Hong Kong Public Offer. After this date, when no further stabilising action may be taken, demand for the Shares, and therefore the price of our Shares, could fall;

— the price of the Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilising action; and

— stabilising bids may be made or transactions effected in the course of the stabilising action at any price at or below the Offer Price, which means that stabilising bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the Shares.

For the purpose of covering any over-allocations, Cazenove may borrow from Waverley Star up to 46,500,000 Shares, equivalent to the maximum number of Shares to be issued on a full exercise of the Over-allotment Option, under the Stock Borrowing Agreement expected to be entered into between Cazenove and Waverley Star on or about the Price Determination Date. The loan of Shares by Waverley Star pursuant to the Stock Borrowing Agreement shall not be subject to the restrictions under Rule 10.07(1)(a) of the Listing Rules, which restricts the disposal of Shares by the Controlling Shareholders subsequent to the date of this prospectus, subject to compliance with the following requirements in accordance with the requirements of Rule 10.07(3) of the Listing Rules:

(i) the Stock Borrowing Agreement will be for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option in connection with the International Placing;

(ii) the maximum number of Shares which may be borrowed from Waverley Star must not exceed the maximum number of Shares which may be issued upon full exercise of the Over-allotment Option;

(iii) the same number of Shares so borrowed must be returned to Waverley Star or its nominees, as the case may be, on or before the third Business Day following the earlier of (a) the last day for exercising the Over-allotment Option, and (b) the date on which the Over-allotment Option is exercised in full;

(iv) the borrowing of Shares pursuant to the stock borrowing arrangement will be effected in compliance with all applicable Listing Rules, laws and other regulatory requirements; and

(v) no payments will be made to Waverley Star by Cazenove in relation to such Stock Borrowing Agreement.

PRICING AND ALLOCATION

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Placing. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offer.

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or before Thursday, 27 September 2007, and in any event on or before Saturday, 29 September 2007 by agreement between the Global Coordinator (on behalf of the Underwriters), our Company and the Selling Shareholder and the number of Offer Shares to be allocated under various offerings will be determined shortly thereafter.

The Offer Price per Offer Share under the Hong Kong Public Offer will be based on the Hong Kong dollar price per Offer Share under the International Placing, as determined by the Global Coordinator, on behalf of the Underwriters, and our Company and the Selling Shareholder. The Offer Price per Offer Share under the Hong Kong Public Offer will be fixed at the Hong Kong dollar amount which, when increased by the 1% brokerage, 0.004% SFC transaction levy and 0.005% Stock Exchange trading fee payable thereon, is (subject to any necessary rounding) effectively equivalent to the Hong Kong dollar price per Offer Share under the International Placing. The SFC transaction levy and Stock Exchange trading fee otherwise payable by investors in the International Placing on Offer Shares purchased by them will be paid by us.

The Offer Price will not be more than HK$3.00 per Offer Share and is expected to be not less than HK$2.20 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offer. **Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative offer price range stated in this prospectus.**

The Global Coordinator, on behalf of the Underwriters, may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with the consent of our Company and the Selling Shareholder, reduce the number of Offer Shares offered in the Global Offering and/or the indicative offer price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offer. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offer, cause there to be published in the South China Morning Post and the Hong Kong Economic Times notices of the reduction. Upon issue of such a notice, the number of Offer Shares offered in the Global Offering and/or the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Global Coordinator (on behalf of the Underwriters), and our Company and the Selling Shareholder, will be fixed within such revised Offer Price range. Applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offer. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the profit forecast for the year ending 31 December 2007 and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of such reduction. **Applicants under the Hong Kong Public Offer should note that in no**

circumstances can applications be withdrawn once submitted, even if the number of Offer Shares being offered under the Global Offering and/or the offer price range is so reduced. In the absence of any such notice so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon with our Company, the Selling Shareholder and the Global Coordinator (on behalf of the Underwriters), will under no circumstances be set outside the Offer Price range as stated in this prospectus.

In the event of a reduction in the number of Offer Shares being offered under the Global Offering, the Global Coordinator may at its discretion reallocate the number of Offer Shares to be offered under the Hong Kong Public Offer and the International Placing, provided that the number of Offer Shares comprised in the Hong Kong Public Offer shall not be less than 10% of the total number of Offer Shares available under the Global Offering (assuming the Over-allotment Option is not exercised). The Offer Shares to be offered in the International Placing and the Offer Shares to be offered in the Hong Kong Public Offer may, in certain circumstances, be reallocated as between these offerings at the discretion of the Global Coordinator.

The final Offer Price, the indications of interest in the Global Offering, the results of applications and the basis of allotment of Offer Shares available under the Hong Kong Public Offer, are expected to be announced on Wednesday, 3 October 2007 in the South China Morning Post and the Hong Kong Economic Times.

The net proceeds from the New Issue accruing to us (after deduction of underwriting fees and estimated expenses payable by us in relation to the Global Offering, assuming that the Over-allotment Option is not exercised), are estimated to be approximately HK$492.6 million, assuming an Offer Price of HK$2.20 per Offer Share, or approximately HK$685.5 million, assuming an Offer Price of HK$3.00 per Offer Share (or if the Over-allotment Option is exercised in full, approximately HK$591.1 million, assuming an Offer Price of HK$2.20 per Offer Share, or approximately HK$819.8 million, assuming an Offer Price of HK$3.00 per Offer Share).

CONDITIONS OF THE HONG KONG PUBLIC OFFER

Acceptance of all applications for Offer Shares pursuant to the Hong Kong Public Offer will be conditional on:

(i) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Offer Shares being offered pursuant to the Global Offering (including the additional Offer Shares which may be made available pursuant to the exercise of the Over-allotment Option and any option that may be granted under the Share Option Scheme) (subject only to allotment) and Shares to be issued pursuant to the Capitalisation Issue; and

(ii) the execution and delivery of the International Underwriting Agreement on the Price Determination Date; and

(iii) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the Hong Kong Underwriting Agreement or the International Underwriting Agreement (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date which is 30 days after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between our Company, the Selling Shareholder and the Global Coordinator (on behalf of the Underwriters), the Global Offering will not proceed.

The consummation of each of the Hong Kong Public Offer and the International Placing is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with their respective terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will not become unconditional and lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offer will be published by our Company in the South China Morning Post and the Hong Kong Economic Times on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed “How to Apply for Hong Kong Offer Shares — Despatch/Collection of Share Certificates and Refund Cheques”. In the meantime, all application monies will be held in (a) separate bank account(s) with the receiving banker or other licensed bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)(as amended).

Share certificates for the Offer Shares will only become valid certificates of title at 8:00 a.m. on the Listing Date provided that (i) the Global Offering has become unconditional in all respects and (ii) the right of termination as described in the section headed “Underwriting — Grounds for termination” has not been exercised.

1. METHODS OF APPLYING FOR THE HONG KONG OFFER SHARES

There are two ways to make an application for the Hong Kong Offer Shares. You may apply for the Hong Kong Offer Shares by either using a **WHITE** or **YELLOW** and/or **PINK** Application Form or by giving **electronic application instructions** to HKSCC to cause HKSCC Nominees to apply for the Hong Kong Offer Shares on your behalf. Except where you are a nominee and provide the required information in your application, you or you and your joint applicant(s) may not make more than one application (whether individually or jointly) by applying using a **WHITE** or **YELLOW** and/or **PINK** Application Form or by giving **electronic application instructions** to HKSCC.

2. APPLYING BY USING A WHITE OR YELLOW AND/OR PINK APPLICATION FORM

Which Application Form to use

Use a **WHITE** Application Form if you want the Hong Kong Offer Shares to be issued in your own name.

Use a **YELLOW** Application Form if you want the Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or your designated CCASS Participant's stock account.

Note: The Offer Shares are not available to existing beneficial owners of Shares in our Company, the Directors or chief executive of our Company or any of our subsidiaries, or associates of any of them (as "associate" is defined in the Hong Kong Listing Rules) or to a connected person (as defined in the Hong Kong Listing Rules) of our Company or a person who is not outside the United States and will not be acquiring the Hong Kong Offer Shares in an offshore transaction (as defined in Regulation S) or persons who do not have a Hong Kong address.

Use a **PINK** Application Form if you are an Eligible Employee, want the Hong Kong Offer Shares to be registered in your own name and want your application to be given preferential treatment. Up to a maximum of 3,100,000 Hong Kong Offer Shares (representing approximately 10% of the total number of Hong Kong Offer Shares initially available under the Hong Kong Public Offer) will be available for subscription made on **PINK** Application Forms by all the Eligible Employees on a preferential basis under the Hong Kong Public Offer.

3. WHERE TO COLLECT THE APPLICATION FORMS

You can collect a **WHITE** Application Form and a prospectus normal business hours from 9:00 a.m. on Thursday, 20 September 2007 until 12:00 noon on Tuesday, 25 September 2007 from:

Any of the following addresses of the Hong Kong Underwriters:

Cazenove Asia Limited	50th Floor, One Exchange Square 8 Connaught Place Central Hong Kong
China International Capital Corporation (Hong Kong) Limited	Suite 2307, One International Finance Centre 1 Harbour View, Central Hong Kong
Guotai Junan Securities (Hong Kong) Limited	27th Floor, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong
Polaris Capital (Asia) Limited	Room 6503-06 The Center 99 Queen's Road Central Hong Kong
BOCI Asia Limited	26th Floor Bank of China Tower 1 Garden Road Hong Kong
First Shanghai Securities Limited	19th Floor Wing On House 71 Des Voeux Road Central Hong Kong
Taifook Securities Company Limited	25th Floor, New World Tower 16-18 Queen's Road Central Hong Kong

or any one of the following branches of Standard Chartered Bank (Hong Kong) Limited:

	Branch Name	Address
Hong Kong Island:		
1	Des Voeux Road Branch	Standard Chartered Bank Building, 4-4A, Des Voeux Road Central, Central
2	88 Des Voeux Road Branch	88 Des Voeux Road Central, Central
3	Central Branch	Shop No. 16, G/F and Lower G/F, New World Tower, 16-18 Queen's Road Central, Central
4	Hennessy Road Branch	399 Hennessy Road, Wanchai
5	Leighton Centre Branch	Shop 12-16, UG/F, Leighton Centre, 77 Leighton Road, Causeway Bay
6	Quarry Bay Branch	G/F, Westlands Gardens, 1027 King's Road, Quarry Bay
7	Aberdeen Branch	Shop 4A, G/F, Aberdeen Centre Site 5, No. 6 Nam Ning Street, Aberdeen
8	North Point Centre Branch	North Point Centre, 284 King's Road, North Point
Kowloon:		
9	Mongkok Branch	Shop B, G/F, 1/F & 2/F, 617-623 Nathan Road, Mongkok
10	Tsimshatsui Branch	G/F, 10 Granville Road, Tsimshatsui
11	Cheung Sha Wan Branch	828 Cheung Sha Wan Road, Cheung Sha Wan
12	Kwun Tong Branch	1A Yue Man Square, Kwun Tong
13	Yaumati Branch	546-550 Nathan Road, Yaumati

	Branch Name	Address
14	San Po Kong Branch	Shop A, G/F, Perfect Industrial Building, 31 Tai Yau Street, San Po Kong
15	Tseung Kwan O Branch	Shop G37-40, G/F, Hau Tak Shopping Centre East Wing, Hau Tak Estate, Tseung Kwan O
16	Telford Gardens Branch	Shop P9-12, Telford Centre, Telford Gardens, Tai Yip Street, Kwun Tong
New Territories:		
17	Tsuen Wan Branch	Shop C G/F & 1/F, Jade Plaza, no. 298 Sha Tsui Road, Tsuen Wan
18	Shatin Centre Branch	Shop 32C, Level 3, Shatin Shopping Arcade, Shatin Centre, 2-16 Wang Pok Street, Shatin
19	Metroplaza Branch	Shop Nos. 186-188, Level 1, Metroplaza, 223 Hing Fong Road, Kwai Chung
20	Yuen Long Branch	140, Yuen Long Main Road, Yuen Long

You can collect a **YELLOW** Application Form and this prospectus during normal business hours from 9:00 a.m. on Thursday, 20 September 2007 until 12:00 noon on Tuesday, 25 September 2007 from:

(1) The **Depository Counter of HKSCC** at 2nd Floor, Vicwood Plaza, 199 Des Voeux Road Central, Hong Kong; or

(2) Your stockbroker, who may have such Application Forms and this prospectus available.

You can collect a **PINK** Application Form and a prospectus from the Company Secretary, Ms. Li Lau Lai Hing Joanna, at our Company's head office and principal place of business in Hong Kong at:

Suite 1806, Tower 1, The Gateway
25 Canton Road
Tsimshatsui, Kowloon
Hong Kong

4. WHEN TO APPLY FOR THE HONG KONG OFFER SHARES

WHITE OR YELLOW Application Forms

Completed **WHITE** or **YELLOW** Application Forms, together with payment attached, must be lodged by 12:00 noon on Tuesday, 25 September 2007, or, if the application lists are not open on that day, then by the time and date stated in the sub-paragraph headed "Effect of bad weather on the opening of the application lists" below. Your completed Application Form, together with payment attached, should be deposited in the special collection boxes provided at any of the branches of Standard Chartered Bank (Hong Kong) Limited (see paragraph headed "Where to collect the Application Forms" above) at the following times:

Thursday, 20 September 2007 — 9:00 a.m. to 5:00 p.m.
Friday, 21 September 2007 — 9:00 a.m. to 5:00 p.m.
Saturday, 22 September 2007 — 9:00 a.m. to 1:00 p.m.
Monday, 24 September 2007 — 9:00 a.m. to 5:00 p.m.
Tuesday, 25 September 2007 — 9:00 a.m. to 12:00 noon

PINK Application Forms

Completed **PINK** Application Forms, with payment attached, must be returned to the Company secretary, Ms. Li Lau Lai Hing Joanna, at Suite 1806, Tower 1, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong by 4:00 p.m. on Monday, 24 September 2007.

Electronic application instructions to HKSCC

CCASS Broker/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Thursday, 20 September 2007 — 9:00 a.m. to 8:30 p.m.[(1)]
Friday, 21 September 2007 — 8:00 a.m. to 8:30 p.m.[(1)]
Saturday, 22 September 2007 — 8:00 a.m. to 1:00 p.m.[(1)]
Monday, 24 September 2007 — 8:00 a.m. to 8:30 p.m.[(1)]
Tuesday, 25 September 2007 — 8:00 a.m.[(1)] to 12:00 noon

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Broker/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Thursday, 20 September 2007 until 12:00 noon on Tuesday, 25 September 2007 (24 hours daily, except the last application day).

The latest time for inputting your **electronic application instructions** via CCASS (if you are a CCASS Participant) is 12:00 noon on Tuesday, 25 September 2007 or if the application lists are not open on that day, by the time and date stated in the section headed "Effect of bad weather conditions on the opening of the application lists" below.

Application lists

The application lists will be open from 11:45 a.m. to 12:00 noon on Tuesday, 25 September 2007, except as provided in the section headed "Effect of bad weather conditions on the opening of the application lists" below. No proceedings will be taken on applications for the Shares and no allotment of any such Shares will be made until the closing of the application lists. No allotment of any of the Shares will be made later than Tuesday, 25 September 2007.

Effect of bad weather on the opening of the application lists

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above, or

- a "black" rainstorm warning signal

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, 25 September 2007. Instead they will open on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

Business Day means a day that is not a Saturday, Sunday or a public holiday in Hong Kong.

5. HOW TO COMPLETE THE APPLICATION FORMS

There are detailed instructions on each Application Form. You should read these instructions carefully. If you do not follow the instructions your application may be rejected and returned by ordinary post together with the accompanying cheque(s) or banker's cashier order(s) to you (or the first-named applicant in the case of joint applicants) at your own risk at the address stated in the Application Form.

You should note that by completing and submitting the Application Form, among other things:

(i) you **agree** with our Company, and each Shareholder, and our Company agrees with each Shareholder, to observe and comply with the Companies Law and the Articles of Association;

(ii) you **confirm** that you have received a copy of this prospectus and have only relied on the information and representations in this prospectus in making your application and will not rely on any other information and representations save as set out in any supplement to this prospectus;

(iii) you **agree** that our Company, our Directors and any person who has authorised this prospectus are liable only for the information and representations contained in this prospectus and any supplement thereto;

(iv) you **undertake** and **confirm** that you (if the application is made for your benefit) or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, and have not received or been placed or allotted (including conditionally or provisionally) any Offer Shares under the International Placing nor otherwise participated in the International Placing;

(v) you **agree** to disclose to our Company, the Sponsor, the Global Coordinator, the Underwriters, the registrar, receiving banker and/or their respective advisers and agents personal data and any information which they require about you or the person(s) for whose benefit you have made the application;

(vi) you **instruct** and **authorise** our Company and/or the Global Coordinator (or their respective agents or nominees) as agents for our Company to do on your behalf all things necessary to register any Hong Kong Offer Shares allotted to you in your name(s) (for applicants on a **WHITE** Application Form) or in the name of HKSCC Nominees (for applicants on a **YELLOW** Application Form), as required by the Articles of Association, and otherwise to give effect to the arrangements described in this prospectus and the Application Forms;

(vii) you **undertake** to sign all documents and to do all things necessary to enable you (for applicants on a **WHITE** Application Form) or the name of HKSCC Nominees (for applicants on a **YELLOW** Application Form) to be registered as the holder of the Hong Kong Offer Shares to be allotted to you, and as required by the Articles of Association;

(viii) you **warrant** the truth and accuracy of the information contained in your application;

(ix) if the laws of any place outside Hong Kong are applicable to your application, you **agree** and **warrant** that you have complied with all such laws and none of our Company, the Sponsor, the Global Coordinator and the Underwriters nor any of their respective officers or advisers will infringe any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus;

(x) you **agree** (without prejudice to any other rights which you may have) that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) you **agree** that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;

(xii) you **represent** and **warrant** that you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act and you and any person for whose account or benefit you are acquiring the Hong Kong Offer Shares are outside the United States (as defined in Regulation S under the U.S. Securities Act) when completing the Application Form; and

(xiii) you **undertake** and **agree** to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application.

In order for the **YELLOW** Application Forms to be valid:

(i) ***If the application is made through a designated CCASS Participant (other than a CCASS Investor Participant):***

(a) the designated CCASS Participant or its authorised signatories must sign in the appropriate box in the Application Form; and

(b) the designated CCASS Participant must endorse the form with its company chop (bearing its company name) and insert its participant I.D. in the appropriate box in the Application Form.

(ii) ***If the application is made by an individual CCASS Investor Participant:***

(a) the Application Form must contain the CCASS Investor Participant's name and Hong Kong Identity Card Number; and

(b) the CCASS Investor Participant must insert its participant I.D. and sign in the appropriate box in the Application Form.

(iii) ***If the application is made by a joint individual CCASS Investor Participant:***

(a) the Application Form must contain all joint CCASS Investor Participants' names and the Hong Kong Identity Card Number of all joint CCASS Investor Participants; and

(b) the participant I.D. must be inserted and the authorised signatory(ies) of the CCASS Investor Participant's stock account must sign in the appropriate box on the Application Form.

(iv) ***If the application is made by a corporate CCASS Investor Participant:***

(a) the Application Form must contain the CCASS Investor Participant's company name and Hong Kong Business Registration number; and

(b) the participant I.D. and company chop (bearing its company name) endorsed by its authorised signatory(ies) must be inserted in the appropriate box in the Application Form.

Written signature(s), number of signatories and form of chop, where appropriate, should match the records kept by HKSCC. Incorrect or incomplete details of the CCASS Participant or the omission or inadequacy of authorised signatory(ies) (if applicable), participant I.D. or other similar matters may render the application invalid.

If your application is made through a duly authorised attorney, our Company, the Sponsor and the Global Coordinator (or their respective agents and nominees) as our agent(s) may accept it at their discretion, and subject to any conditions they think fit, including production of evidence of the authority of your attorney. We and the Global Coordinator, in the capacity as our agents, or their respective agents or nominees, will have full discretion to reject or accept any application, in full or in part, without assigning any reason.

6. HOW MANY APPLICATIONS MAY YOU MAKE

You may make more than one application for the Hong Kong Offer Shares if and only if:

You are a **nominee**, in which case you may give **electronic application instructions** to HKSCC via CCASS (if you are a CCASS Participant) and lodge more than one **WHITE** or **YELLOW** Application Form in your own name if each application is made on behalf of different beneficial owners. In the box on the Application Form marked “For nominees” you must include:

- an account number; or
- some other identification code

for each beneficial owner (or, in the case of joint beneficial owners, for each such beneficial owner). If you do not include this information, the application will be treated as being made for your benefit.

or you are an Eligible Employee and apply on a **PINK** Application Form, you may also apply on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC (if you are a CCASS Participant or act through a CCASS Broker or Custodian Participants).

Otherwise, multiple applications are not allowed.

It will be a term and condition of all applications that by completing and delivering an Application Form, you:

- (if the application is made for your own benefit) **warrant** that the application is the only application which will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC via CCASS;
- (if you are an agent for another person) **warrant** that reasonable enquiries have been made of that other person that the application is the only application which will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC via CCASS, and that you are duly authorised to sign the Application Form as that other person’s agent.

Except where you are a nominee and provide the information required to be provided in your application, **all** of your applications will be rejected as multiple applications if you, or you and your joint applicant(s) together or any of your joint applicants:

- make more than one application (whether individually or jointly with others) on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC;

- apply (whether individually or jointly with others) on one **WHITE** Application Form and one **YELLOW** Application Form or on one **WHITE** or **YELLOW** Application Form and give **electronic application instructions** to HKSCC via CCASS;

- apply on one **WHITE** or **YELLOW** Application Form (whether individually or jointly with others) or by giving **electronic application instructions** to HKSCC for more than 13,950,000 Shares (after deducting the 3,100,000 Hong Kong Offer Shares under the **PINK** Application Forms), being 50% of the Shares initially being offered for public subscription under the Hong Kong Public Offer after deducting the 3,100,000 Hong Kong Offer Shares available for subscription by Eligible Employees under the **PINK** Application Form and the number of Hong Kong Offer Shares initially allocated to each pool, as more particularly described in the section entitled "Structure and Conditions of the Global Offering — The Hong Kong Public Offer"; or

- have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Offer Shares under the International Placing.

All of your applications will also be rejected as multiple applications if more than one application is made for **your benefit** (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and

- you exercise statutory control over that company

then the application will be treated as being made for your benefit.

Unlisted company means a company with no equity securities listed on the Stock Exchange.

Statutory control means you:

- control the composition of the board of directors of the company; or

- control more than half of the voting power of the company; or

- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

7. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC

General

CCASS Participants may give **electronic application instructions** to HKSCC to apply for the Hong Kong Offer Shares and to arrange payment of the monies due on application and payment of refunds. This will be in accordance with their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (https://ip.ccass.com) (using the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
2/F, Vicwood Plaza
199 Des Voeux Road Central
Hong Kong

and complete an input request form.

Prospectuses are available for collection from the above address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Broker Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You are deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application, whether submitted by you or through your broker or custodian, to our Company and our registrar.

Where a **WHITE** Application Form is signed by HKSCC Nominees on behalf of persons who have given **electronic application instructions** to apply for the Hong Kong Offer Shares:

(i) HKSCC Nominees is only acting as a nominee for those persons and shall not be liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees does the following things on behalf of each such person:

- **agrees** that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the stock account of the CCASS Participant who has inputted **electronic application instructions** on that person's behalf or that person's CCASS Investor Participant stock account;

- **undertakes** and **agrees** to accept the Hong Kong Offer Shares in respect of which that person has given **electronic application instructions** or any lesser number;

- **undertakes** and **confirms** that that person has not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, and has not received or been placed or allocated (including conditionally or provisionally) any Offer Shares under the International Placing nor otherwise participated in the International Placing;

- (if the **electronic application instructions** are given for that person's own benefit) declares that only one set of **electronic application instructions** has been given for that person's benefit;

- (if that person is an agent for another person) **declares** that that person has only given one set of **electronic application instructions** for the benefit of that other person and that that person is duly authorised to give those instructions as that other person's agent;

- **understands** that the above declaration will be relied upon by our Company, our Directors, the Sponsor and the Global Coordinator in deciding whether or not to make any allotment of Hong Kong Offer Shares in respect of the **electronic application instructions** given by that person and that that person may be prosecuted if he makes a false declaration;

- **authorises** our Company to place the name of HKSCC Nominees on the register of members of our Company as the holder of the Hong Kong Offer Shares allotted in respect of that person's **electronic application instructions** and to send Offer Shares share certificate(s) and/or refund monies in accordance with the arrangements separately agreed between our Company and HKSCC;

- **confirms** that that person has read the terms and conditions and application procedures set out in this prospectus and agrees to be bound by them;

- **confirms** that that person has received a copy of this prospectus and has only relied on the information and representations in this prospectus in giving that person's **electronic application instructions** or instructing that person's broker or custodian to give **electronic application instructions** on that person's behalf;

- **agrees** that our Company, our Directors and any person who has authorised this prospectus are liable only for the information and representations contained in this prospectus and any supplement thereto;

- **agrees** to disclose that person's personal data to our Company, the Sponsor, the Global Coordinator, the Underwriters, the registrar, receiving banker and/or their respective advisers and agents and any information which they may require about that person;

- **agrees** (without prejudice to any other rights which that person may have) that once the application of HKSCC Nominees has been accepted, the application cannot be rescinded for innocent misrepresentation;

- **agrees** that any application made by HKSCC Nominees on behalf of that person pursuant to **electronic application instructions** given by that person is irrevocable before the expiration of the fifth day after time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with our Company and to become binding when that person gives the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the expiration of the fifth day after time of the opening of the application lists, except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies Ordinance (as applied by Section 342E of the Companies Ordinance) gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus;

- **agrees** that once the application of HKSCC Nominees Limited is accepted, neither that application nor that person's **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the announcement of the results of the Hong Kong Public Offer published by our Company;

- **agrees** to the arrangements, undertakings and warranties specified in the participant agreement between that person and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, in respect of the giving of **electronic application instructions** relating to Hong Kong Offer Shares;

- **agrees** with our Company, for ourselves and for the benefit of each of our shareholders (and so that we will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for ourselves and on behalf of each of our shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies Law and the Articles of Association; and

- **agrees** that that person's application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the Laws of Hong Kong.

Effect of Giving ***electronic application instructions*** *to HKSCC*

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Broker Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;

- instructed and authorised HKSCC to arrange payment of the maximum offer price, brokerage, SFC transaction levy and Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or the Offer Price is less than the offer price per Offer Share initially paid on application, refund of the application monies, in each case including brokerage, SFC transaction levy and Stock Exchange trading fee, by crediting your designated bank account;

- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things which it is stated to do on your behalf in the **WHITE** Application Form.

Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares in respect of which you have given such instructions and/or in respect of which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Minimum Subscription Amount and Permitted Multiples

You may give or cause your broker or custodian who is a CCASS Broker Participant or a CCASS Custodian Participant to give **electronic application instructions** in respect of a minimum of 1,000 Hong Kong Offer Shares. Such instructions in respect of more than 1,000 Hong Kong Offer Shares must be in one of the numbers or multiples set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit each such instructions is given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- No temporary document of title will be issued. No receipt will be issued for application monies received.

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of the stock account of the CCASS Participant which you have instructed to give **electronic application instructions** on your behalf or your CCASS Investor Participant stock account at the close of business on Wednesday, 3 October 2007, or, in the event of a contingency, on any other date as shall be determined by HKSCC or HKSCC Nominees.

- Our Company expects to announce the Offer Price, the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner, if supplied), your Hong Kong identity card/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offer in the South China Morning Post (in English) and in the Hong Kong Economic Times (in Chinese) on Wednesday, 3 October 2007. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, 3 October 2007 or such other date as shall be determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Wednesday, 3 October 2007. Immediately after the credit of the Hong Kong Offer Shares to your CCASS Investor Participant stock account and the credit of refund monies to your designated bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the offer price per Share initially paid on application, in each case including brokerage of 1%, SFC transaction levy of 0.004% and Stock Exchange trading fee of 0.005%, will be credited to your designated bank account or the designated bank account of your broker or custodian on Wednesday, 3 October 2007. No interest will be paid thereon.

Section 40 of the Companies Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under section 40 of the Companies Ordinance (as applied by section 342E of the Companies Ordinance).

8. PERSONAL DATA

The section of the Application Form entitled "Personal Data" applies to any personal data held by our Company and the share registrar about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

Warning

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Our Company, our Directors, the Sponsor, the Global Coordinator and the Underwriters take no responsibility for the application and provide no assurance that any CCASS Participant will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions** to HKSCC through the CCASS Phone System or the CCASS Internet System, CCASS Investor Participants are advised not to wait until the last minute to input their **electronic application instructions** to the systems. In the event that CCASS Investor Participants have problems connecting to the CCASS Phone System or the CCASS Internet System to submit their **electronic application instructions**, they should either: (i) submit a **WHITE** or **YELLOW** Application Form; or (ii) go to HKSCC's Customer Service Center to complete an input request form for **electronic application instructions** before 12:00 noon on Tuesday, 25 September 2007.

9. PUBLICATION OF RESULTS

Our Company expects to announce the Offer Price, the indication of the level of interest in the International Placing, results of applications and basis of allocation of Shares under the Hong Kong Public Offer and **PINK** Application Forms (with the identification numbers of successful applicants), and the number of Shares, if any, reallocated between the International Placing and the Hong Kong Public Offer on or before Wednesday, 3 October 2007 in the manner specified below:

- on the website of the Stock Exchange (www.hkex.com.hk);
- on the website of our Company for at least five consecutive days (www.dfa3999.com); and
- results of allocations will be available from designated results of allocations website at www.tricor.com.hk/ipo on a 24-hour basis from 8:00 a.m. on Wednesday, 3 October 2007 to 12:00 a.m. 10 October 2007. The user will be required to key in the Hong Kong identity card/passport/Hong Kong business registration number provided in his/her/its Application Form to search for his/her/its own allocation result.
- in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese).

10. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND CHEQUES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK$3.00 per Offer Share (excluding brokerage, SFC transaction levy and Stock Exchange trading fee thereon) initially paid on application, or if the conditions of the Hong Kong Public Offer are not fulfilled in accordance with the section headed "Structure and Conditions of the Global Offering — Conditions of the Hong Kong Public Offer" or if any application is revoked or any allotment pursuant thereto has become void, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and Stock Exchange trading fee, will be refunded, without interest. It is intended that special efforts will be made to avoid any undue delay in refunding application monies where appropriate. No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application but, subject to personal collection as mentioned below, in due course there will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

(a) for applications on **WHITE** Application Forms: (i) share certificate(s) for all the Hong Kong Offer Shares applied for, if the application is wholly successful; or (ii) share certificate(s) for the number of Hong Kong Offer Shares successfully applied for, if the application is partially successful. For wholly successful and partially successful applications on **YELLOW** Application Forms: share certificates for the Shares successfully applied for will be deposited into CCASS as described below; and/or

(b) for applications on **WHITE** or **YELLOW** Application Forms, refund cheque(s) crossed "Account Payee Only" in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) the surplus application monies for the Hong Kong Offer Shares unsuccessfully applied for, if the application is partially unsuccessful; or (ii) all the application monies, if the application is wholly unsuccessful; and/or (iii) the difference between the Offer Price and the maximum offer price per Share paid on application in the event that the Offer Price is less than the offer price per Share initially paid on application, in each case including brokerage of 1%, SFC transaction levy of 0.004% and Stock Exchange trading fee of 0.005%, attributable to such refund/surplus monies but without interest.

Part of your Hong Kong Identity Card number/passport number, or, if you are joint applicants, part of the Hong Kong Identity Card number/passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data could also be transferred to a third party for refund purpose. Your banker may require verification of your Hong Kong Identity Card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong Identity Card number/passport number may lead to delay in encashment of, or may invalidate, your refund cheque.

Subject to personal collection as mentioned below, refund cheques for surplus application monies (if any) in respect of wholly and partially unsuccessful applications and the difference between the Offer Price and the offer price per Share initially paid on application (if any) under **WHITE** or **YELLOW** Application Forms; and share certificates for wholly and partially successful applicants under **WHITE** Application Forms are expected to be posted on or around Wednesday, 3 October 2007. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of cheque(s). Share certificates will only become valid certificates of title at 8:00 a.m. on the Listing Date provided that the Hong Kong Public Offer has become unconditional in all respects and the right of termination described in the section entitled "Underwriting — Grounds for Termination" has not been exercised.

(a) *If you apply using a **WHITE** Application Form:*

If you apply for 1,000,000 Hong Kong Offer Shares or more on a **WHITE** Application Form and have indicated your intention in your Application Form to collect your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) from Tricor

Investor Services Limited and have provided all information required by your Application Form, you may collect your refund cheque(s) (where applicable) and share certificate(s) (where applicable) from Tricor Investor Services Limited at 26/F Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Wednesday, 3 October 2007 or such other date as notified by us in the newspapers as the date of collection/despatch of refund cheques/share certificates. If you are an individual who opts for personal collection, you must not authorise any other person to make collection on your behalf. If you are a corporate applicant who opts for personal collection, you must attend by your authorised representative bearing a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to Tricor Investor Services Limited. If you do not collect your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) personally within the time specified for collection, they will be sent to the address as specified in your Application Form promptly thereafter by ordinary post and at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares or if you apply for 1,000,000 Hong Kong Offer Shares or more but have not indicated on your Application Form that you will collect your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) in person, your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) will be sent to the address on your Application Form on Wednesday, 3 October 2007, by ordinary post and at your own risk.

Applicants will received one share certificate for all the Hong Kong Offer Shares allotted.

(b) *If you apply using a **YELLOW*** Application Form:

If you apply for 1,000,000 Hong Kong Offer Shares or more and you have elected on your **YELLOW** Application Form to collect your refund cheque (where applicable) in person, please follow the same instructions as those for **WHITE** Application Form applicants as described above.

If you apply for less than 1,000,000 Hong Kong Offer Shares or if you apply for 1,000,000 Hong Kong Offer Shares or more but have not indicated on your Application Form that you will collect your refund cheque(s) (where applicable) in person, your refund cheque(s) (where applicable) will be sent to the address on your Application Form on Wednesday, 3 October 2007, by ordinary post and at your own risk.

If you apply for Hong Kong Offer Shares using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant as instructed by you in your Application Form at the close of business on Wednesday, 3 October 2007, or under contingent situation, on any other date as shall be determined by HKSCC or HKSCC Nominees.

If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant):

- for Hong Kong Offer Shares credited to the stock account of your designated CCASS Participant (other than a CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allocated to you with that CCASS Participant.

If you are applying as a CCASS Investor Participant:

- our Company expects to publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offer in the South China Morning Post (in English) and in the Hong Kong Economic Times (in Chinese) on Wednesday, 3 October 2007. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, 3 October 2007 or such other date as shall be determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your CCASS Investor Participant stock account, you can check your new account balance via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your stock account.

11. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED HONG KONG OFFER SHARES

Full details of the circumstances in which you will not be allotted the Hong Kong Offer Shares are set out in the notes attached to the Application Forms (whether you are making your application by an Application Form or electronically instructing HKSCC to cause HKSCC Nominees to apply on your behalf), and you should read them carefully. You should note in particular the following situations in which the Hong Kong Offer Shares will not be allotted to you:

- **If your application is revoked:**

By completing and submitting an Application Form or **electronic application instructions** to HKSCC, you agree that your application or the application made by HKSCC Nominees on your behalf may not be revoked on or before the end of the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or a public holiday in Hong Kong) unless a person responsible for this prospectus under section 40 of the Companies Ordinance (as applied by section 342E of the Companies Ordinance) gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus. This agreement will take effect as a collateral contract with us, and will become binding when you lodge your Application Form or submit your **electronic application instructions** to HKSCC and an application has been made by HKSCC Nominees on your behalf accordingly. This collateral contract will be in consideration of our Company agreeing that it will not offer any Hong Kong Offer Shares to any person on or before the end of the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or a public holiday in Hong Kong) except by means of one of the procedures referred to in this prospectus.

If any supplement to this prospectus is issued, applicant(s) who have already submitted an application may or may not (depending on the information contained in the supplement) be notified that they can withdraw their applications. If applicant(s) have not been so notified, or if applicant(s) have been notified but have not withdrawn their applications in accordance with the procedure to be notified, all applications that have been submitted remain valid and may be accepted. Subject to the above, an application once made is irrevocable and applicants shall be deemed to have applied on the basis of this prospectus as supplemented.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the announcement of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

- **Full discretion of our Company or our agents to reject or accept your application:**

Our Company and the Global Coordinator (as agent for our Company), or agents and nominees, have full discretion to reject or accept any application, or to accept only part of any application.

Our Company and the Global Coordinator, in their capacity as our Company's agent, and our agents and nominees do not have to give any reason for any rejection or acceptance.

- **If the allotment of Hong Kong Offer Shares is void:**

The allotment of Hong Kong Offer Shares to you or to HKSCC Nominees (if you give **electronic application instructions** or apply by a **YELLOW** Application Form) will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Offer Shares either:

— within three weeks from the closing date of the application lists; or

— within a longer period of up to six weeks if the Listing Committee of the Stock Exchange notifies our Company of that longer period within three weeks of the closing date of the application lists.

- **You will not receive any allotment if:**

  — you make multiple applications or suspected multiple applications;

  — you or the person for whose benefit you apply for have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Offer Shares under the International Placing. By filling in any of the Application Forms or applying by giving **electronic application instructions** to HKSCC, you agree not to apply for Hong Kong Offer Shares as well as Offer Shares in the International Placing. Reasonable steps will be taken to identify and reject applications in the Hong Kong Public Offer from investors who have received Offer Shares in the International Placing, and to identify and reject indications of interest in the International Placing from investors who have received Hong Kong Offer Shares in the Hong Kong Public Offer;

  — your payment is not made correctly;

  — you pay by cheque or banker's cashier order and the cheque or banker's cashier order is dishonored upon its first presentation;

  — your Application Form is not completed in accordance with the instructions as stated in the Application Form (if you apply by an Application Form);

  — our Company believes that by accepting your application, this would violate the applicable securities or other laws, rules or regulations of the jurisdiction in which your application is completed and/or signed;

  — if you apply for more than 50% of the Hong Kong Offer Shares initially being offered in the Hong Kong Public Offer for subscription and the number of Hong Kong Shares initially allocated to each pool (that is 13,950,000 Offer Shares after deducting the 3,100,000 Hong Kong Offer Shares under the **PINK** Application FORMS);

  — the Underwriting Agreements do not become unconditional; or

  — the Underwriting Agreements are terminated in accordance with their respective terms.

You should also note that you may apply for Shares under the Hong Kong Public Offer or indicate an interest for Shares under the International Placing, but may not do both.

12. HOW MUCH ARE THE HONG KONG OFFER SHARES

The maximum offer price is HK$3.00 per Offer Share. You must also pay brokerage of 1%, SFC transaction levy of 0.004% and Stock Exchange trading fee of 0.005%. This means that for every board lot of 1,000 Shares you will pay approximately HK$3,030.27. The Application Forms have tables showing the exact amount payable for multiples of Shares up to 13,950,000 Shares (for **WHITE** and **YELLOW** Application Form or giving **electronic application instructions** to HKSCC) and 3,100,000 Shares (for **PINK** Application Form). Your application must be for a minimum of 1,000 Shares. Applications must be in one of the numbers set out in the tables in the respective Application Forms. No application for any other number of Shares will be considered and any such application is liable to be rejected.

You must pay the amount payable upon application for the Shares by one cheque or one banker's cashier order in accordance with the terms set out in the Application Form (if you apply by an Application Form).

If your application is successful, brokerage is paid to participants of the Stock Exchange (as the case may be) and the SFC transaction levy and Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected on behalf of the SFC).

13. REFUND OF APPLICATION MONIES

If you do not receive any Hong Kong Offer Shares for any reasons, our Company will refund to you your application monies, including the related brokerage of 1%, SFC transaction levy of 0.004% and Stock Exchange trading fee of 0.005%. No interest will be paid thereon. All interest accrued on such monies prior to the date of despatch of refund cheques will be retained for our benefit.

If your application is accepted only in part, our Company will refund to you the appropriate portion of your application monies, including the related brokerage of 1%, SFC transaction levy of 0.004% and Stock Exchange trading fee of 0.005%, without interest.

If the Offer Price as finally determined is less than HK$3.00 per Offer Share (excluding brokerage, SFC transaction levy and Stock Exchange trading fee thereon) initially paid on application, our Company will refund to you the surplus application monies, together with the related brokerage of 1%, SFC transaction levy of 0.004% and Stock Exchange trading fee of 0.005% attributable to the surplus application monies, without interest. Please refer to the paragraph headed "Despatch/Collection of share certificates and refund cheques" for details.

In a contingency situation involving a substantial over-subscription, at the discretion of our Company and the Global Coordinator, cheques for applications for certain small denominations of Hong Kong Offer Shares (apart from successful applications) may not be cleared.

Refund of your application monies (if any) will be made on Wednesday, 3 October 2007 in accordance with the various arrangements as described above.

14. COMMENCEMENT OF DEALINGS IN THE OFFER SHARES

Dealings in the Offer Shares are expected to commence on Thursday, 4 October 2007.

The Shares will be traded in board lots of 1,000 Shares each. The stock code of the Shares is 3999.

15. SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report, prepared for the purposes of incorporation in this prospectus, received from the independent reporting accountants of the Company, KPMG, Certified Public Accountants, Hong Kong. As described in the section headed "Documents delivered to the Registrar of Companies and available for inspection" in Appendix VII to this prospectus, a copy of the following accountants' report is available for public inspection.

KPMG

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

20 September 2007

The Directors
DaChan Food (Asia) Limited
Cazenove Asia Limited

Dear Sirs,

Introduction

We set out below our report on the financial information relating to DaChan Food (Asia) Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") including the combined income statements, combined statements of changes in equity and combined cash flow statements of the Group for each of the years ended 31 December 2004, 2005 and 2006 and the five months ended 31 May 2007 (the "Relevant Period") and the combined balance sheets of the Group as at 31 December 2004, 2005, 2006 and 31 May 2007, together with the notes thereto (the "Financial Information") for inclusion in the prospectus of the Company dated 20 September 2007 (the "Prospectus").

The Company was incorporated in the Cayman Islands on 18 May 2007 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Pursuant to a corporate reorganisation (the "Reorganisation") as detailed in the section headed "Corporate Reorganisation" in Appendix VI to the Prospectus, which was completed on 14 September 2007, the Company became the holding company of the subsidiaries now comprising the Group, details of which are set out in Section A below. The Company has not carried on any business since the date of its incorporation save for the aforementioned Reorganisation.

As at the date of this report, no audited financial statements have been prepared for the Company, Impreza Investments Ltd. ("Impreza"), Great Wall Dalian Investment Co., Ltd. ("Dalian Investment"), Great Wall Agritech (Liaoning) Co., Limited ("Liaoning Greatwall (BVI)"), Dongbei Agri Corporation ("Dongbei Agri"), Great Wall Agrotech Feed (Shenyang) Co., Ltd. ("Shenyang Great Wall"), Hwabei Agri Corporation ("Hwabei Agri"), Global Food Corporation ("Global Food"), Union Manufacturing Limited ("Union Manufacturing"), Great Wall Kuang-Ming Investment (BVI) Co., Ltd. ("Kuang-Ming Investment"), Asia Nutrition Technologies (VN)

Investment Co., Ltd. ("ANTIC-VN"), Asia Nutrition Technologies (LA) Co., Ltd. ("ANT-LA"), Golden Harvest Inc. ("Golden Harvest") and Marksville Corporation ("Marksville") as they were either incorporated shortly or dormant before 31 May 2007, or are investment holding companies and have not carried on any business since their respective dates of establishment/incorporation or are not subject to statutory audit requirements under the relevant rules and regulations in their jurisdictions of incorporation. We have, however, reviewed all significant transactions of these companies from their respective dates of establishment/incorporation to 31 May 2007 for the purpose of this report. The statutory financial statements of the other companies now comprising the Group were audited during the Relevant Period by the respective statutory auditors as indicated below:

	Statutory auditors		
Name of company	**2004**	**2005**	**2006**
Great Wall Northeast Asia Corporation ("NAC")	Deloitte Touche Tohmatsu	Deloitte Touche Tohmatsu	KPMG
Great Wall Food (Dalian) Co., Ltd. ("Dalian Great Wall")* 大成食品(大連)有限公司	大連浩華會計師事務所有限公司 Dalian Horwath Certified Public Accountants Co., Ltd*	大連浩華會計師事務所有限公司 Dalian Horwath Certified Public Accountants Co., Ltd*	大連浩華會計師事務所有限公司 Dalian Horwath Certified Public Accountants Co., Ltd*
Great Wall Gourmet (Dalian) Co., Ltd. ("Dalian Gourmet")* 大成美食(大連)有限公司	大連浩華會計師事務所有限公司 Dalian Horwath Certified Public Accountants Co., Ltd*	大連浩華會計師事務所有限公司 Dalian Horwath Certified Public Accountants Co., Ltd*	大連浩華會計師事務所有限公司 Dalian Horwath Certified Public Accountants Co., Ltd*
Liaoning Greatwall Agri-Industrial Co., Ltd. ("Liaoning Greatwall")* 遼寧大成農牧實業有限公司	遼寧中宜會計師事務所有限公司 Liaoning Zhongyi Certified Public Accountants Co., Ltd*	北京中天華正會計師事務所 Beijing Zhongtianhuazheng CPA Co., Ltd*	遼寧中宜會計師事務所有限公司 Liaoning Zhongyi Certified Public Accountants Co, Ltd*
Greatwall Agri (Heilongjiang) Co., Ltd. ("Heilongjiang Greatwall")* 大成農牧(黑龍江)有限公司	—	哈爾濱公立會計師事務所有限公司 Harbin Gongli Certified Public Accountants Co., Ltd*	哈爾濱公立會計師事務所有限公司 Harbin Gongli Certified Public Accountants Co., Ltd*

Name of company	Statutory auditors 2004	2005	2006
Great Wall Agri (Yingkou) Co., Ltd. ("Yingkou Great Wall")* 大成農牧(營口)有限公司	遼寧華泰會計師事務所有限責任公司 Liao Ning Hua Tai Certified Public Accountants Co., Ltd*	遼寧華泰會計師事務所有限責任公司 Liao Ning Hua Tai Certified Public Accountants Co., Ltd*	營口中邦信聯合會計師事務所 YingKou Zhongbangxin Public Accountants Partnership*
Greatwall Agri (Tieling) Co., Ltd. ("Tieling Greatwall")* 大成農牧(鐵嶺)有限公司	遼寧中洲會計師事務所有限公司 Liao Ning Zhong Zhou Certified Public Accountants Co., Ltd*	遼寧中洲會計師事務所有限公司 Liao Ning Zhong Zhou Certified Public Accountants Co., Ltd*	遼寧中洲會計師事務所有限公司 Liao Ning Zhong Zhou Certified Public Accountants Co., Ltd*
Dongbei Agri (Changchun) Co., Ltd. ("Changchun Agri") 東北農牧(長春)有限公司 *	—	—	吉林正泰會計師事務所有限公司 Jilin Zhengtai Certified Public Accountants Co., Ltd*
DaChan Wanda (HK) Limited (formerly known as Conti Tianjin (HK) Limited) ("Hong Kong DaChan") 大成萬達(香港)有限公司	KB Tam & Co	KB Tam & Co	KB Tam & Co
Great Wall Agritech (Liaoning) Co., Limited ("Liaoning Greatwall (HK)") 大成長城農技(遼寧)有限公司	KB Tam & Co	KB Tam & Co	KB Tam & Co
Hunan Greatwall Technologies & Feeds Co., Ltd. ("Hunan Greatwall")* 湖南大成科技飼料有限公司	—	—	湖南大信有限責任會計師事務所 Hunan Daxin Certified Public Accountants Ltd*

Name of company	Statutory auditors 2004	2005	2006
Tieling Greatwall Trade Co., Ltd. ("Tieling Trade")* 鐵嶺大成商貿有限公司	遼寧佳興會計師事務所有限責任公司 Liao Ning Jia Xing Accountants Co., Ltd*	遼寧佳興會計師事務所有限責任公司 Liao Ning Jia Xing Accountants Co., Ltd*	遼寧中洲會計師事務所有限公司 Liao Ning Zhong Zhou Certified Public Accountants Co., Ltd*
Beijing Hanya Trade Co., Ltd. ("Beijing Trade") 北京漢亞商貿有限公司	—	—	天華會計師事務所 Tin Wah Certified Public Accountants*
DaChan Wanda (Tianjin) Co., Ltd. (formerly known as Conti Wanda (Tianjin) Co., Ltd.) ("Tianjin DaChan")* 大成萬達(天津)有限公司 (前稱康地萬達(天津)有限公司)	天津誠泰有限責任會計師事務所 Tianjin Chengtai Certified Public Accountants Ltd*	天津誠泰有限責任會計師事務所 Tianjin Chengtai Certified Public Accountants Ltd*	天津誠泰有限責任會計師事務所 Tianjin Chengtai Certified Public Accountants Ltd*
Greatwall Gourmet (Shanghai) Co., Ltd. ("Shanghai Gourmet")* 大成美食(上海)有限公司	上海安信會計師事務所有限公司 Shanghai Anxin Certified Public Accountants Co., Ltd*	上海東華會計師事務所 Shanghai Dong Hua Certified Public Accountants Co., Ltd*	合肥民生會計師事務所 Hefei Minsheng Certified Public Accountants*
Asia Nutrition Technologies (HN) Co., Ltd. ("ANT-HN")	KPMG Limited	KPMG Limited	KPMG Limited
Asia Nutrition Technologies (VN) Co., Ltd. ("ANT-VN")	KPMG Limited	KPMG Limited	KPMG Limited
Great Wall Nutrition Technologies Sdn. Bhd. ("Great Wall Malaysia")	Deloitte KassimChan	Deloitte KassimChan	SQ Morison

* *The English translation of the company names is for reference only. The official names of these companies are in Chinese.*

Basis of preparation

The Financial Information has been prepared by the directors of the Company based on the audited financial statements or, where appropriate, unaudited management accounts of the companies now comprising the Group and on the basis set out in Section A below, after making such adjustments as are appropriate. Adjustments have been made for the purpose of this report to restate these financial statements to conform with accounting policies as referred to in Section C, which are in accordance with International Financial Reporting Standards ("IFRSs") promulgated by the International Accounting Standards Board and in compliance with the disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Respective responsibilities of directors and reporting accountants

The directors of the Company are responsible for the preparation of the Financial Information which gives a true and fair view. In preparing the Financial Information which gives a true and fair view, it is fundamental that appropriate accounting policies are selected and applied consistently, that judgments and estimates are made which are prudent and reasonable and that the reasons for any significant departure from applicable accounting standards are stated.

It is our responsibility to form an independent opinion, based on our audit, on the Financial Information.

Basis of opinion

As a basis for forming an opinion on the Financial Information, for the purpose of this report, we have carried out appropriate audit procedures in respect of the Financial Information for the Relevant Period in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have carried out such additional procedures as we considered necessary in accordance with Auditing Guideline "Prospectuses and the Reporting Accountant" (Statement 3.340) issued by the HKICPA.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Information. It also includes an assessment of the significant estimates and judgements made by the directors of the Company in the preparation of the Financial Information, and of whether the accounting policies are appropriate to the circumstances of the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the Financial Information is free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of the Financial Information. We believe that our audit provides a reasonable basis for our opinion.

We have not audited any financial statements of the companies now comprising the Group in respect of any period subsequent to 31 May 2007.

Opinion

In our opinion, for the purpose of this report and on the basis of presentation set out in Section A below, all adjustments considered necessary have been made and the Financial Information gives a true and fair view of the Group's combined results, combined statements of changes in equity and combined cash flows for the Relevant Period, and of the Group's state of affairs as at 31 December 2004, 2005 and 2006 and 31 May 2007 and of the Company's state of affairs as at 31 May 2007.

Comparative financial information

For the purpose of this report, we have also reviewed the unaudited financial information of the Group including the combined income statement, combined statement of changes in equity and combined statement of cash flows for the five months ended 31 May 2006, together with the notes thereon (the "31 May 2006 Corresponding Information"), for which the directors are responsible, in accordance with Statement of Auditing Standard 700 "Engagements to Review Interim Financial Reports" issued by the HKICPA. A review consists principally of making enquiries of group management and applying analytical procedures to the 31 May 2006 Corresponding Information and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the 31 May 2006 Corresponding Information.

On the basis of our review of the 31 May 2006 Corresponding Information which does not constitute an audit, for the purpose of this report and on the basis of presentation set out in Section A below, we are not aware of any material modifications that should be made to the unaudited financial information presented for the five months ended 31 May 2006.

A BASIS OF PRESENTATION

Pursuant to the Reorganisation, NAC acquired from Asia Nutrition Technologies Corporation ("ANTC"), a then fellow subsidiary, 65.51% equity interest in ANTIC-VN which directly owns ANT-HN, ANT-VN, ANT-LA, Golden Harvest, 100% equity interest in Marksville which directly owns Great Wall Malaysia for an aggregate consideration of USD11,861,251 by issuance of 11,861,251 shares of USD1 each in NAC. Following the acquisition mentioned above, the Company entered into a sale and purchase agreement with Great Wall Enterprise Co., Ltd., Great Wall International (Holdings) Ltd., Waverley Star Limited, Prowell Ventures Pte. Ltd., Continental Enterprises Ltd. and ANTC, which was completed on 14 September 2007, whereby the Company became the holding company of the companies now comprising the Group. The control is not transitory and, consequently, there was a continuation of the risks and benefits to the controlling parties, and therefore this is considered as business combination under common control and Accounting Guideline 5 "Merger Accounting for Common Control

Combinations" is applied for this transaction. The Financial Information has been prepared using the merger basis of accounting as if the Group had always been in existence. The net assets of the combining companies are combined using the existing book values from the controlling parties perspective.

On 1 September 2006, the Group acquired the entire equity interest in Beijing Trade for a consideration approximately of RMB9,800 (approximately equivalent to USD1,300) which is net carrying value of the assets and liabilities acquired as at the date of acquisition. This transaction was reflected in the Financial Information using the purchase accounting method.

The combined income statements, combined statements of changes in equity and combined cash flow statements of the Group as set out in Section B include the results of operations of the companies now comprising the Group for the Relevant Period (or where the companies were incorporated/established/acquired at a date later than 1 January 2004, for the period from the date of incorporation/establishment/acquisition to 31 May 2007) as if the current group structure had been in existence throughout the Relevant Period. The combined balance sheets of the Group as at 31 December 2004, 2005 and 2006 and 31 May 2007 as set out in Section B have been prepared to present the state of affairs of the companies now comprising the Group as at the respective dates as if the current group structure had been in existence as at the respective dates. All material intra-group transactions and balances have been eliminated on combination.

At the date of this report, the Company had direct or indirect interests in the following subsidiaries, all of which are private companies. The particulars of these subsidiaries are set out below:

Name of company	Place and date of incorporation/ establishment	Issued and fully paid up/ registered capital	Attributable equity interest		Principal activities
			Direct	Indirect	
			%	%	
Great Wall Northeast Asia Corporation ("NAC")	Cayman Islands 3 December 1996	USD46,324,000	100	—	Investment holding
Impreza Investments Ltd. ("Impreza")	British Virgin Islands (the "BVI") 7 November 1996	USD14,700,000	—	100	Investment holding
Great Wall Dalian Investment Co., Ltd. ("Dalian Investment")	BVI 23 February 1995	USD24,500,000	—	60	Investment holding

Name of company	Place and date of incorporation/ establishment	Issued and fully paid up/ registered capital	Attributable equity interest		Principal activities
			Direct	Indirect	
			%	%	
Great Wall Food (Dalian) Co., Ltd. ("Dalian Great Wall") (note (1)) 大成食品(大連)有限公司	People's Republic of China ("PRC") 6 December 1995	RMB169,934,820	—	60	Manufacturing and trading of animal feeds, husbandry and trading of poultry and livestock, processing and trading of meat and meat products
Great Wall Gourmet (Dalian) Co., Ltd. ("Dalian Gourmet") (note (1)) 大成美食(大連)有限公司	PRC 22 August 2000	RMB41,028,398	—	60	Food processing
Great Wall Agritech (Liaoning) Co., Limited ("Liaoning Greatwall (BVI)")	BVI 13 September 1990	USD5,026,381	—	100	Investment holding
Global Food Corporation ("Global Food") 環球食品有限公司	Samoa 23 January 2003	USD1	—	100	Trading of meat and meat products
Great Wall Agritech (Liaoning) Co., Limited ("Liaoning Greatwall (HK)") 大成長城農技(遼寧)有限公司	Hong Kong 24 July 1990	HKD200,000	—	100	Investment holding
Liaoning Greatwall Agri-Industrial Co., Ltd. ("Liaoning Greatwall") (note (1)) 遼寧大成農牧實業有限公司	PRC 19 July 1990	RMB20,778,319	—	100	Manufacturing and trading of animal feeds, husbandry and trading of poultry and livestock, processing and trading of meat and meat products
Great Wall Agrotech Feed (Shenyang) Co., Ltd. ("Shenyang Great Wall") 大成農技飼料(瀋陽)有限公司	PRC 16 May 2007	USD2,000,000	—	100	Manufacturing and trading of animal feeds, husbandry and trading of poultry and livestock, processing and trading of meat and meat products

Name of company	Place and date of incorporation/ establishment	Issued and fully paid up/ registered capital	Attributable equity interest		Principal activities
			Direct	Indirect	
			%	%	
Greatwall Agri (Heilongjiang) Co., Ltd. ("Heilongjiang Greatwall") (note (1)) 大成農牧(黑龍江)有限公司	PRC 25 May 2005	RMB8,276,500	—	100	Manufacturing and trading of animal feeds
Dongbei Agri Corporation ("Dongbei Agri")	BVI 27 November 1996	USD5,240,000	—	100	Investment holding
Great Wall Agri (Yingkou) Co., Ltd. ("Yingkou Great Wall") (note (1)) 大成農牧(營口)有限公司	PRC 1 April 1997	RMB23,179,040	—	100	Manufacturing and trading of animal feeds, processing and trading of meat and meat products
Greatwall Agri (Tieling) Co., Ltd. ("Tieling Greatwall") (note (1)) 大成農牧(鐵嶺)有限公司	PRC 16 May 1997	RMB41,379,240	—	100	Manufacturing and trading of animal feeds, processing and trading of meat and meat products
Dongbei Agri (Changchun) Co., Ltd. ("Changchun Agri") (note (1)) 東北農牧(長春)有限公司	PRC 28 August 2006	RMB7,944,524	—	100	Manufacturing and trading of animal feeds
Hunan Greatwall Technologies & Feeds Co., Ltd. ("Hunan Greatwall") (note (1)) 湖南大成科技飼料有限公司	PRC 8 October 2006	RMB9,577,015	—	100	Manufacturing and trading of animal feeds
Tieling Greatwall Trade Co., Ltd. ("Tieling Trade") (note (1)) 鐵嶺大成商貿有限公司	PRC 23 June 2004	RMB2,000,000	—	100	Trading of animal feeds
Beijing Hanya Trade Co., Ltd. ("Beijing Trade") (note (1) and (3)) 北京漢亞商貿有限公司	PRC 21 May 1998	RMB1,000,000	—	100	Manufacturing and trading of animal feeds
Hwabei Agri Corporation ("Hwabei Agri")	BVI 23 December 1998	USD1	—	100	Investment holding

Name of company	Place and date of incorporation/ establishment	Issued and fully paid up/ registered capital	Attributable equity interest Direct %	Attributable equity interest Indirect %	Principal activities
DaChan Wanda (HK) Limited 大成萬達(香港)有限公司 (formerly known as Conti Tianjin (HK) Limited) ("Hong Kong DaChan")	Hong Kong 26 June 1984	USD2,892,000	—	100	Investment holding
DaChan Wanda (Tianjin) Co., Ltd. (formerly known as Conti Wanda (Tianjin) Co., Ltd.) ("Tianjin DaChan") (note (1)) 大成萬達(天津)有限公司 (前稱康地萬達(天津)有限公司)	PRC 26 October 1992	RMB146,790,440	—	100	Manufacturing and trading of animal feeds, husbandry and trading of poultry and livestock, processing and trading of meat and meat products
Union Manufacturing Limited ("Union Manufacturing")	BVI 7 February 1996	USD4,800,000	—	100	Investment holding
Greatwall Gourmet (Shanghai) Co., Ltd. ("Shanghai Gourmet") (note (1)) 大成美食(上海)有限公司	PRC 5 September 1996	RMB33,595,269	—	100	Manufacturing and trading of meat and meat products
Great Wall Kuang-Ming Investment (BVI) Co., Ltd. ("Kuang-Ming Investment")	BVI 17 March 1995	USD1,000,000	—	100	Investment holding
Asia Nutrition Technologies (VN) Investment Co., Ltd. ("ANTIC-VN")	BVI 7 September 1998	USD7,615,590	—	65.51	Investment holding
Asia Nutrition Technologies (HN) Co., Ltd. ("ANT-HN")	Vietnam 22 January 2003	VND46,776,500,000	—	65.51	Manufacturing and trading of animal feeds
Asia Nutrition Technologies (VN) Co., Ltd. ("ANT-VN")	Vietnam 29 April 1995	VND76,931,050,000	—	65.51	Manufacturing and trading of animal feeds

Name of company	Place and date of incorporation/ establishment	Issued and fully paid up/ registered capital	Attributable equity interest		Principal activities
			Direct	Indirect	
			%	%	
Great Wall Nutrition Technologies Sdn. Bhd. ("Great Wall Malaysia")	Malaysia 3 August 1990	RM4,373,770	—	100	Manufacturing and sales of animal feeds
Golden Harvest Inc. ("Golden Harvest")	Samoa 25 November 2003	USD1	—	65.51	Trading of feed ingredients
Asia Nutrition Technologies (LA) Co., Ltd. ("ANT-LA")	Vietnam 13 April 2007	VND21,065,000,000	—	65.51	Manufacturing and trading of feed meal and related additives, aquatic products, veterinary and aquatic medicine
Marksville Corporation ("Marksville")	BVI 15 June 2007	USD1	—	100	Investment holding

Notes:

(1) The English translation of the company names is for reference only. The official names of these companies are in Chinese.

(2) All PRC subsidiaries are wholly foreign-owned enterprises.

(3) The Group acquired the entire equity interest in Beijing Trade on 1 September 2006 for the consideration of approximately RMB9,800 (approximately of USD1,300) which was the carrying values of the assets and liabilities acquired as at 1 September 2006. The acquisition has no material financial effect on the Group.

B FINANCIAL INFORMATION

1 Combined income statements

		For the year ended 31 December			For the five months ended 31 May	
	Section C	2004	2005	2006	2006	2007
	Note	*USD'000*	*USD'000*	*USD'000*	*USD'000 (unaudited)*	*USD'000*
Revenue	2	429,742	532,080	637,395	238,849	321,122
Cost of sales		(401,180)	(488,626)	(583,881)	(221,489)	(293,074)
Gross profit		28,562	43,454	53,514	17,360	28,048
Change in fair value of biological assets less estimated point-of-sale costs	14	343	(67)	(193)	189	(84)
Fair value of agricultural produce on initial recognition	13(e)	2,257	3,578	3,452	798	2,284
Reversal of fair value of agricultural produce due to sales and disposals	13(e)	(2,483)	(3,662)	(3,126)	(697)	(1,827)
Other income	4	1,489	1,414	4,758	1,931	6,110
Distribution costs		(11,108)	(15,600)	(19,109)	(7,075)	(8,545)
Administrative expenses		(12,723)	(15,289)	(18,011)	(7,551)	(7,856)
Other operating expenses		(870)	(338)	(640)	(138)	(196)
Profit from operations		5,467	13,490	20,645	4,817	17,934
Finance costs	5(a)	(2,653)	(2,882)	(2,746)	(1,197)	(1,374)
Share of profits of jointly controlled entities	12	105	181	762	57	560
Profit before tax	5	2,919	10,789	18,661	3,677	17,120
Income tax	6(b)	(1,224)	(1,875)	(2,166)	(441)	(702)
Profit for the year/period		1,695	8,914	16,495	3,236	16,418
Attributable to:						
Equity holders of the Company		2,631	8,523	13,355	2,264	14,331
Minority interests		(936)	391	3,140	972	2,087
Profit for the year/period		1,695	8,914	16,495	3,236	16,418

	Section C	For the year ended 31 December			For the five months ended 31 May	
		2004	2005	2006	2006	2007
	Note	*USD'000*	*USD'000*	*USD'000*	*USD'000 (unaudited)*	*USD'000*
Dividends attributable to the year/period:						
Dividends proposed after the balance sheet date	9	1,000	—	—	—	—
Earnings per share						
- Basic (cents)	10	0.35	1.14	1.78	0.30	1.91

The accompanying notes form part of the Financial Information.

2 Combined balance sheets

		At 31 December			At 31 May
	Section C	2004	2005	2006	2007
	Note	*USD'000*	*USD'000*	*USD'000*	*USD'000*
Non-current assets					
Fixed assets					
- Property, plant and equipment	11	63,535	64,075	67,757	74,082
- Lease prepayments	11	4,065	4,580	5,402	6,285
Interests in jointly controlled entities	12	3,919	4,071	3,947	4,444
Deferred tax assets	19(a)	—	105	29	29
		71,519	72,831	77,135	84,840
Current assets					
Inventories	13	30,279	43,843	54,425	62,161
Biological assets	14	1,105	1,165	798	922
Trade and other receivables	15	35,252	37,796	51,249	63,556
Amounts due from related parties	23(d)	814	434	778	652
Tax recoverable	6(a)	—	3	14	—
Pledged bank deposits		2,626	3,482	789	954
Cash and cash equivalents	16	17,907	18,446	19,778	26,968
		87,983	105,169	127,831	155,213
Current liabilities					
Interest-bearing borrowings	17	43,601	36,863	43,507	59,857
Trade and other payables	18	43,000	55,336	65,944	69,575
Amounts due to related parties	23(e)	8,694	12,797	4,699	2,464
Current taxation	6(a)	872	1,912	1,992	1,351
		96,167	106,908	116,142	133,247
Net current (liabilities)/assets		(8,184)	(1,739)	11,689	21,966
Total assets less current liabilities		63,335	71,092	88,824	106,806
Non-current liabilities					
Interest-bearing borrowings	17	2,213	1,185	694	936
Deferred tax liabilities	19(a)	27	26	35	28
		2,240	1,211	729	964
Net assets		61,095	69,881	88,095	105,842
Capital and reserves					
Share capital	20	52,678	52,678	52,678	52,678
Reserves	21	(1,913)	6,336	21,114	36,550
Equity attributable to equity holders of the Company		50,765	59,014	73,792	89,228
Minority interests		10,330	10,867	14,303	16,614
Total equity		61,095	69,881	88,095	105,842

The accompanying notes form part of the Financial Information.

3 Combined statements of changes in equity

		Attributable to equity holders of the Company						
	Section C	Share capital	Statutory reserves	Translation reserve	(Accumulated loss) /retained profits	Total	Minority interests	Total equity
	Note	*USD'000 (Note 20)*	*USD'000 (Note 21(a))*	*USD'000 (Note 21(b))*	*USD'000 (Note 21(c))*	*USD'000*	*USD'000*	*USD'000*
At 1 January 2004		52,678	1,748	17	(6,130)	48,313	12,120	60,433
Exchange difference on translation of financial statements of foreign subsidiaries		—	—	(179)	—	(179)	(92)	(271)
Dividends paid by subsidiaries attributable to minority interests		—	—	—	—	—	(257)	(257)
Appropriations		—	88	—	(88)	—	—	—
Acquisition of additional interest in a subsidiary		—	—	—	—	—	(505)	(505)
Net profit for the year		—	—	—	2,631	2,631	(936)	1,695
At 31 December 2004		52,678	1,836	(162)	(3,587)	50,765	10,330	61,095
At 1 January 2005		52,678	1,836	(162)	(3,587)	50,765	10,330	61,095
Dividend paid	9	—	—	—	(1,000)	(1,000)	—	(1,000)
Exchange difference on translation of financial statements of foreign subsidiaries		—	—	726	—	726	146	872
Appropriations		—	126	—	(126)	—	—	—
Net profit for the year		—	—	—	8,523	8,523	391	8,914
At 31 December 2005		52,678	1,962	564	3,810	59,014	10,867	69,881
At 1 January 2006		52,678	1,962	564	3,810	59,014	10,867	69,881
Exchange difference on translation of financial statements of foreign subsidiaries		—	—	1,423	—	1,423	296	1,719
Appropriations		—	538	—	(538)	—	—	—
Net profit for the year		—	—	—	13,355	13,355	3,140	16,495
At 31 December 2006		52,678	2,500	1,987	16,627	73,792	14,303	88,095

	Section C	Attributable to equity holders of the Company						
	Section C	Share capital	Statutory reserves	Translation reserve	(Accumulated loss) /retained profits	Total	Minority interests	Total equity
	Note	*USD'000 (Note 20)*	*USD'000 (Note 21(a))*	*USD'000 (Note 21(b))*	*USD'000 (Note 21(c))*	*USD'000*	*USD'000*	*USD'000*
At 1 January 2007		52,678	2,500	1,987	16,627	73,792	14,303	88,095
Exchange difference on translation of financial statements of foreign subsidiaries		—	—	1,105	—	1,105	224	1,329
Appropriations		—	244	—	(244)	—	—	—
Net profit for the period		—	—	—	14,331	14,331	2,087	16,418
At 31 May 2007		52,678	2,744	3,092	30,714	89,228	16,614	105,842
Unaudited								
At 1 January 2006		52,678	1,962	564	3,810	59,014	10,867	69,881
Exchange difference on translation of financial statements of foreign subsidiaries		—	—	256	—	256	50	306
Appropriations		—	287	—	(287)	—	—	—
Net profit for the period		—	—	—	2,264	2,264	972	3,236
At 31 May 2006		52,678	2,249	820	5,787	61,534	11,889	73,423

The accompanying notes form part of the Financial Information.

4 Combined cash flow statements

	Section C	For the year ended 31 December			For the five months ended 31 May	
		2004	2005	2006	2006	2007
	Note	*USD'000*	*USD'000*	*USD'000*	*USD'000 (unaudited)*	*USD'000*
OPERATING ACTIVITIES						
Profit before tax		2,919	10,789	18,661	3,677	17,120
Adjustments for:						
Change in fair value of biological assets less estimated point-of-sale costs		(343)	67	193	(189)	84
Fair value of agricultural produce on initial recognition		(2,257)	(3,578)	(3,452)	(798)	(2,284)
Reversal of fair value of agricultural produce due to sales and disposals		2,483	3,662	3,126	697	1,827
Share of profits of jointly controlled entities		(105)	(181)	(762)	(57)	(560)
Depreciation and amortisation		6,369	6,815	7,625	3,196	3,224
Gain on disposal of fixed assets		(51)	(34)	(2)	—	(3,335)
Impairment loss on fixed assets		—	—	144	—	—
Impairment loss on trade and other receivables		51	204	328	135	135
Write-down of inventories		252	1,028	—	382	448
Reversal of impairment loss for trade and other receivables		—	(7)	(280)	(14)	(103)
Reversal of write-down of inventories		—	—	(947)	(111)	(234)
Interest income		(422)	(315)	(433)	(67)	(110)
Interest expenses		2,653	2,882	2,746	1,197	1,374
Provision for onerous contracts		—	—	1,511	—	1,787
Utilisation of onerous contracts provision		—	—	—	—	(1,511)
Net exchange (gain)/loss		(334)	(218)	20	(334)	183
Operating cash flows before changes in working capital		11,215	21,114	28,478	7,714	18,045
(Increase)/decrease in inventories		(2,410)	(14,676)	(9,309)	658	(7,493)
(Increase)/decrease in biological assets		(16)	(127)	174	65	(208)
Increase in trade and other receivables		(2,097)	(3,817)	(13,024)	(7,222)	(9,400)
Increase in trade and other payables		11,281	11,228	5,640	7,132	5,004
(Decrease)/ increase in amount due from/to related parties		(1,136)	1,019	2,984	1,139	(1,551)
Cash generated from operations		16,837	14,741	14,943	9,486	4,397
Income tax paid		(612)	(944)	(2,012)	(1,659)	(1,336)
Net cash generated from operating activities		16,225	13,797	12,931	7,827	3,061

		For the year ended 31 December			For the five months ended 31 May	
	Section C	**2004**	**2005**	**2006**	**2006**	**2007**
	Note	*USD'000*	*USD'000*	*USD'000*	*USD'000 (unaudited)*	*USD'000*
INVESTING ACTIVITIES						
Interest received		422	315	433	67	110
Purchases of fixed assets		(5,371)	(5,959)	(9,742)	(4,750)	(12,651)
Dividend received from a jointly controlled entity		550	100	1,000	200	150
Deposit paid for purchase of fixed assets		(360)	—	(1,350)	—	—
Acquisition of additional interest in a subsidiary		(505)	—	—	—	—
Proceeds on disposal of fixed assets		337	223	343	305	3,703
Changes in advances to related parties		365	335	(344)	144	126
Changes in pledged bank deposits		(2,426)	(856)	2,693	952	(165)
Net cash used in investing activities		(6,988)	(5,842)	(6,967)	(3,082)	(8,727)
FINANCING ACTIVITIES						
Interest paid		(2,486)	(2,753)	(2,687)	(1,493)	(1,501)
Dividend paid		—	(1,000)	—	—	—
Dividend paid to minority shareholders		(257)	—	—	—	—
Changes in advances from related parties		2,361	4,103	(8,098)	(7,023)	(2,235)
Proceeds from new bank loans		31,522	49,063	71,925	18,583	36,713
Repayment of bank loans		(31,382)	(56,814)	(65,823)	(15,059)	(20,039)
Net cash (used in)/generated from financing activities		(242)	(7,401)	(4,683)	(4,992)	12,938
Net increase/(decrease) in cash and cash equivalents		8,995	554	1,281	(247)	7,272
Cash and cash equivalents at beginning of the year/period		8,866	17,861	18,415	18,415	19,696
Cash and cash equivalents at end of the year/period	16	17,861	18,415	19,696	18,168	26,968

The accompanying notes form part of the Financial Information.

C NOTES ON THE FINANCIAL INFORMATION

1 Significant accounting policies

(a) ***Statement of compliance***

The Financial Information has been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations promulgated by the International Accounting Standards Board (the "IASB"), and the disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period by the Group and the Company. The adoption of the new and revised IFRSs has no significant impact on the Financial Information. The following summarises the accounting policies of the Group after these developments to the extent that they are relevant to the Group.

(b) ***Basis of preparation of the Financial Information***

The Financial Information for the year ended 31 December 2004, 2005 and 2006 and for the five months ended 31 May 2006 and 2007 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in jointly controlled entities.

The Financial Information is presented in United States Dollars ("USD"). Most of the companies comprising the Group are operating in a Renminbi environment. The functional currency of most of the companies comprising the Group is Renminbi. The Financial Information is prepared on the historical cost basis, except biological assets and agricultural produce (see note 1(j)) and derivative financial instruments (see note 1(q)) that are stated at their fair value.

The preparation of Financial Information in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the Financial Information and estimates with a significant risk of material adjustment in the next year are disclosed in note 25.

The accounting policies set out below have been applied consistently to all periods presented in the Financial Information.

(c) ***Subsidiaries and minority interests***

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

The financial statements of a subsidiary are included in the Financial Information from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the Financial Information. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Minority interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Minority interests are presented in the combined balance sheets within equity, separately from equity attributable to the equity holders of the Company. Minority interests in the results of the Group are presented on the face of the combined income statements as an allocation of the total profit or loss for the year between minority interests and the equity holders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

Loan from holders of minority interests and other contractual obligations towards these holders are presented as financial liabilities in the combined balance sheets in accordance with note 1(o).

(d) ***Jointly controlled entities***

A jointly controlled entity is an entity which operates under a contractual arrangement between the Group or Company and other parties, where the contractual arrangement establishes that the Group or Company and one or more of the other parties share joint control over the economic activity of the entity.

An investment in a jointly controlled entity is accounted for in the Financial Information under the equity method and is initially recorded at cost and adjusted thereafter for the post-acquisition change in the Group's share of the jointly controlled entity's net assets. The combined income statements includes the Group's share of the post-acquisition, post-tax results of the jointly controlled entities for the year.

When the Group's share of losses exceeds its interest in the jointly controlled entity, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the jointly controlled entity. For this purpose, the Group's interest in the jointly controlled entity is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the jointly controlled entity.

Unrealised profits and losses resulting from transactions between the Group and its jointly controlled entities are eliminated to the extent of the Group's interest in the jointly controlled entities, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in the combined income statements.

(e) ***Property, plant and equipment***

Items of property, plant and equipment are stated in the combined balance sheets at cost less accumulated depreciation and impairment losses (see note 1(i)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in the combined income statements on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

Buildings held for own use	20 years
Plant and machinery	10 years
Furniture, fittings and equipment	5 years
Motor vehicles	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(f) ***Construction in progress***

Construction in progress represents office buildings, various infrastructure projects under construction and equipment pending installation, and is stated at cost less impairment losses (see note 1(i)). Cost comprises direct costs of construction and the initial estimate, where relevant, of the costs of dismantling and removing the item and restoring the site on which it is located during the periods of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to property, plant and equipment when the asset is substantially ready for its intended use, notwithstanding any delays in the issue of the relevant commissioning certificates by the relevant PRC authorities.

No depreciation is provided in respect of construction in progress.

(g) ***Operating lease charges***

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to the combined income statements in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in the combined income statements as an integral part of the aggregate net lease payments made. Contingent rentals are charged to the combined income statements in the accounting periods in which they are incurred.

(h) ***Lease prepayments***

Lease prepayments represent the purchase costs of land use rights. Land use rights are carried at cost less accumulated amortisation and impairment losses (see note 1(i)). Amortisation is charged to the combined income statements on a straight line basis over the period of land use rights.

The cost of acquiring land held under operating lease is amortised on a straight-line basis over the lease term.

(i) ***Impairment of assets***

(i) *Impairment of investments in equity securities and other receivables*

Investments in equity securities and other current receivables that are stated at cost or amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, any impairment loss is determined and recognised as follows:

— For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities are not reversed.

— For trade and other receivables carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets, where the effect of discounting is material).

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through the combined income statements. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

(ii) *Impairment of other assets*

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

— Property, plant and equipment;

— Lease prepayments;

— Investments in subsidiaries and jointly controlled entities; and

If any such indication exists, the asset's recoverable amount is estimated.

— Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— Recognition of impairment losses

An impairment loss is recognised in the combined income statements whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

— Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the combined income statements in the year in which the reversals are recognised.

(j) ***Biological assets and agricultural produce***

Biological assets are stated at fair value less estimated point-of-sale costs, with any resultant gain or loss recognised in the combined income statements. Point-of-sale costs include all costs that would be necessary to sell the assets, excluding costs necessary to get the assets to market. The fair value of livestock is determined based on the current market price of livestock of similar age, breed and genetic merit.

Agricultural produce, which comprises broiler breeder eggs is initially measured at its fair value less estimated point-of-sale costs at the point of lay. The fair value of agricultural produce is determined based on market prices in the local area, any resultant gain or loss recognised in combined income statements.

(k) ***Inventories***

Inventories are stated at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Agricultural produce is initially measured at its fair value less estimated point-of-sale costs at the point of lay as in accordance with note 1(j), subsequently included under inventory and stated at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down of loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(l) ***Trade and other receivables***

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less impairment losses for bad and doubtful debts (see note 1(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts (see note 1(i)).

(m) ***Cash and cash equivalents***

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the combined cash flow statements.

(n) ***Interest-bearing borrowings***

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the combined income statements over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(o) ***Trade and other payables***

Trade and other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(p) ***Provisions for onerous contracts***

The Group recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

(q) ***Derivative financial instruments***

Commodity derivative contracts, which are entered into to protect the Group from the impact of price fluctuations in corns and soybeans commodities, are recognised initially at fair value. At each balance sheet date the fair value is remeasured. The gain or loss on remeasurement to fair value is charged immediately to combined income statements.

(r) ***Derecognition of financial assets/liabilities***

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised directly in equity is recognised in the combined income statements.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in the combined income statements.

(s) ***Employee benefits***

(i) Salaries, annual bonuses, paid annual leave, contributions to defined contribution plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Pursuant to the relevant laws and regulations in the PRC, the Group participates in various defined contribution retirement plans for its PRC based employees organised by the relevant government authority. The Group makes contributions to these retirement schemes at the applicable rate(s) based on the employees' salaries. The contributions are charged to the combined income statements as incurred. After the payment of the contributions under the retirement scheme, the Group has no further obligations in this respect.

(iii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrates commitments itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(t) ***Income tax***

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the combined income statements except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from differences which arose on initial recognition of assets and liabilities, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  — the same taxable entity; or

  — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(u) ***Provisions and contingent liabilities***

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(v) ***Revenue recognition***

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the combined income statements as follows:

(i) *Sales of goods*

Revenue is recognised when goods are delivered at the customers' premises which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(ii) *Interest income*

Interest income is recognised as it accrues using the effective interest method.

(iii) *Government subsidy*

Subsidy income is recognised when it is probable that the grant will be received and all attaching conditions will be completed.

(w) ***Foreign currencies***

(i) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("functional currency"). The Financial Information is presented in USD ("presentation currency").

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the combined income statements.

Income statements and cash flows of foreign entities are translated into the Group's presentation currency at the average exchange rates for the financial period and their balance sheets are translated at the exchange rates ruling at the balance sheet date. Exchange differences arising from the translation of net investment in foreign subsidiaries are taken directly to reserves.

(x) ***Research and development costs***

Research and development costs comprise all costs that are directly attributable to research and development activities or that can be allocated on a reasonable basis to such activities. Because of the nature of the Company's or Group's research and development activities, no development costs satisfy the criteria for the recognition of such costs as an asset. Both research and development costs are therefore recognised as expenses in the period in which they are incurred.

(y) ***Borrowing costs***

Borrowing costs are expensed in the combined income statements in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition or construction of an asset which necessarily takes a substantial period of time to get ready for its intended use.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(z) ***Related parties***

For the purposes of the Financial Information, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(aa) ***Segment reporting***

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting system, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format for the purposes of these financial statements.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. Segment revenue, expenses, assets, and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group entities within a single segment. Sales from livestock feeds segment to chilled and frozen chicken segment are charged at cost while sales from chilled and frozen chicken segment to processed foods segment is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, tax balances, corporate and financing expenses.

2 Revenue

The principal activities of the Group include manufacturing and trading of livestock feeds, poultry and chilled meats and processed foods.

Revenue mainly represents the sales value of goods sold to customers but excludes value added tax or other sales taxes and is after allowance for goods returned and deduction of any trade discounts. The amount of each significant category of revenue recognised in revenue during the Relevant Period is as follows:

	For the year ended 31 December			For the five months ended 31 May	
	2004	**2005**	**2006**	**2006**	**2007**
	USD'000	*USD'000*	*USD'000*	*USD'000* *(unaudited)*	*USD'000*
Sales of chilled and frozen chicken	268,225	303,912	376,744	144,410	199,999
Sales of livestock feeds	144,358	196,766	222,787	80,439	99,405
Sales of processed foods	17,159	31,402	37,864	14,000	21,718
	429,742	532,080	637,395	238,849	321,122

3 Segment reporting

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

Primary reporting format — business segments

The Group comprises the following main business segments:

- *Chilled and frozen chicken*. The chilled and frozen chicken segment carries on business of breeding and hatching of broiler breeder eggs, contract farming, processing and marketing of chicken meat products.
- *Livestock feeds*. The livestock feed segment manufactures and distributes complete feed, base mix and pre-mix for swine, layer, broiler, dairy, duck, and breeder poultry.
- *Processed foods*. The processed foods segment produces and distributes pickled, pre-fried, and roasted foods.

	For the year ended 31 December 2004				
	Chilled and frozen chicken	Livestock feeds	Processed foods	Inter-segment elimination	Combined
	USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*
Revenue from external customers	268,225	144,358	17,159	—	429,742
Inter-segment revenue	8,515	74,472	—	(82,987)	—
Total	276,740	218,830	17,159	(82,987)	429,742
Segment result	3,741	4,522	(1,062)	—	7,201
Unallocated operating income and expenses					(1,734)
Profit from operations					5,467
Finance costs					(2,653)
Share of profits of jointly controlled entities	—	—	105	—	105
Income tax					(1,224)
Profit for the year					1,695
Depreciation and amortisation for the year	3,739	1,895	735	—	6,369
Segment assets	61,213	56,870	14,130	—	132,213
Interests in jointly controlled entities	—	—	3,919	—	3,919
Unallocated assets					23,370
Total assets					159,502
Segment liabilities	(21,057)	(18,347)	(3,456)	—	(42,860)
Unallocated liabilities					(55,547)
Total liabilities					(98,407)
Capital expenditure incurred during the year	433	4,660	1,048	—	6,141

	For the year ended 31 December 2005				
	Chilled and frozen chicken	Livestock feeds	Processed foods	Inter-segment elimination	Combined
	USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*
Revenue from external customers	303,912	196,766	31,402	—	532,080
Inter-segment revenue	9,794	78,033	—	(87,827)	—
Total	313,706	274,799	31,402	(87,827)	532,080
Segment result	7,784	7,155	947	—	15,886
Unallocated operating income and expenses					(2,396)
Profit from operations					13,490
Finance costs					(2,882)
Share of profits of jointly controlled entities	—	—	181	—	181
Income tax					(1,875)
Profit for the year					8,914
Depreciation and amortisation for the year	3,054	2,872	889	—	6,815
Segment assets	76,252	60,742	13,431	—	150,425
Interests in jointly controlled entities	—	—	4,071	—	4,071
Unallocated assets					23,504
Total assets					178,000
Segment liabilities	(31,538)	(18,236)	(5,433)	—	(55,207)
Unallocated liabilities					(52,912)
Total liabilities					(108,119)
Capital expenditure incurred during the year	3,501	3,059	391	—	6,951

	For the year ended 31 December 2006				
	Chilled and frozen chicken	Livestock feeds	Processed foods	Inter-segment elimination	Combined
	USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*
Revenue from external customers	376,744	222,787	37,864	—	637,395
Inter-segment revenue	12,340	91,899	—	(104,239)	—
Total	389,084	314,686	37,864	(104,239)	637,395
Segment result	10,246	11,314	3,582	—	25,142
Unallocated operating income and expenses					(4,497)
Profit from operations					20,645
Finance costs					(2,746)
Share of profits of jointly controlled entities	—	—	762	—	762
Income tax					(2,166)
Profit for the year					16,495
Depreciation and amortisation for the year	3,269	3,409	947	—	7,625
Impairment loss on fixed assets	144	—	—	—	144
Segment assets	87,100	76,744	15,368	—	179,212
Interests in jointly controlled entities	—	—	3,947	—	3,947
Unallocated assets					21,807
Total assets					204,966
Segment liabilities	(29,246)	(27,973)	(6,230)	—	(63,449)
Unallocated liabilities					(53,422)
Total liabilities					(116,871)
Capital expenditure incurred during the year	4,260	5,888	625	—	10,773

	For the five months ended 31 May 2006 (unaudited)				
	Chilled and frozen chicken	**Livestock feeds**	**Processed foods**	**Inter-segment elimination**	**Combined**
	USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*
Revenue from external customers	144,410	80,439	14,000	—	238,849
Inter-segment revenue	3,753	40,022	—	(43,775)	—
Total	148,163	120,461	14,000	(43,775)	238,849
Segment result	478	3,176	2,807	—	6,461
Unallocated operating income and expenses					(1,644)
Profit from operations					4,817
Finance costs					(1,197)
Share of profits of jointly controlled entities	—	—	57	—	57
Income tax					(441)
Profit for the period					3,236
Depreciation and amortisation for the period	1,714	1,087	395	—	3,196
Segment assets	74,449	67,229	15,565	—	157,243
Interests in jointly controlled entities	—	—	3,951	—	3,951
Unallocated assets					23,133
Total assets					184,327
Segment liabilities	(28,479)	(25,367)	(6,436)	—	(60,282)
Unallocated liabilities					(50,624)
Total liabilities					(110,906)
Capital expenditure incurred during the period	1,238	1,404	183	—	2,825

	For the five months ended 31 May 2007				
	Chilled and frozen chicken	Livestock feeds	Processed foods	Inter-segment elimination	Combined
	USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*
Revenue from external customers	199,999	99,405	21,718	—	321,122
Inter-segment revenue	6,283	43,198	—	(49,481)	—
Total	206,282	142,603	21,718	(49,481)	321,122
Segment result	12,217	6,402	1,281	—	19,900
Unallocated operating income and expenses					(1,966)
Profit from operations					17,934
Finance costs					(1,374)
Share of profits of jointly controlled entities	—	—	560	—	560
Income tax					(702)
Profit for the period					16,418
Depreciation and amortisation for the period	1,434	1,398	392	—	3,224
Segment assets	100,058	89,315	15,981	—	205,354
Interests in jointly controlled entities	—	—	4,444	—	4,444
Unallocated assets					30,255
Total assets					240,053
Segment liabilities	(38,518)	(26,766)	(2,115)	—	(67,399)
Unallocated liabilities					(66,812)
Total liabilities					(134,211)
Capital expenditure incurred during the period	6,152	4,195	271	—	10,618

Secondary reporting format — geographical segment

The Group's business operates in four principal economic environments. Mainland China is the major market for all of the Group's businesses.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of the assets.

	For the year ended 31 December 2004				
	Mainland China	**Japan**	**Vietnam**	**Rest of Asia Pacific**	**Combined**
	USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*
Revenue from external customers	384,593	5,283	37,666	2,200	429,742
Segment assets	108,599	—	22,047	1,567	132,213
Capital expenditure incurred during the year	2,205	—	3,924	12	6,141

	For the year ended 31 December 2005				
	Mainland China	**Japan**	**Vietnam**	**Rest of Asia Pacific**	**Combined**
	USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*
Revenue from external customers	450,928	18,310	60,280	2,562	532,080
Segment assets	125,225	—	23,460	1,740	150,425
Capital expenditure incurred during the year	6,425	—	463	63	6,951

	For the year ended 31 December 2006				
	Mainland China	**Japan**	**Vietnam**	**Rest of Asia Pacific**	**Combined**
	USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*
Revenue from external customers	521,875	23,544	89,338	2,638	637,395
Segment assets	143,336	—	34,143	1,733	179,212
Capital expenditure incurred during the year	7,240	—	3,417	116	10,773

	For the five months ended 31 May 2006 (unaudited)				
	Mainland China	Japan	Vietnam	Rest of Asia Pacific	Combined
	USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*
Revenue from external customers	197,108	8,726	31,946	1,069	238,849
Segment assets	132,705	—	22,747	1,791	157,243
Capital expenditure incurred during the period	1,779	—	973	73	2,825

	For the five months ended 31 May 2007				
	Mainland China	Japan	Vietnam	Rest of Asia Pacific	Combined
	USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*
Revenue from external customers	258,101	10,040	51,936	1,045	321,122
Segment assets	156,933	—	46,494	1,927	205,354
Capital expenditure incurred during the period	8,991	—	1,601	26	10,618

4 Other income

	For the year ended 31 December			For the five months ended 31 May	
	2004	2005	2006	2006	2007
	USD'000	*USD'000*	*USD'000*	*USD'000 (unaudited)*	*USD'000*
Interest income	422	315	433	67	110
Foreign exchange gain	11	574	951	197	556
Realised gain on commodity derivative contracts	—	—	185	—	—
Gain on disposal of fixed assets	51	34	2	—	10
Reversal of inventories write-down	—	—	349	111	234
Reversal of impairment loss on receivables	—	7	280	14	103
Government subsidy (i)	—	—	618	15	1,173
Management fees (note 23(b))	289	294	142	58	86
Compensation received from a jointly controlled entity (note 23(b))	165	—	1,286	1,286	—
Commission income	88	—	10	10	—
Compensation received (ii)	29	5	70	13	3,339
Others	434	185	432	160	499
	1,489	1,414	4,758	1,931	6,110

(i) During the year ended 31 December 2006 and five months ended 31 May 2007, pursuant to the approval from respective local governments, certain subsidiaries of the Group received government subsidies which approximated to the aggregate amount of value added tax and interest expenses paid in previous years.

(ii) Included in the compensation received for the five months ended 31 May 2007 was an amount of approximately USD3.3 million being compensation given to a subsidiary of the Group as a result of relocation of factory as required by the local government.

5 Profit before tax

Profit before tax is arrived at after charging/(crediting):

(a) ***Finance costs***

	For the year ended 31 December			For the five months ended 31 May	
	2004	2005	2006	2006	2007
	USD'000	*USD'000*	*USD'000*	*USD'000 (unaudited)*	*USD'000*
Interest on bank advances wholly repayable within five years	2,468	2,511	2,440	1,023	1,324
Interest on other loans (note 23(b))	185	371	306	174	50
	2,653	2,882	2,746	1,197	1,374

(b) ***Staff costs***

	For the year ended 31 December			For the five months ended 31 May	
	2004	2005	2006	2006	2007
	USD'000	*USD'000*	*USD'000*	*USD'000 (unaudited)*	*USD'000*
Salaries, wages, bonuses and benefits in kind	12,823	18,784	23,526	9,590	11,042
Contributions to retirement benefit scheme	786	1,081	1,668	827	1,106
Housing allowances	53	85	135	68	94
	13,662	19,950	25,329	10,485	12,242

For the PRC based employees, the Group is required to participate in pension schemes organised by the PRC government whereby the Group is required to pay annual contributions at rates ranging from 19% to 25.5% of the standard wages determined by the relevant authorities in the PRC during the Relevant Period. The Group has no other material obligation for payment of retirement benefits to the PRC based employees beyond the annual contribution described above.

The Group does not have any full time employees in Hong Kong.

Contribution made to Malaysia's Employees Provident Fund was based on 12% of the eligible employees' salaries.

The Group also made contribution on the statutory social security and health insurance in Vietnam at 17% of the eligible employees' salaries.

(c) ***Other items***

	For the year ended 31 December			For the five months ended 31 May	
	2004	**2005**	**2006**	**2006**	**2007**
	USD'000	*USD'000*	*USD'000*	*USD'000* *(unaudited)*	*USD'000*
Operating lease charges:					
- land and buildings	913	15	365	256	199
- plant and machinery	408	1,055	1,061	532	472
- other assets	16	174	463	95	81
	1,337	1,244	1,889	883	752
Depreciation of property, plant and equipment	6,268	6,710	7,511	3,148	3,169
Amortisation of lease prepayments	101	105	114	48	55
Auditors' remuneration	50	133	152	57	127
Share of income tax of jointly controlled entities	—	—	156	54	21
Impairment loss:					
- fixed assets	—	—	144	—	—
- Trade and other receivables	51	204	328	135	135
Gain on disposal of fixed assets	(51)	(34)	(2)	—	(10)
Provision for onerous contracts	—	—	1,511	—	1,787
Utilisation of onerous contracts provision	—	—	—	—	(1,511)
Realised loss/(gain) on commodity derivative contracts	60	68	(185)	—	—
Research and development costs	75	81	157	35	75
Net foreign exchange loss	74	18	142	90	90

6 Income tax

(a) Current taxation in the combined balance sheets represents:

	For the year ended 31 December			For the five months ended 31 May	
	2004	**2005**	**2006**	**2006**	**2007**
	USD'000	*USD'000*	*USD'000*	*USD'000 (unaudited)*	*USD'000*
At beginning of the year/period	(255)	(872)	(1,909)	(1,909)	(1,978)
Provision for enterprise income tax for the year/period	(1,229)	(1,981)	(2,081)	(439)	(709)
Enterprise income tax paid	612	944	2,012	1,659	1,336
At end of the year/period	(872)	(1,909)	(1,978)	(689)	(1,351)
Represented by:					
Income tax recoverable	—	3	14	4	—
Income tax payable	(872)	(1,912)	(1,992)	(693)	(1,351)
	(872)	(1,909)	(1,978)	(689)	(1,351)

(b) Taxation in the combined income statements represents:

	For the year ended 31 December			For the five months ended 31 May	
	2004	**2005**	**2006**	**2006**	**2007**
	USD'000	*USD'000*	*USD'000*	*USD'000 (unaudited)*	*USD'000*
Current tax					
Provision for the year/period	1,229	1,981	2,081	439	709
Deferred tax					
Origination and reversal of temporary differences (note 19(b))	(5)	(106)	85	2	(7)
	1,224	1,875	2,166	441	702

(i) Pursuant to the rules and regulations of the Cayman Islands, BVI and Samoa, the Group is not subject to any income tax in the Cayman Islands, BVI and Samoa.

(ii) No provision has been made for Hong Kong Profits Tax as the Group did not earn any income subject to Hong Kong Profits Tax during the Relevant Period.

(iii) Pursuant to the income tax rules and regulations of the PRC, the companies comprising the Group in the PRC are liable to PRC enterprise income tax at a rate of 33%, of which 30% is attributable to the state government and 3% is attributable to the local government, during the Relevant Period. As most of the companies comprising the Group are located in the coastal economic areas, they are eligible to a preferential income tax rate at 27% with 24% for state Tax and 3% for local tax in accordance with relevant income tax rules and regulations of the PRC. The details of applicable income tax rate for the Group's main operating subsidiaries in the PRC are as follows:

a) Liaoning Greatwall is a foreign investment enterprise incorporated in Shenyang in compliance with Liao Fu Zi Zi Notice (1990) No 0033 ("遼府資字 (1990) 0033號 ") issued by the Ministry of Commerce in July 1990. A foreign enterprise operating in the coastal economic areas is eligible to an income tax rate at 27% with 24% for State Tax and 3% for local tax.

b) Yingkou Greatwall is a foreign investment enterprise incorporated in Liaoning. It is entitled to a tax exemption period in which it was fully exempted from PRC foreign enterprise income tax for two years (2000-2001) starting from its first profit-making year in 2000, followed by a 50% reduction in the PRC foreign enterprise income tax for the next three years (2002-2004). Yingkou Greatwall is qualified as an Advanced Technology Enterprise ("先進技術型企業 ") which entitles it to an extension of the period of 50% reduction in the enterprise income tax rate for three more years (2005-2007). The tax relief is subject to approval by the relevant PRC government authorities on an annual basis. The effective tax rate of Yingkou Greatwall was 13.5% in 2004, 2005, 2006 and 2007.

c) Dalian Gourmet is entitled to a tax exemption in which Dalian Gourmet was fully exempted from PRC foreign enterprise income tax for two years starting from Dalian Gourmet's first profit making year in 2006, followed by a 50% reduction in the PRC foreign enterprise income tax for the next three years. Thus, Dalian Gourmet was not subject to tax during the Relevant Period as Dalian Gourmet did not earn any taxable profit in 2004. Unutilised tax losses brought forward were used to offset against the taxable profit of Dalian Gourmet in 2005. Full tax exemption started in 2006 being the first profit-making year.

d) Dalian Great Wall was not subject to PRC foreign enterprise income tax for the years ended 31 December 2004, 2005 and 2006 and the five months ended 31 May 2006 due to the utilisation of tax losses brought forward from prior years. From 2007, Dalian Great Wall is entitled to a reduced PRC enterprise income tax rate of 27%.

e) Tianjin DaChan was not subject to the PRC foreign enterprise income tax for the years ended 31 December 2004, 2005 and 2006 and the five months ended 31 May 2006 due to the utilisation of tax losses brought forward from prior years. Tianjin DaChan is entitled to full exemption from the PRC enterprise income tax for the two years beginning from 2006, its first profit-making year after offsetting all tax losses carried forward from the previous years, followed by a 50% reduction in the PRC enterprise income tax for the next three years.

(iv) Pursuant to the income tax rules and regulations of Malaysia, the companies comprising the Group in Malaysia are liable to Malaysian income tax rate of 28% for the year ended 31 December 2004, 2005 and 2006. In September 2006, the Malaysian government announced a reduction in the income tax rate from 28% to 27% for the year of assessment in 2007. Accordingly, the provision for Malaysian income tax for the five months ended 31 May 2007 is calculated at 27% of the estimated assessable profits for the period.

(v) Pursuant to the Amended Investment Licence No. 1219/GPDC1-BKH-KCN-DN dated 23 December 2003, issued by Dong Nai Industrial Zone Authority ("DIZA"), ANT-VN is subject to Corporate Income Tax of Vietnam at a preferential rate of 15%. However, ANT-VN is entitled to a full tax exemption for two years from the first profit-making year. In addition, ANT-VN is also entitled to a 50% reduction in tax rate for seven years starting from 2004 in accordance with the Official Letter No. 2397/CT-TTr2 dated 21 November 2006 and Decision No. 148/QD-CT dated 8 June 2007, issued by Tax Department of Dong Nai Province.

(vi) ANT-HN is subject to Corporate Income Tax of Vietnam at the rate of 10% for the first 15 years commencing from its first year of operation and 25% for the succeeding years. However, ANT-HN is entitled to a full tax exemption for four years starting from 2005 being the first profit-making year pursuant to the Minutes of Inspection by Tax Department of Hai Duong Province dated 24 November 2006 and a 50% reduction in tax rate for the next four years.

(vii) On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Enterprise Income Tax Law of the PRC ("new tax law") which will take effect on 1 January 2008. The PRC income tax rate is expected to gradually increase to the standard rate of 25% over a five-year transition period. Production foreign investment enterprises which have not fully utilised their five-year tax holiday will be allowed to continue to receive the benefits of tax exemption or reduction in income tax rate during the five-year transition period. However, the new tax law has not set out the details as to how the existing preferential tax rate will gradually increase to the standard rate of 25%. Consequently, the Group is not able to make an estimate of the expected financial effect of the new tax law. The enactment of the new tax law is not expected to have any financial effect on the amounts accrued in the combined balance sheets in respect of current tax payable.

(c) Reconciliation between tax expense and accounting profit at applicable tax rates:

	For the year ended 31 December			For the five months ended 31 May	
	2004	2005	2006	2006	2007
	USD'000	*USD'000*	*USD'000*	*USD'000* *(unaudited)*	*USD'000*
Profit before tax	2,919	10,789	18,661	3,677	17,120
Income tax using the PRC enterprise income tax rate of 27% (i)	788	2,913	5,038	993	4,622
Tax effect of non-deductible expenses	2,828	1,203	2,108	1,452	1,128
Tax effect of non-taxable revenue	(1,683)	(472)	(1,543)	(1,391)	(2,229)
Effect of tax exemptions granted to subsidiaries	(743)	(1,618)	(2,808)	(425)	(2,289)
Effect of different tax rates of subsidiaries operating in different tax jurisdictions	62	(102)	(428)	(173)	(379)
Tax effect of share of profits of jointly controlled entities	(28)	(49)	(206)	(15)	(151)
Others	—	—	5	—	—
Actual tax expense	1,224	1,875	2,166	441	702

(i) The income tax rate of 27% represents the domestic tax rate in the jurisdiction where the operation of the Group is substantially based.

7 Directors' remuneration

Directors' remuneration disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance is as follows:

	For the year ended 31 December 2004				
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contribution	Total
	USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*
Executive directors					
Han Jia-Hwan	—	—	—	—	—
Chang Tiee-Shen	—	—	—	—	—
Chen Fu-Shih	—	78	12	—	90
Non-executive directors					
Liu Fuchun	—	—	—	—	—
Chen Chih	—	—	—	—	—
Pai Nai-Yu	—	—	—	—	—
Independent non-executive directors					
Han Chia-Yau	—	—	—	—	—
Harn Jia-Chen	—	—	—	—	—
Nicholas W. Rosa	—	—	—	—	—
	—	78	12	—	90

	For the year ended 31 December 2005				
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contribution	Total
	USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*
Executive directors					
Han Jia-Hwan	—	14	—	—	14
Chang Tiee-Shen	—	—	5	—	5
Chen Fu-Shih	—	81	15	—	96
Non-executive directors					
Liu Fuchun	—	—	—	—	—
Chen Chih	—	—	—	—	—
Pai Nai-Yu	—	—	—	—	—
Independent non-executive directors					
Han Chia-Yau	—	—	—	—	—
Harn Jia-Chen	—	—	—	—	—
Nicholas W. Rosa	—	—	—	—	—
	—	95	20	—	115

	For the year ended 31 December 2006				
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contribution	Total
	USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*
Executive directors					
Han Jia-Hwan	—	—	—	—	—
Chang Tiee-Shen	—	—	—	—	—
Chen Fu-Shih	—	80	31	—	111
Non-executive directors					
Liu Fuchun	—	—	—	—	—
Chen Chih	—	—	—	—	—
Pai Nai-Yu	—	—	—	—	—
Independent non-executive directors					
Han Chia-Yau	—	—	—	—	—
Harn Jia-Chen	—	—	—	—	—
Nicholas W. Rosa	—	—	—	—	—
	—	80	31	—	111

	For the five months ended 31 May 2006 (unaudited)				
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contribution	Total
	USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*
Executive directors					
Han Jia-Hwan	—	—	—	—	—
Chang Tiee-Shen	—	—	—	—	—
Chen Fu-Shih	—	34	—	—	34
Non-executive directors					
Liu Fuchun	—	—	—	—	—
Chen Chih	—	—	—	—	—
Pai Nai-Yu	—	—	—	—	—
Independent non-executive directors					
Han Chia-Yau	—	—	—	—	—
Harn Jia-Chen	—	—	—	—	—
Nicholas W. Rosa	—	—	—	—	—
	—	34	—	—	34

	For the five months ended 31 May 2007				
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contribution	Total
	USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*
Executive directors					
Han Jia-Hwan	—	—	—	—	—
Chang Tiee-Shen	—	—	15	—	15
Chen Fu-Shih	—	42	49	—	91
Non-executive directors					
Liu Fuchun	—	—	—	—	—
Chen Chih	—	—	—	—	—
Pai Nai-Yu	—	—	—	—	—
Independent non-executive directors					
Han Chia-Yau	—	—	—	—	—
Harn Jia-Chen	—	—	—	—	—
Nicholas W. Rosa	—	—	—	—	—
	—	42	64	—	106

An analysis of directors' remuneration by the number of directors and remuneration range is as follows:

	For the year ended 31 December			For the five months ended 31 May	
	2004	2005	2006	2006	2007
	Number of directors	*Number of directors*	*Number of directors*	*Number of directors (unaudited)*	*Number of directors*
Nil to USD1,000,000	1	3	1	1	2

During the Relevant Period, no director received any emoluments from the Group as an inducement to join or leave the Group or compensation for loss of office, no director waived or has agreed to waive any emoluments.

8 Individuals with highest emoluments

The five highest paid individuals of the Group include one director for the each of the years ended 31 December 2004, 2005 and 2006 and the five months ended 31 May 2006 and 2007 respectively whose emoluments are disclosed in note 7. Details of remuneration paid to the remaining four highest paid individuals of the Group are as follows:

	For the year ended 31 December			For the five months ended 31 May	
	2004	2005	2006	2006	2007
	USD'000	*USD'000*	*USD'000*	*USD'000 (unaudited)*	*USD'000*
Salaries and other benefits	159	308	291	131	186
Retirement scheme contributions	—	—	—	—	—
Discretionary bonuses	8	22	94	—	136
	167	330	385	131	322

The above individuals' emoluments are within the following bands:

	For the year ended 31 December			For the five months ended 31 May	
	2004	2005	2006	2006	2007
	Number of individuals	*Number of individuals*	*Number of individuals*	*Number of individuals (unaudited)*	*Number of individuals*
Nil to USD1,000,000	4	4	4	4	4

No emoluments have been paid to these individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the Relevant Period.

9 Dividends

Dividends attributable to the year/period are as follows:

	For the year ended 31 December			For the five months ended 31 May	
	2004	2005	2006	2006	2007
	USD'000	*USD'000*	*USD'000*	*USD'000* *(unaudited)*	*USD'000*
Dividends declared after the year/period	1,000	—	—	—	—

No dividend has been declared or paid by the Company since its incorporation. The rates of dividend and the number of shares ranking for dividends are not presented as such information is not meaningful having regard to the purpose of this report.

Pursuant to a resolution passed at a board of directors' meeting on 20 September 2005, dividends of USD1,000,000 for the year ended 31 December 2004 were declared by one of the subsidiary companies to its then equity holders. The amount declared was paid in October 2005. The dividends for the year ended 31 December 2004 proposed in year 2005 have not been recognised as a liability as at 31 December 2004.

The directors consider that the dividend payments made during the Relevant Period are not indicative of the future dividend policy of the Company.

10 Earnings per share

The calculation of basic earnings per share for the Relevant Period is based on the profit attributable to equity holders during the Relevant Period and the 750,000,000 shares of the Company in issue and issuable, comprising 2,000,000 shares in issue at the date of the prospectus and 748,000,000 shares to be issued pursuant to the capitalisation issue as detailed in paragraph headed "Resolutions in writing of all Shareholders passed on 14 September 2007" set out in Appendix VI to the Prospectus as if the shares were outstanding throughout the entire Relevant Period.

There were no potential dilutive ordinary shares during the Relevant Period and therefore, diluted earnings per share are not presented.

11 Fixed assets

	Construction in progress	Buildings	Plant and machinery	Furniture, fittings and equipment	Motor vehicles	Sub total	Lease prepayments	Total
	USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*
Cost								
At 1 January 2004	3,627	3,250	73,308	7,437	1,548	89,170	4,766	93,936
Additions	3,124	609	1,278	729	401	6,141	—	6,141
Transfers	(6,488)	2,571	7,718	(4,344)	303	(240)	240	—
Disposals	(5)	(183)	(568)	(216)	(220)	(1,192)	—	(1,192)
Exchange difference	(10)	168	123	1,059	5	1,345	13	1,358
At 31 December 2004	248	6,415	81,859	4,665	2,037	95,224	5,019	100,243
At 1 January 2005	248	6,415	81,859	4,665	2,037	95,224	5,019	100,243
Additions	774	478	3,267	1,642	257	6,418	533	6,951
Transfers	(131)	—	99	—	32	—	—	—
Disposals	—	—	(195)	(60)	(333)	(588)	(306)	(894)
Exchange difference	6	791	777	99	30	1,703	107	1,810
At 31 December 2005	897	7,684	85,807	6,346	2,023	102,757	5,353	108,110
At 1 January 2006	897	7,684	85,807	6,346	2,023	102,757	5,353	108,110
Additions	2,688	973	4,493	1,274	565	9,993	780	10,773
Transfers	(1,344)	113	1,180	—	51	—	—	—
Disposals	—	—	(511)	(447)	(312)	(1,270)	—	(1,270)
Exchange difference	16	151	2,486	217	50	2,920	183	3,103
At 31 December 2006	2,257	8,921	93,455	7,390	2,377	114,400	6,316	120,716
At 1 January 2007	2,257	8,921	93,455	7,390	2,377	114,400	6,316	120,716
Additions	4,986	2,370	1,537	320	576	9,789	829	10,618
Transfers	(1,347)	35	1,284	—	28	—	—	—
Disposals	—	(1,710)	(2,041)	(90)	(116)	(3,957)	(4)	(3,961)
Exchange difference	13	41	1,738	146	32	1,970	132	2,102
At 31 May 2007	5,909	9,657	95,973	7,766	2,897	122,202	7,273	129,475

	Construction in progress	Buildings	Plant and machinery	Furniture, fittings and equipment	Motor vehicles	Sub total	Lease prepayments	Total
	USD'000	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*	*USD'000*
Accumulated depreciation and amortisation								
At 1 January 2004	—	406	20,778	3,215	797	25,196	777	25,973
Charge for the year	—	491	4,636	870	271	6,268	101	6,369
Transfers	—	(115)	1,867	(1,934)	106	(76)	76	—
Disposals	—	(111)	(459)	(170)	(166)	(906)	—	(906)
Exchange difference	—	85	43	1,076	3	1,207	—	1,207
At 31 December 2004	—	756	26,865	3,057	1,011	31,689	954	32,643
At 1 January 2005	—	756	26,865	3,057	1,011	31,689	954	32,643
Charge for the year	—	437	5,286	738	249	6,710	105	6,815
Disposals	—	—	(108)	(41)	(250)	(399)	(306)	(705)
Exchange difference	—	208	379	73	22	682	20	702
At 31 December 2005	—	1,401	32,422	3,827	1,032	38,682	773	39,455
At 1 January 2006	—	1,401	32,422	3,827	1,032	38,682	773	39,455
Charge for the year	—	769	5,644	824	274	7,511	114	7,625
Impairment loss	—	—	106	12	26	144	—	144
Disposals	—	—	(277)	(398)	(254)	(929)	—	(929)
Exchange difference	—	77	978	161	19	1,235	27	1,262
At 31 December 2006	—	2,247	38,873	4,426	1,097	46,643	914	47,557
At 1 January 2007	—	2,247	38,873	4,426	1,097	46,643	914	47,557
Charge for the period	—	175	2,605	262	127	3,169	55	3,224
Disposals	—	(941)	(1,495)	(54)	(76)	(2,566)	—	(2,566)
Exchange difference	—	19	748	89	18	874	19	893
At 31 May 2007	—	1,500	40,731	4,723	1,166	48,120	988	49,108
Carrying amounts								
At 31 December 2004	248	5,659	54,994	1,608	1,026	63,535	4,065	67,600
At 31 December 2005	897	6,283	53,385	2,519	991	64,075	4,580	68,655
At 31 December 2006	2,257	6,674	54,582	2,964	1,280	67,757	5,402	73,159
At 31 May 2007	5,909	8,157	55,242	3,043	1,731	74,082	6,285	80,367

Certain buildings and lease prepayments are pledged to banks for banking facilities granted to the Group as disclosed in note 17(c).

The carrying amounts of the Group's lease prepayments are situated in the following locations:

	At 31 December			At 31 May
	2004	2005	2006	2007
	USD'000	*USD'000*	*USD'000*	*USD'000*
The PRC	3,614	4,140	4,960	5,839
Vietnam	152	138	125	120
Malaysia	299	302	317	326
	4,065	4,580	5,402	6,285

An analysis of net book value of the expiry of the lease prepayments is as follows:

	At 31 December			At 31 May
	2004	2005	2006	2007
	USD'000	*USD'000*	*USD'000*	*USD'000*
Between 26 to 50 years	3,913	4,442	5,277	6,165
Between 10 to 25 years	152	138	125	120
	4,065	4,580	5,402	6,285

Land use rights certificates of certain land use rights with an aggregate carrying value of approximately USD42,000, USD370,000 and USD372,000 at 31 December 2004, 2005 and 2006, respectively were not obtained. All land use rights certificates have been obtained as at 31 May 2007.

12 Interests in jointly controlled entities

	At 31 December			At 31 May
	2004	2005	2006	2007
	USD'000	*USD'000*	*USD'000*	*USD'000*
Share of net assets	3,919	4,071	3,947	4,444

Details of the Group's interest in the jointly controlled entities are as follows:

Name of jointly controlled entities	Form of business structure	Place of incorporation and operation	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
				%	%	%	
Miyasun-Great Wall (BVI) Co., Ltd. ("Miyasun-Great Wall")	Incorporated	BVI	USD2,000,000	50	—	50	Investment holding
Eiko Foods (Dalian) Co., Ltd.* ("Eiko Foods") 永康食品(大連)有限公司	Incorporated	PRC	RMB4,138,310	50	—	50	Manufacturing and trading of animal food
Miyasun-Great Wall Foods (Dalian) Co., Ltd.* ("Miyasun Foods") 大成宮產食品(大連)有限公司	Incorporated	PRC	RMB37,294,203	50	—	50	Foods processing
Universal Food Corporation (formerly known as Dramamine Ltd.) ("Universal Food") 環宇食品有限公司	Incorporated	Samoa	USD1	50	—	50	Trading of meat and meat products

* The English translation of the company names is for reference only. The official names of these companies are in Chinese.

All jointly controlled entities established in the PRC are wholly foreign-owned enterprises.

Summary financial information on jointly controlled entities — Group's effective interest:

	At and for the year ended 31 December			At and for the period ended 31 May
	2004	2005	2006	2007
	USD'000	*USD'000*	*USD'000*	*USD'000*
Non-current assets	5,193	5,438	4,445	4,699
Current assets	5,172	3,879	4,459	5,597
Current liabilities	(6,446)	(5,246)	(4,957)	(5,852)
Net assets	3,919	4,071	3,947	4,444
Income	15,326	15,337	16,253	6,583
Expenses	(15,221)	(15,156)	(15,491)	(6,023)
Profit for the year/period	105	181	762	560

13 Inventories

(a) Inventories in the combined balance sheets comprise:

	At 31 December			At 31 May
	2004	2005	2006	2007
	USD'000	*USD'000*	*USD'000*	*USD'000*
Animal feeds	17,467	23,746	40,648	48,676
Poultry and chilled meats	9,448	15,846	8,159	8,546
Processed food	761	1,648	1,343	1,576
Agricultural produce	297	213	539	996
Consumables	2,306	2,390	3,736	2,367
	30,279	43,843	54,425	62,161

(b) Provisions of USD0.96 million, USD1.98 million, USD1.03 million and USD1.25 million were made against those inventories with net realisable value lower than the carrying value as at 31 December 2004, 2005 and 2006 and 31 May 2007 respectively. Except for the above, none of the inventories as at 31 December 2004, 2005 and 2006 and 31 May 2007 were carried at net realisable value.

(c) The analysis of the amount of inventories recognised as an expense is as follows:

	For the year ended 31 December			For the five months ended 31 May	
	2004	**2005**	**2006**	**2006**	**2007**
	USD'000	*USD'000*	*USD'000*	*USD'000* *(unaudited)*	*USD'000*
Carrying amount of inventories sold	378,528	454,734	539,258	205,226	271,786
Realised loss/(gain) on commodity derivative contracts	60	68	(185)	—	—
Write-down of inventories	252	1,028	—	382	448
Reversal of write-down of inventories	—	—	(947)	(111)	(234)
Fair value of agricultural produce on initial recognition	2,257	3,578	3,452	798	2,284
Reversal of fair value of agricultural produce due to sales and disposals	(2,483)	(3,662)	(3,126)	(697)	(1,827)
	378,614	455,746	538,452	205,598	272,457

The reversal of write-down of inventories made in prior years arose due to an increase in the estimated net realisable value of chilled and frozen meat as a result of an increase in customers' demand.

(d) Production quantities of agricultural produce:

	For the year ended 31 December			For the five months ended 31 May	
	2004	**2005**	**2006**	**2006**	**2007**
				(unaudited)	
Broiler breeder eggs	18,717,000	21,783,000	24,020,000	8,631,000	8,892,000

(e) Movements of the agricultural produce, representing broiler breeder eggs, are summarised as follows:

	For the year ended 31 December			For the five months ended 31 May	
	2004	**2005**	**2006**	**2006**	**2007**
	USD'000	*USD'000*	*USD'000*	*USD'000* *(unaudited)*	*USD'000*
At beginning of the year/period	523	297	213	213	539
Increase due to lay	2,257	3,578	3,452	798	2,284
Decrease due to sales and disposals	(2,483)	(3,662)	(3,126)	(697)	(1,827)
At end of the year/period	297	213	539	314	996

14 Biological assets

Movements of the biological assets, representing immature and mature breeders, are summarised as follows:

	For the year ended 31 December			For the five months ended 31 May	
	2004	**2005**	**2006**	**2006**	**2007**
	USD'000	*USD'000*	*USD'000*	*USD'000* *(unaudited)*	*USD'000*
At beginning of the year/period	746	1,105	1,165	1,165	798
Increase due to purchase	118	428	134	52	305
Decrease due to retirement and deaths	(102)	(301)	(308)	(117)	(97)
Change in fair value less estimated point-of-sale costs	343	(67)	(193)	189	(84)
At end of the year/period	1,105	1,165	798	1,289	922

The number of biological assets is summarised as follows:

	At 31 December			At 31 May
	2004	**2005**	**2006**	**2007**
Chickens bred for growth into mature breeders	40,560	172,220	45,702	138,456
Mature breeders	137,934	69,121	112,178	94,875
	178,494	241,341	157,880	233,331

The immature layers ("chickens") are primarily bred for further growth into mature layers. The mature layers are primarily held to produce agricultural produce.

The Group's layers livestock were revalued at each balance sheet date by the directors on a fair value basis. The fair value less estimated point-of-sale costs of the biological assets is determined using the sales comparison approach. The sales comparison approach estimates value by comparing biological assets with similar size, species and age in the relevant market, and takes into account factors such as differences in characteristics or features of value, in market layer, and in time.

15 Trade and other receivables

	At 31 December			At 31 May
	2004	**2005**	**2006**	**2007**
	USD'000	*USD'000*	*USD'000*	*USD'000*
Trade receivables	17,014	16,777	21,339	26,550
Amounts due from related parties (note 23(d))	2,022	1,035	419	1,651
Advances to staff	349	502	605	618
VAT recoverable (i)	9,983	15,035	19,538	20,081
Deposits paid for purchase of fixed assets	360	360	1,710	627
Suppliers' deposits	2,062	403	1,187	893
Deposits and prepayments (ii), (iii) and (iv)	1,532	2,235	5,128	8,407
Other receivables	1,930	1,449	1,323	4,729
	35,252	37,796	51,249	63,556

(i) The VAT recoverable represents the unutilised input VAT eligible for offset against future output VAT. The unutilised input VAT arose mainly due to the insufficient output VAT on sales of chicken meats to offset the input VAT on purchases of live chickens from contract farmers. The directors of the Company are of the opinion that the VAT recoverable as at 31 May 2007 will be utilised progressively in accordance with the Group's future plans.

(ii) As at 31 December 2004 and 31 May 2007, the Group has deposits of USD35,000 and USD715,000 respectively with independent futures trading agents for commodity derivative contracts entered into in the normal course of business primarily to protect the Group from the impact of price fluctuations in corn and soybean commodities. The aggregate notional amounts of the Group's outstanding future commodity contracts as at 31 December 2004 and 31 May 2007 totalled USD450,000 and USD3,390,000 respectively. There were no such deposits and outstanding commodity derivative contracts as at 31 December 2005 and 2006.

As at 31 December 2004 and 31 May 2007, the Directors of the Company have assessed the fair value of the outstanding commodity derivative contracts with reference to a market quotation from an independent trading agent and considered there was no material difference between the book value and the current market value. Hence, no change in the fair value of outstanding commodity derivative contracts was made in the combined income statements of corresponding year/period.

(iii) Prepayments consist of advance payments made to suppliers for purchases of raw materials and other prepaid expenses. These advance payments to suppliers increased substantially as at 31 December 2006 and 31 May 2007 mainly due to the higher purchases of raw materials at the end of 2006 and period ended 31 May 2007.

(iv) Included in the deposits and prepayments as at 31 December 2006 and 31 May 2007 was a rental prepayment of USD1.2 million and USD1.1 million respectively paid to a jointly controlled entity in respect of the rental of machinery for the Group.

A substantial portion of the Group's livestock feeds sales were made on a cash on delivery basis. The Group also allows a credit period ranging from 30 to 60 days to its key customers from the sales of chilled and frozen chicken meats and processed foods. An ageing analysis of the trade receivables of the Group is analysed as follows:

	At 31 December			**At 31 May**
	2004	**2005**	**2006**	**2007**
	USD'000	*USD'000*	*USD'000*	*USD'000*
Within 30 days	13,575	14,040	19,254	24,749
31 days to 60 days	1,148	1,375	766	1,168
61 days to 90 days	808	446	757	377
Over 91 days	1,483	916	562	256
	17,014	16,777	21,339	26,550

All of the trade and other receivables are expected to be recovered within one year.

16 Cash and cash equivalents

	At 31 December			**At 31 May**
	2004	**2005**	**2006**	**2007**
	USD'000	*USD'000*	*USD'000*	*USD'000*
Cash and cash equivalents in the combined balance sheets	17,907	18,446	19,778	26,968
Bank overdrafts (note 17)	(46)	(31)	(82)	—
Cash and cash equivalents in the combined cash flow statements	17,861	18,415	19,696	26,968

Cash and cash equivalents in the combined balance sheets are denominated in following currencies:

	At 31 December			At 31 May
	2004	2005	2006	2007
RMB'000	126,017	100,538	106,189	162,763
USD'000	1,088	3,312	2,218	2,677
RM'000	462	378	548	556
VND'000	22,496	40,984	60,976	45,857

The conversion of Renminbi denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government.

17 Interest-bearing borrowings

(a) Bank loans and overdrafts were repayable as follows:

	At 31 December			At 31 May
	2004	2005	2006	2007
	USD'000	*USD'000*	*USD'000*	*USD'000*
Bank overdrafts (note 16)	46	31	82	—
Bank loans				
- repayable within one year	43,555	36,832	43,425	59,857
- repayable after 1 year but within 2 years	1,605	906	694	524
- repayable after 2 years but within 5 years	608	279	—	412
	45,768	38,017	44,119	60,793
Total bank loans and overdrafts	45,814	38,048	44,201	60,793
Less: Bank loans and overdrafts repayable within one year classified as current liabilities	(43,601)	(36,863)	(43,507)	(59,857)
	2,213	1,185	694	936

(b) Terms

	At 31 December			At 31 May
	2004	2005	2006	2007
	USD'000	*USD'000*	*USD'000*	*USD'000*
Secured bank overdrafts:				
— Floating interest rate ranging from 7.5% to 8.7% per annum	46	31	82	—
Secured bank loans:				
— Floating interest rate ranging from 2.8% to 10.4% per annum	20,212	16,399	13,698	13,122
	20,258	16,430	13,780	13,122
Unsecured bank loans:				
— Floating interest rate ranging from 2.8% to 10.4% per annum	25,556	21,618	30,421	47,671
Total bank loans and overdrafts	45,814	38,048	44,201	60,793

(c) The secured bank loans and overdrafts were secured by the carrying value of following assets:

	At 31 December			At 31 May
	2004	2005	2006	2007
	USD'000	*USD'000*	*USD'000*	*USD'000*
Buildings	2,432	5,148	3,722	3,700
Lease prepayments	299	2,144	1,994	3,791
Pledged deposits (i)	200	200	200	—
Plant and machinery	17,468	19,479	13,309	8,302
	20,399	26,971	19,225	15,793

(i) The remaining balance of pledged deposits as shown in the combined balance sheets was placed as security for banking facilities granted by banks to the Group.

(d) Included in bank loans and overdrafts in the combined balance sheets are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	At 31 December			At 31 May
	2004	2005	2006	2007
USD'000	13,150	10,534	22,530	33,674

18 Trade and other payables

	At 31 December			At 31 May
	2004	2005	2006	2007
	USD'000	*USD'000*	*USD'000*	*USD'000*
Trade payables	29,993	37,540	37,178	41,857
Bills payable	233	321	329	2,530
Amounts due to related parties (note 23(e))	140	126	2,494	2,176
Receipts in advance	2,145	2,843	3,152	2,725
Other payables and accruals	10,489	14,506	22,791	20,287
	43,000	55,336	65,944	69,575

All of the trade and other payables are expected to be settled within one year.

(a) An ageing analysis of the trade payables of the Group is analysed as follows:

	At 31 December			At 31 May
	2004	2005	2006	2007
	USD'000	*USD'000*	*USD'000*	*USD'000*
Within 30 days	23,733	29,551	34,323	35,524
31 days to 60 days	1,055	2,353	1,653	2,903
61 days to 90 days	1,084	3,612	500	1,468
91 days to 180 days	4,121	2,024	702	1,962
	29,993	37,540	37,178	41,857

(b) Bills payable are normally issued with a maturity of not more than 30 days.

(c) An analysis of the other payables and accruals of the Group is analysed as follows:

	At 31 December			At 31 May
	2004	2005	2006	2007
	USD'000	*USD'000*	*USD'000*	*USD'000*
Salaries, wages, bonus and other benefits payable	2,960	4,302	7,325	3,815
Payables for purchase of fixed assets	770	1,762	2,793	1,589
Security deposits (i)	2,529	3,516	3,510	3,709
Accrued expenses (ii)	1,179	1,859	3,159	4,597
Provision for onerous contracts (iii)	—	—	1,511	1,787
Other payables	3,051	3,067	4,493	4,790
	10,489	14,506	22,791	20,287

(i) Security deposits refer mainly to deposits received from Contract Farmers upon the sales of chicklings to these Contract Farmers.

(ii) Accrued expenses comprised mainly accruals for advertising and marketing costs, utilities charges and transportation costs.

(iii) Movements of provision for onerous contracts of the Group are summarised as follows:

	For the year ended 31 December			For the five months ended 31 May
	2004	2005	2006	2007
	USD'000	*USD'000*	*USD'000*	*USD'000*
At beginning of the year/period	—	—	—	1,511
Provision for the year/period	—	—	1,511	1,787
Utilisation during the year/period	—	—	—	(1,511)
At end of the year/period	—	—	1,511	1,787

(d) Included in trade and other payables in the combined balance sheets are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	At 31 December			At 31 May
	2004	2005	2006	2007
USD'000	612	1,244	1,202	1,359

19 Deferred taxation

(a) ***Recognised deferred tax assets and (liabilities)***

Deferred tax assets and (liabilities) as at 31 December 2004, 2005, and 2006 and 31 May 2007 are attributable to the following:

	At 31 December			At 31 May
	2004	**2005**	**2006**	**2007**
	USD'000	*USD'000*	*USD'000*	*USD'000*
Deferred tax assets				
Impairment loss — receivables	—	16	19	19
Others	—	89	10	10
	—	105	29	29
Deferred tax liabilities				
Property, plant and equipment	(27)	(26)	(35)	(28)

(b) ***Movements in temporary differences***

Movements in temporary differences during the Relevant Period are as follows:

	At 1 January 2004	Recognised in combined income statements	At 31 December 2004	Recognised in combined income statements	At 31 December 2005	Recognised in combined income statements	At 31 December 2006	Recognised in combined income statements	At 31 May 2007
	USD'000	*USD'000 (note 6(b))*	*USD'000*	*USD'000 (note 6(b))*	*USD'000*	*USD'000 (note 6(b))*	*USD'000*	*USD'000 (note 6(b))*	*USD'000*
Property, plant and equipment	(32)	5	(27)	1	(26)	(9)	(35)	7	(28)
Impairment loss — receivables	—	—	—	16	16	3	19	—	19
Others	—	—	—	89	89	(79)	10	—	10
	(32)	5	(27)	106	79	(85)	(6)	7	1

20 Share capital

As disclosed in Section A above, the Financial Information has been prepared under the merger accounting method in that financial statements of companies comprising the Group during the Relevant Period were combined as if the Group existed on 1 January 2004.

For the purpose of this report, the capital of the Group as at 31 December 2004, 2005 and 2006 and 31 May 2007 represented the combined capital of the companies now comprising the Group in which the equity holders of the Company held direct interests.

21 Reserves

(a) ***PRC statutory reserves***

Transfers from retained earnings to PRC statutory reserves were made in accordance with the relevant PRC rules and regulations and the articles of association of the Company's subsidiaries incorporated in the PRC and were approved by the respective boards of directors.

(i) *Statutory surplus reserve*

The subsidiaries in the PRC are required to appropriate 10% of their after-tax profit, as determined in accordance with the PRC accounting rules and regulations, to statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders.

Statutory surplus reserve can be used to make good previous year's losses, if any, and may be converted into paid-up capital to shareholders in proportion to their existing shareholdings, provided that the balance after such conversion is not less than 25% of their registered capital.

(ii) *Enterprise development fund*

Certain of the subsidiaries in the PRC are required to set up an enterprise development fund. Transfers to this fund are at the discretion of the subsidiary. This fund can only be utilised on capital items for the collective benefit of the subsidiary's employees such as the construction of dormitories, canteens and other staff welfare facilities. This fund is non-distributable other than on liquidation. The transfer to this fund must be made before distribution of a dividend to shareholders.

(b) ***Translation reserve***

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 1(w)(ii).

(c) ***Distributable reserves***

The Company was incorporated on 18 May 2007 and has not carried out any business since its date of incorporation. Accordingly, there was no reserve available for distribution to shareholders as at 31 May 2007.

On the basis set out in note 1, the aggregate amounts of distributable reserves at 31 December 2004, 2005 and 2006 and 31 May 2007 of the companies comprising the Group are (USD3,587,000), USD3,810,000, USD16,627,000 and USD30,714,000 respectively.

22 Commitments

(a) Capital commitments at 31 December 2004, 2005 and 2006 and 31 May 2007 not provided for in the Financial Information were as follows:

	At 31 December			At 31 May
	2004	**2005**	**2006**	**2007**
	USD'000	*USD'000*	*USD'000*	*USD'000*
Contracted for	—	225	424	308
Authorised but not contracted for	3,462	402	1,354	1,929
	3,462	627	1,778	2,237

(b) At 31 December 2004, 2005 and 2006 and 31 May 2007, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 31 December			At 31 May
	2004	**2005**	**2006**	**2007**
	USD'000	*USD'000*	*USD'000*	*USD'000*
Within 1 year	1,001	1,023	948	897
After 1 year but within 5 years	2,465	2,432	2,077	1,536
After 5 years	3,451	3,216	3,233	3,487
	6,917	6,671	6,258	5,920

The Group leases a number of properties under operating leases. The leases run for an initial period of one to seven years, with an option to renew the leases when all terms are renegotiated. None of the leases includes contingent rentals.

(c) The Group entered into one-year contracts (renewable and reviewed annually) with certain selected farmers ("Contract Farmers") under which the Group agrees to purchase live chickens, upon fulfillment of certain quality requirements, from the Contract Farmers at an agreed price determined based on the then prevailing market prices. The amounts of live chickens contracted to be purchased from the Contract Farmers at each balance sheet date were as follows:

	At 31 December			At 31 May
	2004	**2005**	**2006**	**2007**
	USD'000	*USD'000*	*USD'000*	*USD'000*
Contracted for	8,580	9,929	13,450	22,275

(d) The Group entered into one-year contracts (renewable and reviewed annually) with certain customers under which the Group agrees to sell chicken meat at an agreed price determined based on the then prevailing market prices. The pre-determined price typically agreed on each quarter. The amounts of chicken meat contracted to be sold to these customers at each balance sheet date were as follows:

	At 31 December			At 31 May
	2004	**2005**	**2006**	**2007**
	USD'000	*USD'000*	*USD'000*	*USD'000*
Contracted for	10,225	11,500	11,338	15,142

23 Related party transactions

In addition to the related party information disclosed elsewhere in the Financial Information, the Group entered into the following material related party transactions.

(a) ***Name and relationship with related parties***

During the Relevant Period, transactions with the following parties are considered as related party transactions:

Name of party	Relationships
Great Wall Enterprise Co., Ltd. ("GWE") 大成長城企業股份有限公司 *	Ultimate holding company
Great Wall International (Holdings) Ltd. ("GWIH")	Intermediate holding company
Dalian Dachan Lianghong Food Co., Ltd. ("DLF") 大連大成糧紅食品有限公司 *	Associate of GWIH, intermediate holding company of the Company
Beijing Han Ya Feed Nutrition Technologies Co., Ltd. ("Beijing Han Ya") 北京漢亞飼料營養科技有限公司 *	Subsidiary of GWIH, intermediate holding company of the Company
Land O'Lakes/Great Wall Enterprise Nutrition Technologies (Beijing) Co., Ltd. ("LOL-BJ") 大成藍雷營養科技(北京)有限公司 *	Associate of GWIH, intermediate holding company of the Company
Land O'Lakes/Great Wall Enterprise Nutrition Technologies (Tianjin) Co., Ltd. ("LOL-TJ") 大成藍雷營養科技(天津)有限公司 *	Associate of GWIH, intermediate holding company of the Company
Great Wall Food (Shekou) Co., Ltd. ("GWSK") 大成食品(蛇口)有限公司 *	Associate of GWIH, intermediate holding company of the Company
Beijing Food China Online Information and Technology Ltd. ("BJFC") 北京富強在線信息技術有限公司 *	Associate of GWIH, intermediate holding company of the Company
Great Wall Yung Huo Food (Beijing) Co., Ltd. ("GWYHB") 北京大成永和餐飲有限公司 *	Subsidiary of GWE, ultimate holding company of the Company
Great Wall Yung Huo Food (Tianjin) Co., Ltd. ("GWYHT") 大成永和食品(天津)有限公司 *	Subsidiary of GWE, ultimate holding company of the Company
Beijing Universal Chain Food Co., Ltd. ("BUCF") 北京寰城季諾餐飲有限公司 *	Subsidiary of GWE, ultimate holding company of the Company
Total Nutrition Technologies Co., Ltd. ("TNT") 全能營養技術股份有限公司 *	Subsidiary of GWE, ultimate holding company of the Company
Great Wall Food (Tianjin) Co., Ltd. ("GWF-TJ") 大成食品(天津)有限公司 *	Subsidiary of GWIH, intermediate holding company of the Company
Dachan Showa Foods (Tianjin) Co., Ltd. ("DSF") 大成昭和食品(天津)有限公司 *	Subsidiary of GWIH, intermediate holding company of the Company
Great Wall Food (Hong Kong) Co., Ltd. ("GWF") 大成食品(香港)有限公司 *	Subsidiary of GWIH, intermediate holding company of the Company
Tianjin Food Investment Co., Ltd. ("TFI")	Subsidiary of GWIH, intermediate holding company of the Company
Kota Temasik Sdn. Bhd. ("Kota")	Subsidiary of GWIH, intermediate holding company of the Company
Asia Nutrition Technologies Corporation ("ANTC")	Minority shareholder
Marubeni Corporation ("Marubeni")	Minority shareholder

* The English translation of the company names is for reference only. The official names of these companies are in Chinese.

(b) ***Significant related party transactions***

Particulars of significant related party transactions during the Relevant Period are as follows:

	For the year ended 31 December			For the five months ended 31 May	
	2004	**2005**	**2006**	**2006**	**2007**
	USD'000	*USD'000*	*USD'000*	*USD'000* *(unaudited)*	*USD'000*
Recurring					
Sales to:					
Jointly controlled entities					
— Miyasun Foods	11,772	10,538	11,921	4,624	5,197
— Eiko Foods	144	4	—	—	—
	11,916	10,542	11,921	4,624	5,197
A minority shareholder					
— Marubeni	4,306	12,379	15,219	5,741	8,256
Ultimate holding company					
— GWE	896	5	—	—	—
Fellow subsidiaries					
— Beijing Han Ya	96	346	238	145	81
— TNT	76	—	—	—	—
— BUCF	—	—	3	1	2
— GWYHB	38	58	40	18	19
— Kota	492	614	664	278	176
	702	1,018	945	442	278
Other related parties					
— LOL-BJ	—	27	35	24	1
	17,820	23,971	28,120	10,831	13,732

	For the year ended 31 December			For the five months ended 31 May	
	2004	2005	2006	2006	2007
	USD'000	*USD'000*	*USD'000*	*USD'000 (unaudited)*	*USD'000*
Recurring					
Purchases from:					
A jointly controlled entity					
— Miyasun Foods	863	1,650	1,686	1,163	444
Fellow subsidiaries					
— GWF-TJ	54	61	118	5	17
— Beijing Han Ya	103	86	45	16	3
— GWYHT	—	28	—	—	—
— DSF	—	228	177	76	425
	157	403	340	97	445
Ultimate holding company					
— GWE	130	—	203	5	116
Other related parties					
— DLF	32	58	14	—	—
— LOL-BJ	—	—	—	—	2
	32	58	14	—	2
	1,182	2,111	2,243	1,265	1,007
Interest paid to:					
A jointly controlled entity					
— Miyasun Foods	—	22	—	—	—
Management fee received from:					
A jointly controlled entity					
— Miyasun Foods (i)	148	152	142	58	86
Rent paid to:					
A fellow subsidiary					
— GWF-TJ	—	—	8	—	3

	For the year ended 31 December			For the five months ended 31 May	
	2004	2005	2006	2006	2007
	USD'000	*USD'000*	*USD'000*	*USD'000 (unaudited)*	*USD'000*
Recurring (continued)					
Management fee paid to:					
A minority shareholder					
— Marubeni (ii)	75	100	100	42	42
Non-recurring					
Management fee paid to:					
Intermediate holding company					
— GWIH (iii)	2,206	2,440	2,781	1,170	1,196
Management fee received from:					
Intermediate holding company					
— GWIH (iv)	141	142	—	—	—
Compensation received from:					
A jointly controlled entity					
— Miyasun Foods (v)	165	—	1,286	1,286	—
Interest paid to:					
Intermediate holding company					
— GWIH	158	301	207	150	7
A minority shareholder					
— ANTC	27	48	99	24	43
	185	349	306	174	50

(i) The management fee received from a jointly controlled entity was principally for the reimbursement of staff cost.

(ii) The management fee paid to a minority shareholder was primarily for the technical assistance rendered to a subsidiary in respect of its food processing activities.

(iii) Included in the management fee was an amount of USD1.6 million, USD2.0 million, USD2.5 million, USD1.1 million and USD1.1 million being reimbursement of staff costs for the year ended 31 December 2004, 2005, 2006 and five months ended 31 May 2006 and 2007 respectively to the intermediate holding company which was included in "staff costs" (see note 5 (b)). Such arrangement will be terminated in September 2007.

(iv) The management fee received from an intermediate holding company was principally for the reimbursement of rental expenses incurred for its representative office in the PRC. Such arrangement was terminated in January 2006.

(v) In 2003, a subsidiary of the Group entered into a food processing agreement with a jointly controlled entity under which the Group agreed to supply processed food to the jointly controlled entity and the jointly controlled entity guaranteed a minimum amount of profits to be shared by the Group. The minimum profits had not been achieved and the food processing agreement was terminated. As a result, the Group received from the jointly controlled entity a compensation of approximately USD0.2 million and USD1.3 million in 2004 and 2006, respectively. The compensation received was determined on a mutually agreed basis.

(vi) During the Relevant Period, the Group used the technology know-how owned by GWIH and trademarks owned by GWE free of charge.

The directors of the Company are of the opinion that the above transactions with related parties, were conducted on normal commercial terms and in the ordinary course of business and the terms are fair and reasonable so far as the shareholders of the Company are concerned.

The directors have confirmed that except for the management fee received/paid to the intermediate holding company and the compensation received from a jointly controlled entity, the above transactions will continue in the future after the listing of the Company's shares on the Stock Exchange.

(c) ***Key management personnel remuneration***

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 7 and certain of the highest paid employees as disclosed in note 8, is as follows:

	For the year ended 31 December			For the five months ended 31 May	
	2004	**2005**	**2006**	**2006**	**2007**
	USD'000	*USD'000*	*USD'000*	*USD'000 (unaudited)*	*USD'000*
Short term employee benefits	260	475	535	178	575
Post-employment benefits	—	—	—	—	—
Equity compensation benefits	—	—	—	—	—
	260	475	535	178	575

Total remuneration was included in "staff costs" (see note 5(b)).

(d) ***Amounts due from related parties***

As at the balance sheet dates, the Group had the following balances with related parties:

	At 31 December			At 31 May
	2004	2005	2006	2007
	USD'000	*USD'000*	*USD'000*	*USD'000*
Trade receivables from (i):				
Ultimate holding company				
— GWE	55	—	—	—
Jointly controlled entities				
— Miyasun Foods	1,465	855	317	1,618
— Eiko Foods	117	1	—	—
	1,582	856	317	1,618
Fellow subsidiaries				
— DSF	1	—	—	—
— GWF-TJ	6	6	—	—
— Beijing Han Ya	85	23	7	—
— BUCF	1	—	1	—
— GWYHB	52	14	10	4
— Kota	114	36	39	—
	259	79	57	4
Other related parties				
— DLF	121	—	—	—
— LOL-TJ	—	—	—	3
— LOL-BJ	2	—	5	25
— BJFC	—	99	39	—
— GWSK	3	1	1	1
	126	100	45	29
	2,022	1,035	419	1,651
Advances to:				
Intermediate holding company				
— GWIH (ii)	552	260	585	474
A jointly controlled entity				
— Miyasun-Great Wall (iii)	256	172	189	175
A fellow subsidiary				
— GWF (iv)	6	2	4	3
	814	434	778	652
	2,836	1,469	1,197	2,303

(i) Trade receivables from related parties are unsecured, interest free and are expected to be recovered within one year. There was no impairment loss made against these amounts at 31 December 2004, 2005 and 2006 and 31 May 2007. The directors have confirmed that these balances will be repaid prior to the listing of the Company's shares on the Stock Exchange.

(ii) Advances to intermediate holding companies represent management fee received from subsidiaries by the intermediate holding company on behalf of the Group, partly offset by loan interest and management fee payable to the intermediate holding company. The balance will be repaid prior to the listing of the Company's shares on the Stock Exchange.

(iii) Advances to a jointly controlled entity represent management fee received from the jointly controlled entity. The advance will not be repaid prior to the listing of the Company's shares on the Stock Exchange and will continue in the future after the listing of the Company's shares on the Stock Exchange.

(iv) Advances to a fellow subsidiary represent receipt on behalf of a fellow subsidiary. The advances will be repaid prior to the listing of the Company's shares on the Stock Exchange.

(e) ***Amounts due to related parties***

As at the balance sheet dates, the Group had the following balances with related parties:

	At 31 December			At 31 May
	2004	2005	2006	2007
	USD'000	*USD'000*	*USD'000*	*USD'000*
Trade payables to (i):				
Fellow subsidiaries				
— Beijing Han Ya	34	29	14	108
— GWF-TJ	47	66	19	6
— DSF	33	—	—	166
— Kota	—	—	—	11
	114	95	33	291
A jointly controlled entity				
— Miyasun Foods	—	26	2,461	1,883
Other related parties				
— BJFC	9	—	—	—
— DLF	10	5	—	—
— GWSK	7	—	—	—
— LOL-BJ	—	—	—	2
	26	5	—	2
	140	126	2,494	2,176
Advances from (ii):				
Ultimate holding company				
— GWE	—	—	—	59
Intermediate holding company				
— GWIH	723	645	1,563	960
Fellow subsidiaries				
— GWF	70	95	105	25
— TFI	—	—	3	—
— Beijing Han Ya	—	—	110	—
	70	95	218	25
A minority shareholder				
— ANTC	394	6	13	7
	1,187	746	1,794	1,051
Loans from:				
Intermediate holding company				
— GWIH (iii)	6,500	9,500	1,000	—
A jointly controlled entity				
— Miyasun Foods (iv)	—	1,239	—	—
A minority shareholder				
— ANTC (v)	1,007	1,312	1,905	1,413
	7,507	12,051	2,905	1,413
	8,694	12,797	4,699	2,464
	8,834	12,923	7,193	4,640

(i) Trade payables from related parties are unsecured, interest free and are expected to be paid within one year.

(ii) Advances from related parties represent payment on behalf by related parties. The advances will be repaid prior to the listing of the Company's shares on the Stock Exchange.

(iii) The loan from intermediate holding company was unsecured, bearing interest at SIBOR plus 1% per annum and repayable on demand.

(iv) The loan from a jointly controlled entity was unsecured, bearing interest at 5% per annum and repayable on demand.

(v) The loan from a minority shareholder was unsecured, bearing interest at SIBOR plus 1% per annum and repayable on demand. This loan will be repaid prior to the listing of the Company's shares on the Stock Exchange.

Included in amounts due to related parties are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	At 31 December			At 31 May
	2004	**2005**	**2006**	**2007**
USD'000	1,007	1,312	1,905	1,413

24 Financial instruments

Financial assets of the Group include cash and cash equivalents, pledged deposits, trade and other receivables. Financial liabilities of the Group include interest-bearing borrowings, and trade and other payables. Exposure to credit, interest rate, currency, business, liquidity and commodity price risks arises in the normal course of the Group's business.

(a) ***Credit risk***

It is the risk that a counterparty is unable to pay amount in full when due. It arises primarily from the Group's trade receivables and amounts due from related parties. The Group limits its exposure to credit risk by rigorously selecting counterparties. The Group mitigates its exposure to risk relating to accounts receivable by dealing with diversified customers with sound financial standing. The Group seeks to maintain strict control over its outstanding receivables and has a credit control policy to minimise credit risk. In addition, all receivable balances are monitored on an ongoing basis and overdue balances are followed up by senior management. The Group's diversified business base ensures that there are no significant concentrations of credit risk for a particular customer. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the combined balance sheets.

(b) ***Interest rate risk***

The interest rates and terms of repayment of the interest-bearing borrowings of the Group are disclosed in note 17. The Group's variable-rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

(c) ***Foreign currency risk***

Substantially all of the revenue-generating operations of the Group are transacted in Renminbi, which is not freely convertible into foreign currencies. On 1 January 1994, the PRC government abolished the dual rate system and introduced a single rate of exchange as quoted by the People's Bank of China ("PBOC"). However, the unification of the exchange rate does not imply convertibility of Renminbi into other foreign currencies. All foreign exchange transactions continue to take place either through the PBOC or other institutions authorised to buy and sell foreign currencies. Approval of foreign currency payments by PBOC or other institutions requires submitting a payment application form together with suppliers invoices, shipping documents and signed contracts.

(d) ***Business risk***

The Group is exposed to financial risks arising from changes in prices of livestock and livestock's agricultural produce and the change in cost and supply of feed ingredients, all of which are determined by constantly changing market forces of supply and demand, and other factors. The other factors include environmental regulations, weather conditions and livestock diseases. The Group has little or no control over these conditions and factors.

The Group is subject to risks relating to its ability to maintain animal health status. Livestock health problems could adversely impact production and consumer confidence. The Group monitors the health of its livestock on a regular basis and has procedures in place to reduce potential exposure to infectious diseases. Although policies and procedures have been put into place, there is no guarantee that the Group will not be affected by epidemic diseases.

The Group manages its exposure to fluctuation in the price of the key raw materials used in the operations by maintaining a large number of suppliers so as to limit high concentration in a particular supplier.

(e) ***Liquidity risk***

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of short-term fluctuations in cash flows. The Group's treasury department is responsible for maintaining a balance between continuity and flexibility of funding through the use of bank facilities in order to meet the Group's liquidity requirements.

(f) ***Commodity price risk***

The Group is exposed to price risks arising from any unexpected increase in the prices of corn and soybean commodities before committing to purchase of raw materials and any unexpected decreases in the prices of corn and soybean commodities following completion of purchases. To protect the Group from the impact of price fluctuations in corn and soybean commodities, commodity derivative contracts are entered into with independent futures trading agents. Changes in the fair value of commodity derivative contracts that economically hedge the price fluctuations in corn commodities and for which no hedge accounting is applied are recognised in the combined income statement. Further details of these commodity derivative contracts are set out in note 15(ii) above.

(g) ***Fair value***

The carrying amounts of significant financial assets and liabilities approximate to their respective fair values as at 31 December 2004, 2005 and 2006 and 31 May 2007.

(h) ***Estimation of fair values***

The following summaries the major methods and assumptions used in estimating the fair values of financial instruments set out in note 24(g) above:

(i) *Short term financial assets and liabilities*

The carrying values of trade and other receivables, amounts due from/to related parties, pledged deposits, cash and cash equivalents, trade and other payables, and short term interest-bearing borrowings are estimated to approximate their fair values based on the nature or short-term maturity of these instruments.

(ii) *Non-current interest-bearing borrowings*

The fair values are estimated as the present value of future cash flows, discounted at current market interest rates for similar financial instruments.

Fair value estimates are made at a specific point of time and based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgement and therefore can not be determined with precision. Changes in assumptions could significantly affect the estimates.

(i) ***Capital management***

The Group's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of the business. The Group defines the capital of the Group as the total shareholders' equity.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

25 Accounting estimates and judgements

Key sources of estimation uncertainty

Note 24 contains information about the assumptions relating to the fair value of financial instruments. Other key sources of estimation uncertainty are as follows:

(i) *Net realisable value of inventories*

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and distribution expenses. These estimates are based on the current market condition and historical experience of selling products of similar nature. It could change significantly as a result of changes in customer preference and competitor actions in response to severe industry cycles. Management reassesses these estimations at the balance sheet date to ensure inventory is shown at the lower of cost and net realisable value.

(ii) *Impairment of trade receivables*

The Group estimates impairment losses for bad and doubtful debts resulting from inability of the customers to make the required payments. The Group bases the estimates on the ageing of the accounts receivable balance, customer credit-worthiness, and historical write-off experience. If the financial condition of the customers were to deteriorate, actual write-offs would be higher than estimated.

(iii) *Depreciation*

Items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual value. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expense to be recorded during Relevant Period. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

(iv) *Income taxes*

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation. Deferred tax assets are recognised for tax losses not yet used and temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

(v) *Fair value of biological assets and agricultural produce*

The Group's biological assets are valued at fair value less estimated point-of-sale costs and the Group's agricultural produce are measured at fair value less estimated point-of-sale costs at the time of lay.

The management considers that there is no active market, market-determined prices or values or professional valuers are not available to carry out the valuation of the biological assets. As such, management uses prices of recent market transactions, market prices for similar assets and sector benchmarks as a basis for measuring fair value. These prices are adjusted to reflect differences in characteristics and/or stages of growth of the assets.

In respect of agricultural produce, the management is of the view that no quoted price in the market and the fair value is determined based on the most recent market transaction price in the local area.

26 Financial information of the Company

The Company was incorporated on 18 May 2007. The issued and paid up capital as at the incorporation date was USD1. The Company has not carried on any business since its date of incorporation.

27 Ultimate holding company

The directors consider the ultimate holding company of the Company as at 31 May 2007 to be Great Wall Enterprise Co., Ltd., which is incorporated in the Republic of China and listed on the Taiwan Stock Exchange.

Great Wall Enterprise Co., Ltd. produces consolidated financial statements in accordance with accounting principles generally accepted in the Republic of China, which are available for public use.

28 Possible impact of amendments, new standards and interpretations issued but not yet effective for the Relevant Period

Up to the date of issue of this report, the IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the Relevant Period and which have not been adopted in this report.

Of these developments, the following relate to matters that may be relevant to Group's operations and the Financial Information:

		Effective for accounting periods beginning on or after
IFRIC 11	IFRS 2 — Group and treasury share transactions	1 March 2007
IFRIC 12	Service Concession Arrangements	1 January 2008

The directors have confirmed that the Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

D SUBSEQUENT EVENTS

The following significant events took place subsequent to 31 May 2007:

i. Corporate reorganisation

On 14 September 2007, the Group completed the Reorganisation to rationalise the Group's structure in preparation for the listing of the Company's shares on the Stock Exchange. Further details of the Reorganisation are set out in the Section headed "Corporate Reorganisation" in Appendix VI to the Prospectus. As a result of the Reorganisation, the Company became the holding company of the Group.

ii. Valuation of properties

For the purpose of the listing of the Company's shares on the Stock Exchange, the properties of the Group were revalued as at 30 June 2007 by Sallmanns (Far East) Limited in Appendix IV to the Prospectus.

iii. Share option scheme

Pursuant to the written resolution of the shareholders of the Company passed on 14 September 2007, the Company has conditionally adopted the Share Option Scheme. The principal terms of the Share Option Scheme are set out in Section headed "Share Option Scheme" in Appendix VI to the Prospectus.

E SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries in respect of any period subsequent to 31 May 2007.

Yours faithfully
KPMG
Certified Public Accountants
Hong Kong

The information set forth in this appendix does not form part of the accountants' report prepared by KPMG, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, as set forth in Appendix I to this prospectus, and is included herein for illustrative purposes only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the accountants' report set forth in Appendix I to this prospectus.

REPORT ON PRO FORMA FINANCIAL INFORMATION

For illustrative purpose, the financial information prepared in accordance with paragraph 29 of Chapter 4 of the Listing Rules, is set out here to provide prospective investors with further information about how the financial information of DaChan Food (Asia) Limited and its subsidiaries (the "Group") might be affected by completion of the Global Offering as if the Global Offering had been completed on 31 May 2007. The statement has been prepared for illustrative purpose only and because of its nature, it may not give a true picture of the Group's financial condition on the completion of the Global Offering.

(A) UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following statement of unaudited pro forma adjusted net tangible assets of the Group is based on the audited combined net assets of our Group as at 31 May 2007, as shown in the accountants' report, the text of which is set out in Appendix I to this prospectus and adjusted as described below:

	Audited combined net tangible assets attributable to the equity holders of the Company as at 31 May 2007	**Estimated net proceeds from the New Issue**	**Unaudited pro forma adjusted net tangible assets**	**Unaudited pro forma adjusted net tangible assets per Share**
	USD'000	*USD'000*	*USD'000*	*USD*
	(Note 1)	*(Note 2)*		*(Note 3)*
Based on the Offer Price of HK$2.20 per Share (being the lowest)	89,228	63,159	152,387	0.15
Based on the Offer Price of HK$3.00 per Share (being the highest)	89,228	87,887	177,115	0.18

Notes:

(1) The audited combined net tangible assets attributable to the equity holders of the Company as at 31 May 2007 is arrived based on the Group's audited combined net tangible assets of USD89,228,000 as at 31 May 2007 extracted from the accountant's report set out in Appendix I to this prospectus.

(2) The estimated net proceeds from the New Issue are based on the Offer Price of HK$2.20 and HK$3.00 per Share, after deduction of the underwriting fees and other related expenses payable by our Company. No account has been taken of the Shares which may fall to be issued upon exercise of the Over-allotment Option and the options that may be granted under the Share Option Scheme.

The estimated net proceeds from the New Issue are translated into USD at the exchange rate of HK$7.80 to USD1.

(3) The unaudited pro forma net tangible assets per Share is arrived at after adjustment for the estimated net proceeds from the New Issue payable to our Company as described in note (2) and on the basis that a total of 1,000,000,000 Shares were in issue as at 31 May 2007 (including Shares in issue as at the date of this prospectus and those Shares to be issued pursuant to the Global Offering and the Capitalisation Issue).

(4) Details of valuation of our Group's properties interest as at 30 June 2007 are set out in Appendix IV to this prospectus. The Group will not incorporate the revaluation surplus or deficit in its financial statements for the year ending 31 December 2007. It is the Group's accounting policy to state its lease prepayments and property, plant and equipment at cost less accumulated depreciation/amortisation and any impairment loss in accordance with relevant International Accounting Standards, rather than at revalued amounts. The impairment reviews performed by the Company as at 31 May 2007 did not indicate the need to recognise any impairment loss for its lease prepayments and property, plant and equipment. With reference to the valuation of the Group's property interests as set out in Appendix IV to this prospectus, there was a revaluation surplus of the Group's properties of approximately USD70.7 million. If the revaluation surplus was incorporated in the Group's financial statements for the year ending 31 December 2007, an additional depreciation of approximately USD4.9 million per annum would be incurred.

(B) UNAUDITED PRO FORMA FULLY DILUTED FORECAST EARNINGS PER SHARE

The following unaudited pro forma fully diluted forecast earnings per share for the year ending 31 December 2007 has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering as if it had taken place on 1 January 2007. This unaudited pro forma fully diluted forecast earnings per share has been prepared for illustrative purposes only and, because of its nature, it may not give a true picture of the financial results of the Group following the Global Offering.

Forecast combined profit attributable to shareholders for the year ending 31 December 2007 *(Note 1)*	Not less than USD22.6 million (approximately HK$176.3 million)
Unaudited pro-forma forecast earnings per share — fully diluted *(Note 2)*	Not less than USD2.3 cents (approximately HK$17.6 cents)

Notes:

(1) The unaudited forecast combined profit attributable to shareholders for the year ending 31 December 2007 is extracted from the section headed "Financial Information — Profit Forecast." The bases and assumptions on which the profit forecast has been prepared are set out in Appendix III to this prospectus.

(2) The calculation of the unaudited forecast earnings per share on a pro forma fully diluted basis is based on the forecast combined profit attributable to the shareholders for the year ending 31 December 2007 assuming that the Group had been listed since 1 January 2007 and a total of 1,000,000,000 shares were issued and outstanding during the entire year. This calculation assumes that the 1,000,000,000 shares to be issued pursuant to the Global Offering were issued on 1 January 2007 (assuming the Over-allotment Option and the options that may be granted under the Share Option Scheme are not exercised). The forecast combined profit attributable to shareholders for the year ending 31 December 2007 is based on the combined results of the Group based on the unaudited management accounts of the Group for the five months ended 31 May 2007, the unaudited management accounts of the Group for the two months ended 31 July 2007 and a forecast of the combined results for the remaining five months ending 31 December 2007.

(C) COMFORT LETTER ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this prospectus, in respect of the unaudited pro forma financial information of the Group.

KPMG

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

The Directors
DaChan Food (Asia) Limited
Cazenove Asia Limited

20 September 2007

Dear Sirs,

We report on the unaudited pro forma statement of adjusted net tangible assets and unaudited pro forma fully diluted forecast earnings per share ("the Unaudited Pro Forma Financial Information") of DaChan Food (Asia) Limited (the "Company") and its subsidiaries ("the Group") set out on in Parts A and B of Appendix II to the prospectus dated 20 September 2007 ("the Prospectus"), which have been prepared by the directors of the Company solely for illustrative purposes to provide information about how the Global Offering might have affected the financial information presented. The basis of preparation of the Unaudited Pro Forma Financial Information is set out in Parts A and B of Appendix II to the Prospectus.

Responsibilities

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with Paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

It is our responsibility to form an opinion, as required by paragraph 4.29 of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements ("HKSIR") 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. The engagement did not involve independent examination of any of the underlying financial information.

Our work did not constitute an audit or review made in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA, and accordingly, we do not express any such audit or review assurance on the Unaudited Pro Forma Financial Information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Our work has not been carried out in accordance with auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) and accordingly should not be relied upon as if it had been carried out in accordance with those standards.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and because of its hypothetical nature, it does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the financial position of the Group as at 31 May 2007 or any future date; or
- the earnings per share of the Group for the year ending 31 December 2007 or any future periods.

We make no comments regarding the reasonableness of the amount of net proceeds from the issuance of the Company's shares, the application of those net proceeds, or whether such use will actually take place as described under "Use of Proceeds" set out in the section headed "Future Plans and Use of Proceeds" set out in the Prospectus.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group, and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to Paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
KPMG
Certified Public Accountants
Hong Kong

The forecast of the combined profit attributable to the equity holders of the Group for the year ending 31 December 2007 is set out in the paragraph headed "Profit forecast" in the section headed "Financial information" in this prospectus.

(A) BASIS AND ASSUMPTIONS

The forecast of the combined profit attributable to the equity holders of the Group for the year ending 31 December 2007 prepared by the Directors is based on the audited combined results of the Group for the five months ended 31 May 2007, the unaudited management accounts of the Group for the two months ended 31 July 2007 and a forecast of the combined results of the Group for the remaining five months ending 31 December 2007. The forecast has been prepared on the basis of the accounting policies consistent in all material aspects with those currently adopted by the Group as summarised in the accountants' report, the text of which is set out in Appendix I to this prospectus and is based on the following principal assumptions:

(a) there will be no material changes in existing government policies or political, legal (including changes in legislation or regulations or rules), fiscal or economic conditions in the BVI, the Cayman Islands, Samoa, Hong Kong, the PRC, Vietnam, Malaysia or any of the countries or territories in which any member of our Group is incorporated, carries on business;

(b) there will be no material changes in the bases or rates of taxation or duties applicable to the activities of our Group in the BVI, the Cayman Islands, Samoa, Hong Kong, in the PRC, Vietnam, Malaysia, or any of the countries or territories in which our Group operates or in which any member of our Group is incorporated;

(c) there will be no material changes in exchange rates, interest rates and inflation rates from those currently prevailing; and

(d) the PRC government will continue to adopt a moderate macroeconomic and monetary policies similar to those of 2006, in order to maintain a consistent rate of economic growth.

Set our below are the texts of the letters received by the Directors from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong and from the Sponsor, Cazenove in connection with the forecast of the combined profit attributable to the equity holder of the Company for the year ending 31 December 2007.

(B) LETTER FROM THE REPORTING ACCOUNTANTS

KPMG

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

The Board of Director
DaChan Food (Asia) Limited
Cazenove Asia Limited

20 September 2007

Dear Sirs,

We have reviewed the accounting policies and calculations adopted in arriving at the forecast combined profit attributable to equity holders of Dachan Food (Asia) Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ending 31 December 2007 (the "Forecast"), for which the directors of the Company (the "Directors") are solely responsible, as set forth in the section headed "Financial Information — Profit forecast" in the prospectus of the Company dated 20 September 2007 (the "Prospectus").

The Forecast has been prepared by the Directors based on the audited combined results of the Group for the five months ended 31 May 2007, the unaudited management accounts of the Group for the two months ended 31 July 2007 and a forecast of the combined results of the Group for the remaining five months ending 31 December 2007.

In our opinion, so far as the accounting policies and calculations are concerned, the Forecast has been properly compiled on the bases and assumptions adopted by the Directors as set out in Appendix III to the Prospectus and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in our accountants' report dated 20 September 2007, the text of which is set out in Appendix I to the Prospectus.

Yours faithfully,
KPMG
Certified Public Accountants
Hong Kong

(C) LETTER FROM CAZENOVE

CAZENOVE

Cazenove Asia Limited

50th Floor, One Exchange Square, 8 Connaught Place, Central, Hong Kong

The Directors
DaChan Food (Asia) Limited

20 September 2007

Dear Sirs,

We refer to the forecast of the profit attributable to equity holders of DaChan Food (Asia) Limited (the "Company") and its subsidiaries (collectively, the "Group") for the financial year ending 31 December 2007 as set out in the prospectus issued by the Company dated 20 September 2007 (the "Forecast").

We have discussed with you the bases and assumptions upon which the Forecast has been made. We have also considered the letter dated 20 September 2007 addressed to yourselves and ourselves from KPMG regarding the accounting policies and calculations upon which the Forecast has been made.

Based on the foregoing, the bases and assumptions made by you and the accounting policies and calculations reviewed by KPMG, we are of the opinion that the Forecast, for which you as directors of the Company are solely responsible, has been made after due and careful enquiry.

Yours faithfully,
For and on behalf of
Cazenove Asia Limited
Andric Yew
Director

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this prospectus received from Sallmanns (Far East) Limited, an independent valuer, in connection with its valuation as at 30 June 2007 of the property interests of the Group.

Sallmanns 西門

Corporate valuation and consultancy
www.sallmanns.com

22nd Floor, Siu On Centre
188 Lockhart Road
Wan Chai, Hong Kong
Tel: (852) 2169 6000
Fax: (852) 2528 5079

20 September 2007

The Board of Directors
DaChan Food (Asia) Limited

Dear Sirs,

In accordance with your instructions to value the properties in which DaChan Food (Asia) Limited (the "Company") and its subsidiaries (hereinafter together referred to as the "Group") have interests in the People's Republic of China (the "PRC"), Hong Kong, Socialist Republic of Vietnam ("Vietnam") and Malaysia, we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital values of the property interests as at 30 June 2007 (the "date of valuation").

Our valuations of the property interests represent the market value which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion".

Where we have valued the property interests in the PRC, Vietnam and Malaysia by the direct comparison approach assuming sale of the property interests in their existing state with the benefit of immediate vacant possession and by making reference to comparable sale transactions as available in the relevant market.

Where, due to the nature of the buildings and structures of the properties in the PRC, Vietnam and Malaysia, there are no market sales comparables readily available, the property interests have been valued on the basis of their depreciated replacement cost.

Depreciated replacement cost is defined as "the current cost of replacement (reproduction) of a property less deductions for physical deterioration and all relevant forms of obsolescence and optimisation." It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement (reproduction) of the improvements, less deduction for physical deterioration and all relevant forms of obsolescence and optimisation. The depreciated replacement costs of the property interests are subject to adequate potential profitability of the concerned business.

In valuing the property interests which are currently under construction, we have assumed that they will be developed and completed in accordance with the Group's latest development proposal provided to us. In arriving at our opinion of value, we have taken into account the construction costs and professional fees relevant to the stage of construction as at the valuation date and the remainder of the costs and fees to be expended to complete the developments.

We have attributed no commercial value to the property interests in Groups V to VII, which are rented by the Group, due either to the short-term nature of the leases or the prohibition against assignment or sub-letting or otherwise due to the lack of substantial profit rents.

Our valuations have been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charges, mortgages or amounts owing on any of the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In valuing the property interests, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Appraisal and Valuation Standards (5th Edition) published by the Royal Institution of Chartered Surveyors and effective from May 2003; and the HKIS Valuation Standards on Properties (1st Edition 2005) published by the Hong Kong Institute of Surveyors effective from 1 January 2005.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of various title documents including State-owned Land Use Rights Certificates, Building Ownership Certificates, Real Estate Title Certificates and official plans relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing titles to the property interests in the PRC and any material encumbrances that might be attached to the property interests or any lease amendments. We have relied considerably on the advice given by the Company's PRC legal adviser — King & Wood PRC Lawyers, concerning the validity of the Group's titles to the property interests in the PRC. We have also relied considerably on the advice given by the Company's Vietnam legal adviser — Vision & Associates Legal, concerning the validity of the Group's titles to the property interests in Vietnam.

We have not carried out detailed site measurements to verify the correctness of the site areas in respect of the properties but have assumed that the site areas shown on the documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defects. No tests were carried out on any of the services.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary sums stated in this report are in Renminbi (RMB). The exchange rate adopted in our valuations is approximately HK$1 = RMB0.97, RM1 = RMB2.204 and USD1 = RMB7.585 which were approximately the prevailing exchange rate as at the date of valuation.

Our valuations are summarised below and the valuation certificates are attached.

Yours faithfully,
for and on behalf of
Sallmanns (Far East) Limited
Paul L. Brown
B.Sc. FRICS FHKIS
Director

Note: Paul L. Brown is a Chartered Surveyor who has 24 years' experience in the valuation of properties in the PRC and 27 years of property valuation experience in Hong Kong, the United Kingdom and the Asia-Pacific region, including Malaysia and Vietnam.

SUMMARY OF VALUES

GROUP I — PROPERTY INTERESTS OWNED AND OCCUPIED BY THE GROUP IN THE PRC

No.	Property	Capital Value in existing state as at 30 June 2007 *RMB*
1.	2 parcels of land, various buildings and structures located at Xinmintun Li Jinqiao Street Xinmin Village Jinqiao Town Dashiqiao County Yingkou City Liaoning Province The PRC	9,250,000 (approximately equivalent to USD1,220,000)
2.	A parcel of land, various buildings and structures located at Shaling Jiaju Industrial Park Yuhong District Shenyang City Liaoning Province The PRC	29,150,000 (approximately equivalent to USD3,843,000)
3.	A parcel of land, various buildings and structures located at Economic Development Zone San Wei Tieling City Liaoning Province The PRC	8,400,000 (approximately equivalent to USD1,107,000)
4.	A parcel of land, various buildings and structures located at Qiao Xi Village Ba Mian Cheng Town Chang Tu County Tieling City Liaoning Province The PRC	9,610,000 (approximately equivalent to USD1,267,000)

No.	Property	Capital Value in existing state as at 30 June 2007 *RMB*
5.	A parcel of land, various buildings and structures located at Qiaotaibao Village Yongan Town Dashiqiao County Yingkou City Liaoning Province The PRC	10,590,000 (approximately equivalent to USD1,396,000)
6.	3 parcels of land, various buildings and structures located at Dong Shou Weixu South Road Anqiu City Shandong Province The PRC	6,460,000 (approximately equivalent to USD852,000)
7.	7 parcels of land, various buildings and structures located at the west of Gu Beng Road Lian Cheng Town Gu Zhen County Bengbu City An Hui Province The PRC	25,750,000 (approximately equivalent to USD3,395,000)
8.	Room 503, Unit 1, Block 3 Ya Bao Apartment Beijing The PRC	No commercial value
9.	Rooms 201, 401 and 501 of Door 2 and Rooms 301 and 302 of Door 3 and Car Park No.3 Apartment Block No.1 Shui Yun Garden Shui Shang Gong Yuan Xi Road Nan Kai District Tianjin The PRC	No commercial value

No.	Property	Capital Value in existing state as at 30 June 2007 *RMB*
10.	A parcel of land, various buildings and structures located at No.88 Jin Jing Road Xi Qing District Tianjin The PRC	53,210,000 (approximately equivalent to USD7,015,000)
11.	A parcel of land, various buildings and structures located at Da Liu Tan Village East Yang Liu Qing Town Xi Qing District Tianjin The PRC	97,580,000 (approximately equivalent to USD12,865,000)
12.	A parcel of land, various buildings and structures located at Jin Tong Road South Da Liu Tan Village North Yang Liu Qing Town Xi Qing District Tianjin The PRC	199,800,000 (approximately equivalent to USD26,341,000)
13.	Rooms 101-107, 201-207, 301-307, 401-407, 501-507 and 601-607 Block No.4, He Yuan Bei Li Wang Ding Ti Nan Kai District Tianjin The PRC	8,320,000 (approximately equivalent to USD1,097,000)
14.	A parcel of land and various buildings located at San Jia Neighbourhood Committee Pao Tai Town Wa Fang Dian County Dalian City Liaoning Province The PRC	26,810,000 (approximately equivalent to USD3,535,000)

No.	Property	Capital Value in existing state as at 30 June 2007 *RMB*
15.	A parcel of land and various buildings located at No. 15 Pao Tai Road Jia Lu Village Pao Tai Town Wa Fang Dian County Dalian City Liaoning Province The PRC	7,830,000 (approximately equivalent to USD1,032,000)
16.	A parcel of land and various buildings located at No. 26 Tian Ma Road Ma Lu Village Pao Tai Town Wa Fang Dian County Dalian City Liaoning Province The PRC	50,850,000 (approximately equivalent to USD6,704,000)
17.	A parcel of land and a building located at Ma Lu Village Pao Tai Town Wa Fang Dian County Dalian City Liaoning Province The PRC	25,610,000 (approximately equivalent to USD3,376,000)
18.	A parcel of land and various buildings located at Pao Tai Village and Da Feng Village Pao Tai Town Wa Fang Dian County Dalian City Liaoning Province The PRC	No commercial value

No.	Property	Capital Value in existing state as at 30 June 2007 *RMB*
19.	Two parcels of land and various buildings Located at Pao Tai Village Pao Tai Town Wa Fang Dian County Dalian City Liaoning Province The PRC	32,810,000 (approximately equivalent to USD4,326,000)
20.	A parcel of land, various buildings located at No. 48 Rongping Road Rongbei Town Songjiang District Shanghai The PRC	21,380,000 (approximately equivalent to USD2,819,000)
21.	A parcel of land, various buildings and structures located at Eastern Side of Ha Hei Fu Road Li Min Economic and Technological Development Zone Harbin City Heilongjiang Province The PRC	5,850,000 (approximately equivalent to USD771,000)
22.	A parcel of land, various buildings and structures located at No.58 Tai Jia Road Taiwan Business Investment District Wangcheng County Changsha City Hunan Province The PRC	8,320,000 (approximately equivalent to USD1,097,000)
	Sub-total:	637,580,000 (approximately equivalent to USD84,058,000)

GROUP II — PROPERTY INTERESTS HELD AND OCCUPIED BY THE GROUP IN VIETNAM

No.	Property	Capital Value in existing state as at 30 June 2007 *RMB*
23.	A parcel of land, various buildings and structures located at Song May Industrial Park, Bac Son Village, Trang Bom District, Dong Nai Province, Socialist Republic of Vietnam	25,675,000 (approximately equivalent to USD3,385,000)
24.	A parcel of land, various buildings and structures located at Tan Truong Village, Cam Giang District, Hai Duong Province, Socialist Republic of Vietnam	22,452,000 (approximately equivalent to USD2,960,000)
	Sub-total:	48,127,000 (approximately equivalent to USD6,345,000)

GROUP III — PROPERTY INTEREST HELD AND OCCUPIED BY THE GROUP IN MALAYSIA

No.	Property	Capital Value in existing state as at 30 June 2007 *RMB*
25.	H.S.(D) 252217, Lot PTD No. 120716, Mukim of Plentong, District of Johor Bahru, State of Johor Darul Takzim Malaysia	5,287,000 (approximately equivalent to USD697,000)
	Sub-total:	5,287,000 (approximately equivalent to USD697,000)

GROUP IV — PROPERTY INTEREST HELD FOR FUTURE DEVELOPMENT BY THE GROUP IN THE PRC

No.	Property	Capital Value in existing state as at 30 June 2007 *RMB*
26.	A parcel of land located at San Jia Neighbourhood Committee Pao Tai Town Wa Fang Dian County Dalian City Liaoning Province The PRC	540,000 (approximately equivalent to USD71,000)
	Sub-total:	540,000 (approximately equivalent to USD71,000)

GROUP V — PROPERTY INTEREST RENTED AND OCCUPIED BY THE GROUP IN HONG KONG

No.	Property	Capital Value in existing state as at 30 June 2007 *RMB*
27.	Suite 1806, Tower 1, The Gateway, No.25 Canton Road, Tsim Sha Tsui, Kowloon	No commercial value
	Sub-total:	Nil

GROUP VI — PROPERTY INTERESTS RENTED AND OCCUPIED BY THE GROUP IN THE PRC

No.	Property	Capital Value in existing state as at 30 June 2007 *RMB*
28.	Unit 2202 - 2205 22/F, Block 1 Henderson Centre No.18 Jian Guo Men Nei Da Street Beijing The PRC	No commercial value
29.	A parcel of land and a building Located at Block No.4 Xin Chuan Cang Road Shuang Liu Yuan Zone Jiao Long Industrial Port Chengdou City Sichuan Province The PRC	No commercial value
30.	A parcel of land and various buildings located at Xiaobao Village Shendanbao Town Shendan Xiaminying Economic Development District Dengta City Liaoning Province The PRC	No commercial value
31.	A parcel of land and various buildings located at Cheng Nan Jie Yi Wei Economic Development Zone Tieling City Liaoning Province The PRC	No commercial value
32.	A parcel of land and various buildings located at No. 1 Fan Sheng Road Economic Development Zone Tieling City Liaoning Province The PRC	No commercial value

No.	Property	Capital Value in existing state as at 30 June 2007 *RMB*
33.	Unit 2201 & 2214 22/F, Block 1 Henderson Centre No.18 Jian Guo Men Nei Da Street Beijing The PRC	No commercial value
34.	Room 2301, Northern Block Ya Bao Apartment Beijing The PRC	No commercial value
35.	Room 2503, Northern Block Ya Bao Apartment Beijing The PRC	No commercial value
36.	A parcel of land and various buildings located at Xinghaibei Road Xingcheng City Liaoning Province The PRC	No commercial value
37.	A commercial unit at No.8 Xiang Tan Road Hong Qiao District Tianjin The PRC	No commercial value
38.	No.1 on Level 1, Block No.10 Yu Tian Jia Yuan Junction of Xiao Guan Main Street and Dong He Yan Main Street He Bei District Tianjin The PRC	No commercial value
39.	Level 1, No.39 Li Min Road He Xi District Tianjin The PRC	No commercial value

No.	Property	Capital Value in existing state as at 30 June 2007 *RMB*
40.	A parcel of land and various buildings located at Oversea Chinese Technology Zone Hong Kong Road Pingdu City Qingdao Shandong Province The PRC	No commercial value
41.	Warehouse and workshop located at the east of Dang Cheng Village Xin Kou Town Xi Qing District Tianjin The PRC	No commercial value
42.	Room No.1, 23/F, Hong Yu Commercial Building No.68 Ren Min Road Zhong Shan District Dalian City Liaoning Province The PRC	No commercial value
43.	A building located at Pao Tai Village Pao Tai Town Wa Fang Dian County Dalian City Liaoning Province The PRC	No commercial value
44.	Units 701-703 No.100 Bin Jiang Xi Road Haizhu District Guangzhou City Guangdong Province The PRC	No commercial value

No.	Property	Capital Value in existing state as at 30 June 2007 *RMB*
45.	Unit 816, Block B Ju Fu Yuan Commercial Building Xin Kai Road He Dong District Tianjin The PRC	No commercial value
46.	A warehouse located at No.333 Tonghai Road Min Xing District Shanghai The PRC	No commercial value
47.	Various buildings located at No.6471 Qing Nian Road Changchun City Jilin Province The PRC	No commercial value
	Sub-total:	Nil

GROUP VII — PROPERTY INTERESTS RENTED AND OCCUPIED BY THE GROUP IN THE MALAYSIA

No.	Property	Capital Value in existing state as at 30 June 2007 *RMB*
48.	No. 12, Hala Rapat Baru 23, Kawasan Peindustrian Kinta Jaya, 31350 Ipoh, Perak, Malaysia	No commercial value
49.	Sublot No. 6 of Parent Lot 270 to 282, Block 6, Muara Tuang Land District, 9th Mile, Penrissen Road, Kuching, Sarawak Darul Ehsan Malaysia	No commercial value

No.	Property		Capital Value in existing state as at 30 June 2007 *RMB*
50.	No. 11, Jalan Senangin Satu, Taman Tanjung, Tanjung Sepat, Selangor Darul Ehsan Malaysia		No commercial value
		Sub-total:	Nil
		Grand-total:	691,534,000 (approximately equivalent to USD91,171,000)

VALUATION CERTIFICATE

GROUP I — PROPERTY INTERESTS OWNED AND OCCUPIED BY THE GROUP IN THE PRC

Property	**Description and tenure**	**Particulars of occupancy**	**Capital value in existing state as at 30 June 2007** *RMB*
1. 2 parcels of land, various buildings and structures located at Xinmintun Li Jinqiao Street Xinmin Village Jinqiao Town Dashiqiao County Yingkou City Liaoning Province The PRC	The property comprises 2 parcels of land with a total site area of approximately 35,470 sq.m. on which are constructed various buildings and structures completed in various stages between 1995 and 2001. The buildings have a total gross floor area of approximately 8,715.85 sq.m. The buildings mainly include factory building, transformer room, pump room, warehouses, restaurant, hostel, office building, and etc. The structures mainly include toilet, storage, pond, and etc. The land use rights of the property were granted for a term expiring on 30 August 2045.	The property is currently rented to Great Wall Agri (Yingkou) Co., Ltd. for manufacturing/ office/dormitory purposes.	9,250,000 (approximately equivalent to USD1,220,000

Notes:

1. Pursuant to 2 State-owned Land Use Rights Certificates — Da Shi Quo Yong (96) Zi Di Nos. 030 and 031 all dated 8 May 1996 issued by the People's Government of Dashiqiao City, the land use rights of 2 parcels of land with a total site area of approximately 35,470 sq.m. were granted to Liaoning Greatwall Agri-Industrial Co., Ltd. ("Liaoning Greatwall") for a term of 50 years expiring on 30 August 2045 for industrial use.

2. Pursuant to 16 Building Ownership Certificates issued by the People's Government of Dashiqiao City, the building ownership rights of 16 buildings with a total gross floor area of approximately 8,715.85 sq.m. are owned by Liaoning Greatwall.

3. Liaoning Greatwall is an indirect wholly-owned subsidiary of the Company.

4. Pursuant to a Tenancy Agreement dated 21 May 2000 entered into between Liaoning Greatwall and Great Wall Agri (Yingkou) Co., Ltd. (Yingkou Great Wall, an indirect wholly-owned subsidiary of the Company), the whole property is currently rented to Great Wall Agri (Yingkou) Co., Ltd. for a term commencing from 1 August 2000 and expiring on 31 July 2010, at an annual rental of RMB2,000,000 (approximately equivalent to USD263,678).

5. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, inter alia, the following:

   (i) The land use rights of the property are legally owned by the Group and can be freely transferred, sublet, mortgaged or handled by the Group.

   (ii) The building ownership rights of the buildings with a total gross floor area of 8,715.85 sq.m. are legally owned by the Group and can be freely transferred, sublet, mortgaged or handled by the Group.

   (iii) The property is not subject to mortgage or any other encumbrances.

   (iv) The Tenancy Agreement as stated in note 4 is valid and effective, Yingkou Great Wall has the right to use the property. The Tenancy Agreement has been registered at the relevant authority. The lessor has the right to lease out the property and the existing use of the property does not contravene the prescribed uses.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2007 *RMB*
2. A parcel of land, various buildings and structures located at Shaling Jiaju Industrial Park Yuhong District Shenyang City Liaoning Province The PRC	The property comprises a parcel of land (Lot No. 060501170) with a site area of approximately 66,672.6 sq.m. on which are constructed various buildings and various structures completed in various stages between 2006 and 2007. The buildings have a total gross floor area of approximately 14,734.38 sq.m. The buildings mainly include factory building, transformer room, warehouses, restaurant, hostel, office building, and etc. The structures mainly include bicycle shed and sweet corn shed. The land use rights of the property were granted for a term expiring on 1 January 2057.	The property is currently in the process of setting up for manufacturing/ office/dormitory purposes by the Group.	29,150,000 (approximately equivalent to USD3,843,000

Notes:

1. Pursuant to a Compensation Agreement entered into between 瀋陽市于洪區城市房屋拆遷管理辦公室 (City Building Demolish and Remove Administrative Office of Yuhong District of Shenyang City) (Party A) and Liaoning Greatwall Agri-Industrial Co., Ltd. ("Liaoning Greatwall") (Party B) dated 13 June 2006, Party A has compensated a parcel of land with a site area of 100 mu for the resumption of two parcels of land of Party B for industrial construction purposes.

2. Pursuant to a State-owned Land Use Rights Contract entered into between Planning and State-owned Land Resource Bureau of Shenyang City Yuhong Branch (Party A) and Liaoning Greatwall (Party B) dated 17 March 2007, the land use rights of the property with a site area of approximately 66,672.6 sq.m. were granted to Party B from Party A for a term of 50 years expiring on 1 January 2057 for industrial use at a consideration of RMB6,333,897 (approximately equivalent to USD835,056).

3. Pursuant to a State-owned Land Use Rights Certificate — Shenyang Guo Yong (2007) Di Nos. YH04931 issued by the People's Government of Shenyang City, the land use rights of the property with a total site area of approximately 66,672.6 sq.m. were granted to Liaoning Greatwall for a term expiring on 1 January 2057 for industrial use.

4. Pursuant to 3 Building Ownership Certificates — Shen Fang Quan Zheng Yu Hong Zi Di Nos. 139269, 139270 and 139271 dated 16 July 2007 and 3 Building Ownership Certificates — Shen Fang Quan Zheng Yu Hong Zi Di Nos. 006886, 006887 and 006888 dated 8 August 2007 issued by the Real Estate Bureau of Shenyang City, the building ownership rights of the property with a total gross floor area of approximately 14,734.38 sq.m. are owned by Liaoning Greatwall.

5. Liaoning Greatwall is an indirect wholly-owned subsidiary of the Company.

6. Pursuant to a tenancy agreement entered into between Liaoning Greatwall (Party A) and Greatwall Agri (Tieling) Co., Ltd. (Party B) ("Tieling Greatwall", an indirect wholly-owned subsidiary of the Company) dated 20 April 2007, a portion of the property with a gross floor area of approximately 50 sq.m. has been leased to Party B by Party A for a term of 5 years commencing from 1 May 2007 and expiring on 30 April 2012 with a rent free period for the first two years.

7. Pursuant to a tenancy agreement entered into between Liaoning Greatwall (Party A) and Great Wall Agrotech Feed (Shenyang) Co., Ltd. (Party B) ("Shenyang Great Wall", an indirect wholly-owned subsidiary of the Company) dated 20 April 2007, a portion of the property with a gross floor area of approximately 100 sq.m. has been leased to Party B by Party A for a term of 5 years commencing from 1 May 2007 and expiring on 30 April 2012 with a rent free period for the first two years.

8. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, inter alia, the following:

   (i) The land use rights of the property are legally owned by the Group and can be freely transferred, sublet, mortgaged or handled by the Group.

   (ii) The building ownership rights of the property with a total gross floor area of 14,734.38 sq.m. are legally owned by the Group and can be freely transferred, sublet, mortgaged or handled by the Group.

   (iii) The tenancies as states in notes 6 & 7 above are valid and effective. Both Tieling Greatwall and Shenyang Great Wall have the rights to use the property. The tenancies have been registered at the relevant building administrative bureau. The lessor has the right to lease out the property and the existing use of the property does not contravene any of the prescribed uses.

   (iv) The property is not subject to mortgage or any other encumbrances.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2007 *RMB*
3. A parcel of land, various buildings and structures located at Economic Development Zone San Wei Tieling City Liaoning Province The PRC	The property comprises a parcel of land (Lot No. 586) with a site area of approximately 19,550 sq.m. on which are constructed various buildings and various structures completed in various stages between 2001 and 2002. The buildings have a total gross floor area of approximately 6,957.65 sq.m. The buildings mainly include factory buildings, warehouse, and office buildings, etc. The structures mainly comprise boundary fences, roads, water pipes and gates etc. The land use rights of the property were granted for a term of 50 years expiring on 19 June 2050.	The property is currently occupied by Greatwall Agri (Tieling) Co., Ltd. ("Tieling Greatwall") for manufacturing /office purposes.	8,400,000 (approximately equivalent to USD1,107,000)

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate — Tieling Guo Yong (2003) Zi Di No. 0703586, issued by the Planning and Stated-owned Land Resources Bureau of Tieling City , the land use rights of a parcel of land with a site area of approximately 19,550 sq.m. were granted to Greatwall Agri (Tieling) Co., Ltd. for a term of 50 years expiring on 19 June 2050 for industrial use.

2. Pursuant to 4 Building Ownership Certificates — Tieling City Fang Quan Zheng Development Zone Zi Di Nos. 211208-000560-0, 211208-000561-0, 211208-000562-0, 211208-000563-0 issued by the Real Estate Bureau of Tieling City, the building ownership rights of the property with a total gross floor area of approximately 6,957.65 sq.m. are owned by Greatwall Agri (Tieling) Co., Ltd.

3. Tieling Greatwall is an indirect wholly-owned subsidiary of the Company.

4. Pursuant to a tenancy entered into between Greatwall Agri (Tieling) Co., Ltd. (Party A) and Tieling Greatwall Trade Co., Ltd. (Party B) (Tieling Trade, an indirect wholly-owned subsidiary of the Company and Tieling Greatwall is holding 55% interest to Tieling Trade), a portion of the property with a gross floor area of approximately 64 sq.m. has been leased to Party B from Party A for a term from 5 April 2004 to 5 April 2010 at a monthly rent of RMB1,200 (approximately equivalent to USD158).

5. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, inter alia, the following:

   (i) The land use rights of the property are legally owned by the Group and can be freely transferred, sublet, mortgaged or handled by the Group.

   (ii) The building ownership rights of the buildings with a total gross floor area of 6,957.65 sq.m. are legally owned by the Group and can be freely transferred, sublet, mortgaged or handled by the Group.

   (iii) Other than the tenancy states in note 4 above, the property is not subject to mortgage or any other encumbrances.

   (iv) The tenancy as states in note 4 above is valid and effective and Tieling Greatwall Trade Co., Ltd. has the right to use the relevant leased property according to the tenancy. The tenancy has been registered at the relevant building administrative bureau. The lessor has the right to lease out the property and the existing use of the property does not contravene the prescribed uses.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2007 *RMB*
4.	A parcel of land, various buildings and structures located at Qiao Xi Village Ba Mian Cheng Town Chang Tu County Tieling City Liaoning Province The PRC	The property comprises a parcel of land (Lot No. 02180139) with a site area of approximately 40,000 sq.m. on which are constructed various buildings and various structures completed in various stages between 1997 and 2004. The buildings have a total gross floor area of approximately 7,500.96 sq.m. The buildings mainly include factory buildings, office buildings, warehouse, and dormitories, etc. The structures mainly comprise boundary fences and road, etc. The land use rights of the property were granted for a term of 50 years expiring on 10 April 2047.	The property is currently occupied by Greatwall Agri (Tieling) Co., Ltd. ("Tieling Greatwall") for manufacturing/ office/ residential purposes.	9,610,000 (approximately equivalent to USD1,267,000)

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate — Chang Guo Zi Fa Guo Yong (2004) Zi Di No. 012770138, issued by the Stated-owned Land Resources Bureau of Chang Tu County , the land use rights of a parcel of land with a site area of approximately 40,000 sq.m. were granted to Tieling Greatwall for a term of 50 years expiring on 10 April 2047 for industrial use.

2. Pursuant to 16 Building Ownership Certificates — Chang Cun Fang Quan Zheng Ba Mian Cheng Zi Di Nos. A-001 to P-001 issued by the Municipal Government of Tieling City, the building ownership rights of the property with a total gross floor area of approximately 7,500.96 sq.m. are owned by Tieling Greatwall.

3. Tieling Greatwall is an indirect wholly-owned subsidiary of the Company.

4. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, inter alia, the following:

   (i) The land use rights of the property are legally owned by the Group and can be freely transferred, sublet, mortgaged or handled by the Group.

   (ii) The building ownership rights of the buildings with a total gross floor area of 7,500.96 sq.m. are legally owned by the Group and can be freely transferred, sublet, mortgaged or handled by the Group.

   (iii) The property is not subject to mortgage or any other encumbrances.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2007 *RMB*
5. A parcel of land, various buildings and structures located at Qiaotaibao Village Yongan Town Dashiqiao County Yingkou City Liaoning Province The PRC	The property comprises a parcel of land with a site area of approximately 29,988 sq.m. on which are constructed various buildings and structures completed in various stages between 1997 and 1999. The buildings have a total gross floor area of approximately 6,120.77 sq.m. The buildings mainly include factory building, transformer room, toilet, guard room, warehouses, hostel, complex building, and etc. The structures mainly include high-sheds. The land use rights of the property were granted for a term expiring on 25 March 2047.	The property is currently occupied by the Group for manufacturing/ office/dormitory purposes.	10,590,000 (approximately equivalent to USD1,396,000)

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate — Da Shi Guo Yong (97) Zi Di No. 32 dated 21 July 1997 issued by the People's Government of Dashiqiao City, the land use rights of a parcel of land with a site area of approximately 29,988 sq.m. were granted to Great Wall Agri (Yingkou) Co., Ltd. ("Yingkou Great Wall") for a term of 50 years expiring on 25 March 2047 for industrial use.

2. Pursuant to 10 Building Ownership Certificates — Da Fang Zhi Zi Di Nos. B-400012 to B-400015, B-400017 to B-400022 all dated 27 December 2002 issued by the People's Government of Dashiqiao City, the building ownership rights of the buildings with a total gross floor area of approximately 6,120.77 sq.m. are owned by Yingkou Great Wall.

3. Yingkou Great Wall is an indirect wholly-owned subsidiary of the Company.

4. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, inter alia, the following:

   (i) The land use rights of the property are legally owned by the Group and can be freely transferred, sublet, mortgaged or handled by the Group.

   (ii) The building ownership rights of the buildings with a total gross floor area of 6,120.77 sq.m. are legally owned by the Group and can be freely transferred, sublet, mortgaged or handled by the Group.

   (iii) The property is not subject to mortgage or any other encumbrances.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2007 *RMB*
6.	3 parcels of land, various buildings and structures located at Dong Shou Weixu South Road Anqiu City Shandong Province The PRC	The property comprises 3 parcels of land (Lot Nos. 0513237A, 0513237B1, 0513237C1) with a total site area of approximately 20,259 sq.m. on which are erected various buildings and a cistern completed in various stages between 1991 and 2000. The buildings have a total gross floor area of approximately 7,450.81 sq.m. The buildings mainly include workshops, office buildings, eatery, etc. The land use rights of the property have been granted for various terms expiring between August 2050 and March 2056 for industrial uses.	The property is currently occupied by the Group for production and ancillary office purposes.	6,460,000 (approximately equivalent to USD852,000)

Notes:

1. Pursuant to 3 State-owned Land Use Rights Certificates — An Guo Yong (2006) Zi Di Nos.064, 091 and 217, the land use rights of the property with a total site area of approximately 20,259 sq.m. were granted to DaChan Wanda (Tianjin) Co., Ltd. Anqiu Branch for various terms expiring on August 2050, March 2056 and November 2051 for industrial uses.

2. Pursuant to 3 Building Ownership Certificates-Wei An Fang Quan Zheng Shi Zhi Zi Guan Zi Di Nos.001180, 001181 and 001219, the buildings with a total gross floor area of approximately 7,450.81 sq.m. are owned by DaChan Wanda (Tianjin) Co., Ltd. Anqiu Branch.

3. DaChan Wanda (Tianjin) Co., Ltd. is an indirect wholly-owned subsidiary of the Company.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:

   (i) The land use rights of the property are legally owned by the Group and can be freely transferred, sublet, mortgaged or handled by the Group.

   (ii) The building ownership rights of the buildings with a total gross floor area of 7,450.81 sq.m. are legally owned by the Group and can be freely transferred, sublet, mortgaged or handled by the Group.

   (iii) The property is not subject to mortgage or any other encumbrances.

VALUATION CERTIFICATE

Property		Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2007 *RMB*
7.	7 parcels of land, various buildings and structures located at the west of Gu Beng Road Lian Cheng Town Gu Zhen County Bengbu City An Hui Province The PRC	The property comprises 7 parcels of land with a site area of approximately 140,755.01 sq.m. on which are erected various buildings and structures completed in various stages between 1994 to 2006. The buildings have a total gross floor area of approximately 35,373.18 sq.m. The buildings mainly include industrial buildings, office building, dormitory and guardhouse etc. The structures mainly include bicycle shed, storages, toilets and etc. The land use rights of the property were granted for a term expiring on 20 August 2053 for industrial use.	The property is currently occupied by the Group for industrial purposes.	25,750,000 (approximately equivalent to USD3,395,000)

Notes:

1. Pursuant to 7 State-owned Land Use Rights Certificates — Gu Guo Yong (2006) Di Nos. 2320800593 to 2320800599 dated 19 December 2006 issued by the People's Government of Gu Zhen County, the land use rights of 7 parcels of land with a total site area of approximately 140,755.01 sq.m. were granted to DaChan Wanda (Tianjin) Co., Ltd. ("Tianjin DaChan") Bengbu Branch for a term expiring on 20 August 2053 for industrial use.

2. Pursuant to 7 Building Ownership Certificates - Fang Di Quan Gang Ao Tai Zi Di Nos.06071 to 06077 dated 19 December 2006 and 18 December 2006 and 4 Building Ownership Certificates - Fang Di Quan Gu Lian Gang Ao Tai Zi Di No. 07002, 07004, 07020 and 07021 dated 16 June 2007, 16 January 2007 and 23 May 2007 respectively issued by the House Administrative Bureau of Gu Zhen County, the building ownership rights of 43 buildings with a total gross floor area of approximately 35,373.18 sq.m. are owned by Tianjin DaChan Bengbu Branch.

3. Tianjin DaChan is an indirect wholly-owned subsidiary of the Company.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:

   (i) The land use rights of the property are legally owned by the Group and can be freely transferred, sublet, mortgaged or handled by the Group.

   (ii) The building ownership rights of the buildings with a total gross floor area of 35,373.18 sq.m. are legally owned by the Group and can be freely transferred, sublet, mortgaged or handled by the Group.

   (iii) The property is not subject to mortgage or any other encumbrances.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2007 *RMB*
8.	Room 503, Unit 1, Block 3, Ya Bao Apartment, Beijing, The PRC	The property comprises a unit of a 9-storey residential building completed in 1994. The property has a gross floor area of approximately 278.82 sq.m.	The property is currently occupied by the Group for staff accommodation purposes.	No commercial value

Notes:

1. Pursuant to a Commodity House Sale and Purchase Contract entered into between 北京萬信房地產開發有限公司 (Beijing Wan Xin Real Estate Development Company Limited) and Conti Wanda (Tianjin) Co., Ltd. Beijing Branch dated 6 March 2006, the property with a gross floor area of approximately 278.82 sq.m. is contracted to be sold to Conti Wanda (Tianjin) Co., Ltd. Beijing Branch for the consideration of RMB2,800,000 (approximately equivalent to USD369,150).

2. As advised by the Group, Conti Wanda (Tianjin) Co., Ltd. has paid an amount of RMB1,400,000 (approximately equivalent to USD184,575) for the property.

3. Conti Wanda (Tianjin) Co., Ltd. (the predecessor of DaChan Wanda (Tianjin) Co., Ltd.) is an indirect wholly-owned subsidiary of the Company.

4. In the valuation of this property, we have not attributed any commercial value to the property which has not obtained any property title certificate. However, for reference purposes, we are of the opinion that the capital value of the property as at the date of valuation would be RMB2,790,000 (approximately equivalent to USD368,000) assuming all relevant title ownership certificates had been obtained.

5. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, inter alia, the following:

   (i) As advise by DaChan Wanda (Tianjin) Co., Ltd. (formerly known as Conti Wanda (Tianjin) Co., Ltd), the land use rights certificate and building ownership certificate are currently under application.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2007 *RMB*
9.	Rooms 201, 401 and 501 of Door 2 and Rooms 301 and 302 of Door 3 and Car Park No.3, Apartment Block No.1, Shui Yun Garden, Shui Shang Gong Yuan Xi Road, Nan Kai District, Tianjin, The PRC	The property comprises 5 units and a car park of a 6-storey residential building completed in 1991. The property has a total gross floor area of approximately 906.18 sq.m. The land use rights of the property were allocated for a term expiring on 25 October 2042.	The property is currently occupied by the Group for dormitory purposes.	No commercial value

Notes:

1. Pursuant to 6 State-owned Land Use Rights Certificates — Jin Shan Guo Yong (2002) Zi Di Nos. 273-278 all dated 23 September 2002 issued by the Planning and State-owned Land Resources Bureau of Tianjin, the land use rights of the property with a total site area of approximately 540.7 sq.m. were allocated to Conti Wanda (Tianjin) Co., Ltd. (the predecessor of DaChan Wanda (Tianjin) Co., Ltd. ("Tianjin DaChan")) for a term expiring on 25 October 2042 for residential use.

2. Pursuant to 6 Building Ownership Certificates — Jin He Fang Zi Di Nos. 0707-0712 all dated 19 December 1995 issued by the Real Estate Title Market Administrative Office of Tianjin, the property with a total gross floor area of approximately 906.18 sq.m. is owned by Conti Wanda (Tianjin) Co., Ltd. (the predecessor of Tianjin DaChan).

3. Tianjin DaChan is an indirect wholly-owned subsidiary of the Company.

4. In the valuation of this property, we have not attributed any commercial value to the property of which the land use rights are allocated. However, for reference purposes, we are of the opinion that the capital value of the property as at the date of valuation would be RMB7,110,000 (approximately equivalent to USD937,000) assuming the granted land use rights certificates had been obtained.

5. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, inter alia, the following:

   (i) DaChan Wanda (Tianjin) Co., Ltd. has the right to lease, transfer, mortgage and handle the land use rights and building ownership rights of the property provided that the prior consent has been obtained from the relevant land administrative authority.

   (ii) The land use rights and building ownership rights of the property are not subject to mortgage or any other encumbrances.

VALUATION CERTIFICATE

Property		Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2007 *RMB*
10.	A parcel of land, various buildings and structures located at No.88 Jin Jing Road, Xi Qing District, Tianjin, The PRC	The property comprises a parcel of land with a site area of approximately 49,473 sq.m. on which are constructed various buildings and ancillary structures completed in various stages between 1986 and 2007. The buildings have a total gross floor area of approximately 32,041.02 sq.m. The buildings mainly include workshops, office, dormitory, canteen, guardhouse, etc. The structures mainly comprise boundary fences, roads, car parks, etc. The land use rights of the property were leased for a term expiring on 25 October 2042.	The property is currently occupied by the Group for production purposes.	53,210,000 (approximately equivalent to USD7,015,000)

Notes:

1. Pursuant to a land use rights lease agreement ("Land Lease Agreement") entered into between Land Administrative Bureau of Tianjin City (Party A) and Conti Wanda (Tianjin) Co., Ltd. (the predecessor of DaChan Wanda (Tianjin) Co., Ltd. ("Tianjin DaChan")), the land use rights of the land with a total site area of approximately 708,111.5 sq.m. (including the parcels of land of Property Nos. 10, 11 and 12) has been leased to Tianjin DaChan from Party A for a term from 18 June 1999 to 25 October 2042 at a total annual rent of RMB141,622.3 (approximately equivalent to USD18,671).

2. Pursuant to State-owned Land Use Rights Certificate — Xi Qing Shan Guo Yong (2006) Di No. 144 dated 21 December 2006 issued by the Planning and State-owned Land Resources Bureau of Xi Qing District of Tianjin, the land use rights of the property with a site area of approximately 49,473 sq.m. were leased to DaChan Wanda (Tianjin) Co., Ltd. ("Tianjin DaChan") for a term expiring on 25 October 2042 for industrial use.

3. Pursuant to a Building Ownership Certificate — Fang Quan Zheng Jin Zi Di No. 111030750097 dated 18 July 2007 issued by the State-owned Land Resources and Building Administrative Bureau of Tianjin, the property with a total gross floor area of approximately 32,041.02 sq.m. is owned by Tianjin DaChan.

4. Tianjin DaChan is an indirect wholly-owned subsidiary of the Company.

5. As advised by the Group, the Group leased the land use rights from the Land Administrative Bureau of Tianjin City and it is actually one of the legal ways to obtain the state-owned land use rights on a long-term basis in which the term of the lease is over 10 years. In this way, the Group only needs to pay a rent for its use instead of paying a land premium getting granted land use rights. As the Group's main purpose is to obtain the land use rights for production use and so they do not see any needs to own the land. Thus, from the economical point of view, the Group considers that it is more cost-effective to get a long-term land use rights by leasing from the relevant bureau.

6. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, inter alia, the following:

   (i) The land use rights (by way of lease) and building ownership rights of the property are legally owned by the Group and can be freely transferred, sublet, mortgaged or handled by the Group provided that the prior consent has been obtained from the relevant land management authority. Pursuant to a reply from the Planning and State-owned Land Resource Bureau of Xi Qing District of Tianjin dated 30 April 2007, the land use rights of the subject property can be legally transferred, sublet, mortgaged.

   (ii) The property is not subject to mortgage or any other encumbrances.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2007 *RMB*
11. A parcel of land, various buildings and structures located at Da Liu Tan Village East, Yang Liu Qing Town, Xi Qing District, Tianjin, The PRC	The property comprises a parcel of land with a site area of approximately 209,116.1 sq.m. on which are constructed various buildings and ancillary structures completed in various stages between 1992 and 2004. The buildings have a total gross floor area of approximately 45,040.88 sq.m. The buildings mainly include workshops, office, dormitory, henhouse, guardhouse, etc. The structures mainly comprise boundary fences, roads, etc. The land use rights of the property were leased for a term expiring on 25 October 2042.	The property is currently occupied by the Group for production and breeding purposes.	97,580,000 (approximately equivalent to USD12,865,000)

Notes:

1. Pursuant to a land use rights lease agreement ("Land Lease Agreement") entered into between Land Administrative Bureau of Tianjin City (Party A) and Conti Wanda (Tianjin) Co., Ltd. (the predecessor of DaChan Wanda (Tianjin) Co., Ltd. ("Tianjin DaChan")), the land use rights of the land with a total site area of approximately 708,111.5 sq.m. (including the parcels of land of Property Nos. 10, 11 and 12) has been leased to Tianjin DaChan from Party A for a term from 18 June 1999 to 25 October 2042 at a total annual rent of RMB141,622.3 (approximately equivalent to USD18,671).

2. Pursuant to State-owned Land Use Rights Certificate — Xi Qing Shan Guo Yong (2006) Di No. 145 dated 21 December 2006 issued by the Planning and State-owned Land Resources Bureau of Xi Qing District of Tianjin, the land use rights of the property with a site area of approximately 209,116.1 sq.m. were leased to DaChan Wanda (Tianjin) Co., Ltd. ("Tianjin DaChan") for a term expiring on 25 October 2042 for breeding use.

3. Pursuant to Building Ownership Certificate — Fang Quan Zheng Jin Fang Zi Di No. 000017343 issued by the State-owned Land Resources and Building Administrative Bureau of Tianjin, the property with a total gross floor area of approximately 45,040.88 sq.m. is owned by Tianjin DaChan.

4. Tianjin DaChan is an indirect wholly-owned subsidiary of the Company.

5. As advised by the Group, the Group leased the land use rights from the Land Administrative Bureau of Tianjin City and it is actually one of the legal ways to obtain the state-owned land use rights on a long-term basis in which the term of the lease is over 10 years. In this way, the Group only needs to pay a rent for its use instead of paying a land premium getting granted land use rights. As the Group's main purpose is to obtain the land use rights for production use and so they do not see any needs to own the land. Thus, from the economical point of view, the Group considers that it is more cost-effective to get a long-term land use rights by leasing from the relevant bureau.

6. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, inter alia, the following:

   (i) The land use rights (by way of lease) and building ownership rights of the property are legally owned by the Group and can be freely transferred, sublet, mortgaged or handled by the Group provided that the prior consent has been obtained from the relevant land management authority. Pursuant to a reply from the Planning and State-owned Land Resource Bureau of Xi Qing District of Tianjin dated 30 April 2007, the land use rights of the subject property can be legally transferred, sublet, mortgaged.

   (ii) The property is not subject to mortgage or any other encumbrances.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2007 *RMB*
12.	A parcel of land, various buildings and structures located at Jin Tong Road South, Da Liu Tan Village North, Yang Liu Qing Town, Xi Qing District, Tianjin, The PRC	The property comprises a parcel of land (Lot No. 01-18-17) with a site area of approximately 449,522.4 sq.m. on which are constructed various buildings and ancillary structures completed in various stages between 1986 and 2007. The buildings have a total gross floor area of approximately 67,651.25 sq.m. The buildings mainly include workshops, office, dormitory, henhouse, guardhouse, etc. The structures mainly comprise boundary fences, roads, etc. The land use rights of the property were leased for a term expiring on 25 October 2042.	The property is currently occupied by the Group for production and breeding purposes.	199,800,000 (approximately equivalent to USD26,341,000)

Notes:

1. Pursuant to a land use rights lease agreement ("Land Lease Agreement") entered into between Land Administrative Bureau of Tianjin City (Party A) and Conti Wanda (Tianjin) Co., Ltd. (the predecessor of DaChan Wanda (Tianjin) Co., Ltd. ("Tianjin DaChan")), the land use rights of the land with a total site area of approximately 708,111.5 sq.m. (including the parcels of land of Property Nos. 10, 11 and 12) has been leased to Tianjin DaChan from Party A for a term from 18 June 1999 to 25 October 2042 at a total annual rent of RMB141,622.3 (approximately equivalent to USD18,671).

2. Pursuant to State-owned Land Use Rights Certificate — Xi Qing Shan Guo Yong (2006) Di No. 146 dated 21 December 2006 issued by the Planning and State-owned Land Resources Bureau of Xi Qing District of Tianjin, the land use rights of the property with a site area of approximately 449,522.4 sq.m. were leased to DaChan Wanda (Tianjin) Co., Ltd. ("Tianjin DaChan") for a term expiring on 25 October 2042 for breeding use.

3. Pursuant to a Building Ownership Certificate — Fang Quan Zheng Jin Zi Di No. 111030750096 dated 18 July 2007 issued by the State-owned Land Resources and Building Administrative Bureau of Tianjin, the property with a total gross floor area of approximately 67,651.25 sq.m. is owned by Tianjin DaChan.

4. Tianjin DaChan is an indirect wholly-owned subsidiary of the Company.

5. As advised by the Group, the Group leased the land use rights from the Land Administrative Bureau of Tianjin City and it is actually one of the legal ways to obtain the state-owned land use rights on a long-term basis in which the term of the lease is over 10 years. In this way, the Group only needs to pay a rent for its use instead of paying a land premium getting granted land use rights. As the Group's main purpose is to obtain the land use rights for production use and so they do not see any needs to own the land. Thus, from the economical point of view, the Group considers that it is more cost-effective to get a long-term land use rights by leasing from the relevant bureau.

6. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, inter alia, the following:

   (i) The land use rights (by way of lease) and building ownership rights of the property are legally owned by the Group and can be freely transferred, sublet, mortgaged or handled by the Group provided that the prior consent has been obtained from the relevant land management authority. Pursuant to a reply from the Planning and State-owned Land Resource Bureau of Xi Qing District of Tianjin dated 30 April 2007, the land use rights of the subject property can be legally transferred, sublet, mortgaged.

   (ii) The property is not subject to mortgage or any other encumbrances.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2007 *RMB*
13. Rooms 101-107, 201-207, 301-307, 401-407, 501-507 and 601-607, Block No.4, He Yuan Bei Li, Wang Ding Ti, Nan Kai District Tianjin, The PRC	The property comprises a 6-storey residential building completed in 1989. The property has a total gross floor area of approximately 1,849.16 sq.m.	The property is currently occupied by the Group for dormitory purposes.	8,320,000 (approximately equivalent to USD1,097,000)

Notes:

1. Pursuant to 2 Real Estate Title Certificates — Jin Zi Di No. 104020750480 and 104020750483 all dated 31 July 2007 issued by the Real Estate Administrative Bureau of Nan Kai District of Tianjin, the property with a total gross floor area of approximately 1,849.16 sq.m. is owned by DaChan Wanda (Tianjin) Co., Ltd. ("Tianjin DaChan").

2. Tianjin DaChan is an indirect wholly-owned subsidiary of the Company.

3. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, inter alia, the following:

   (i) The building ownership rights of the property are legally owned by the Group and can be freely transferred, sublet, mortgaged or handled by the Group.

   (ii) The property is not subject to mortgage or any other encumbrances.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2007 *RMB*
14.	A parcel of land and various buildings located at San Jia Neighbourhood Committee Pao Tai Town Wa Fang Dian County Dalian City Liaoning Province The PRC	The property comprises a parcel of land (Lot No. 1100058) with a site area of approximately 46,082 sq.m. on which are constructed 19 buildings (the "Completed Building") completed in various stages between 1997 and 2002. The buildings have a total gross floor area of approximately 23,856.93 sq.m. The buildings mainly include factory buildings, warehouse, office buildings and dormitories, etc. In addition to the Completed Building on the above land, there is a building recently completed and it is in the process of inspection acceptance as at the date of valuation (the "CIP building"). The total investment of the CIP building is estimated to be approximately RMB4,772,700 (approximately equivalent to USD629,229), of which RMB840,000 (approximately equivalent to USD110,745) has been paid up as at the date of valuation. The total gross floor area of the CIP building is approximately 1,008 sq.m. The land use rights of the property were granted for a term of 50 years expiring on 7 October 2046.	The property is currently occupied by Great Wall Food (Dalian) Co., Ltd. ("Dalian Great Wall") for manufacturing /office/residential purposes.	26,810,000 (approximately equivalent to USD3,535,000)

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate — Wa Guo Yong (1997) Di No. 0017, issued by the Planning and Stated-owned Land Resources Bureau of Wa Fang Dian City, the land use rights of a parcel of land with a site area of approximately 46,082 sq.m. were granted to Dalian Great Wall for a term of 50 years expiring on 7 October 2046 for industrial use.

2. Pursuant to 19 Building Ownership Certificates — Fang Quan Zheng Wa Gong Zi Di 09150001 to 09150019 issued by the Municipal Government of Dalian City, the building ownership rights of the property with a total gross floor area of approximately 23,856.93 sq.m. are owned by Dalian Great Wall.

3. Dalian Great Wall is an indirect non wholly-owned subsidiary of the Company.

4. Pursuant to a Construction Work Planning Permit No. 2006027 dated 23 October 2006 which is issued by the Planning Bureau of Wa Fang Dian City, the CIP building has been approved for construction.

5. Pursuant to a Construction Work Commencement Permit No. 210219200705240101 dated 24 May 2007 which is issued by the City and County Construction Administrative Bureau of Wa Fang Dian City, the CIP building is permitted to commence construction.

6. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, inter alia, the following:

   (i) The land use rights of the property are legally owned by the Group.

   (ii) The building ownership rights of the buildings with a total gross floor area of 23,856.93 sq.m. are legally owned by the Group.

   (iii) Pursuant to a mortgage contract dated 17 October 2006, the land use rights of a parcel of land with a site area of approximately 46,082 sq.m. are subject to mortgage in favour of Shanghai Pudong Development Bank Dalian Branch for a term expiring on 17 October 2009.

   (iv) The Group has the right to lease, transfer, mortgage and handle the land use rights and building ownership rights of the property provided that the prior consent has been obtained from the aforesaid bank.

   (v) The Group has obtained relevant construction permits to commence construction works of the CIP building stated in Notes 4 and 5.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2007 *RMB*
15.	A parcel of land and various buildings located at No. 15 Pao Tai Road Jia Lu Village Pao Tai Town Wa Fang Dian County Dalian City Liaoning Province The PRC	The property comprises a parcel of land (Lot No. 1100057) with a site area of approximately 16,430 sq.m. on which are constructed 6 buildings completed in various stages between 1997 and 2000. The buildings have a total gross floor area of approximately 6,005.42 sq.m. The buildings mainly include factory buildings, warehouse, office buildings and dormitories, etc. The land use rights of the property were granted for a term of 50 years expiring on 7 October 2046.	The property is currently occupied by Great Wall Food (Dalian) Co., Ltd. ("Dalian Great Wall") for manufacturing /office/residential purposes.	7,830,000 (approximately equivalent to USD1,032,000)

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate — Wa Guo Yong (1997) Di No. 0027, issued by the Planning and Stated-owned Land Resources Bureau of Wa Fang Dian City, the land use rights of a parcel of land with a site area of approximately 16,430 sq.m. were granted to Dalian Great Wall for a term of 50 years expiring on 7 October 2046 for industrial use.

2. Pursuant to 6 Building Ownership Certificates — Fang Quan Zheng Wa Gong Zi Di 09240001 to 09240006 issued by the Municipal Government of Dalian City, the building ownership rights of the property with a total gross floor area of approximately 6,005.42 sq.m. are owned by Dalian Great Wall.

3. Dalian Great Wall is an indirect non wholly-owned subsidiary of the Company.

4. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, inter alia, the following:

   (i) The land use rights of the property are legally owned by the Group.

   (ii) The building ownership rights of the buildings with a total gross floor area of 6,005.42 sq.m. are legally owned by the Group.

   (iii) Pursuant to a mortgage contract dated 17 October 2006, the land use rights of a parcel of land with a site area of approximately 16,430 sq.m. are subject to mortgage in favour of Shanghai Pudong Development Bank Dalian Branch for a term expiring on 17 October 2009.

   (iv) The Group has the right to lease, transfer, mortgage and handle the land use rights and building ownership rights of the property provided that the prior consent has been obtained from the aforesaid bank.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2007 *RMB*
16. A parcel of land and various buildings located at No. 26 Tian Ma Road Ma Lu Village Pao Tai Town Wa Fang Dian County Dalian City Liaoning Province The PRC	The property comprises a parcel of land with a site area of approximately 69,803 sq.m. on which are constructed 12 buildings completed in various stages between 1997 and 2002. The buildings have a total gross floor area of approximately 36,180.94 sq.m. The buildings mainly include factory buildings, warehouse, and dormitories, etc. The land use rights of the property were granted for a term of 50 years expiring on 7 October 2046.	The property is currently occupied by Great Wall Food (Dalian) Co., Ltd. ("Dalian Great Wall") for manufacturing /residential purposes.	50,850,000 (approximately equivalent to USD6,704,000)

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate — Wa Guo Yong (2001) Di No. 0095, issued by the Planning and Stated-owned Land Resources Bureau of Wa Fang Dian City, the land use rights of a parcel of land with a site area of approximately 69,803 sq.m. were granted to Dalian Great Wall for a term of 50 years expiring on 7 October 2046 for industrial use.

2. Pursuant to 12 Building Ownership Certificates — Fang Quan Zheng Wa Gong Zi Di 09260001 to 09260003 and 09260005 to 09260013 issued by the Municipal Government of Dalian City, the building ownership rights of the property with a total gross floor area of approximately 36,180.94 sq.m. are owned by Dalian Great Wall.

3. Dalian Great Wall is an indirect non wholly-owned subsidiary of the Company.

4. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, inter alia, the following:

   (i) The land use rights of the property are legally owned by the Group.

   (ii) The building ownership rights of the buildings with a total gross floor area of 36,180.94 sq.m. are legally owned by the Group.

   (iii) Pursuant to a mortgage contract dated 17 October 2006, the land use rights of a parcel of land with a site area of approximately 69,803 sq.m. are subject to mortgage in favour of Shanghai Pudong Development Bank Dalian Branch for a term expiring on 17 October 2009.

   (iv) The Group has the right to lease, transfer, mortgage and handle the land use rights and building ownership rights of the property provided that the prior consent has been obtained from the aforesaid bank.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2007 *RMB*
17. A parcel of land and a building located at Ma Lu Village Pao Tai Town Wa Fang Dian County Dalian City Liaoning Province The PRC	The property comprises a parcel of land with a site area of approximately 36,596 sq.m. on which is constructed a factory building completed in 2001. The factory building has a gross floor area of approximately 16,216 sq.m. The land use rights of the property were granted for a term of 50 years expiring on 7 October 2046.	The property is currently occupied by Great Wall Food (Dalian) Co., Ltd. ("Dalian Great Wall") and Great Wall Gourmet (Dalian) Co., Ltd. ("Dalian Gourmet") for manufacturing purposes.	25,610,000 (approximately equivalent to USD3,376,000)

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate — Wa Guo Yong (2001) Di No. 0096, issued by the Planning and Stated-owned Land Bureau of Wa Fang Dian City, the land use rights of a parcel of land with a site area of approximately 36,596 sq.m. were granted to Great Wall Foods (Dalian) Co., Ltd. for a term of 50 years expiring on 7 October 2046 for industrial use.

2. Pursuant to a Building Ownership Certificate — Fang Quan Zheng Wa Gong Zi Di 09260004 issued by the Municipal Government of Dalian City, the building ownership rights of the property with a total gross floor area of approximately 16,216 sq.m. are owned by Dalian Great Wall.

3. Dalian Great Wall is an indirect non wholly-owned subsidiary of the Company.

4. Pursuant to the Intra-group lease agreement entered into between Dalian Great Wall and Dalian Gourmet dated 8 February 2001, the property with a gross floor area of 15,000 sq.m. has been leased to Dalian Gourmet, an indirect non wholly-owned subsidiary of the Company, rent-free for production purpose from 1 March 2001 to 1 March 2011.

5. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, inter alia, the following:

   (i) The land use rights of the property are legally owned by the Group.

   (ii) The building ownership rights of the building with a total gross floor area of 16,216 sq.m. are legally owned by the Group.

   (iii) Pursuant to a mortgage contract dated 11 August 2006, the building ownership rights of the building with a total gross floor area of 16,216 sq.m. and the land use rights of a parcel of land with a site area of approximately 36,596 sq.m. are subject to mortgage in favour of Nanyang Commercial Bank Ltd. Dalian Branch from 1 July 2006 to 31 December 2007.

(iv) The Group has the right to lease, transfer, mortgage and handle the land use rights and building ownership rights of the property provided that the prior consent has been obtained from the aforesaid bank.

(v) The lease agreement stated in Note 4 is binding and valid, and Great Wall Gourmet (Dalian) Co., Ltd. has the legal right to occupy the property. The lessor has the right to lease out the property and the existing use of the property does not contravene the prescribed uses.

(vi) The lease agreement stated in Note 4 has not been registered at the relevant real estate administration bureau yet. However, no registration will not cause the invalidity of tenancy agreement, and the lessee will not have to bear any legal responsibilities thereof. Thus, the tenancy agreement is still valid, binding and enforceable under the PRC laws and regulations.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2007 *RMB*
18.	A parcel of land and various buildings located at Pao Tai Village and Da Feng Village Pao Tai Town Wa Fang Dian County Dalian City Liaoning Province The PRC	The property comprises a parcel of land with a site area of approximately 374,212 sq.m. on which are constructed 29 buildings completed in various stages between 1997 and 2001. The buildings have a total gross floor area of approximately 31,194.27 sq.m. The buildings mainly include henhouses, warehouse, office buildings and, etc. The land use rights of the property were leased for a term of 50 years expiring on 8 October 2046.	The property is currently occupied by Great Wall Food (Dalian) Co., Ltd. ("Dalian Great Wall") for manufacturing /office purposes.	No commercial value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate — Wa Guo Yong (2007) No. 205, issued by the Planning and Stated-owned Land Resources Bureau of Wa Fang Dian City, the land use rights of a parcel of land with a site area of approximately 374,212 sq.m. were leased to Dalian Great Wall.

2. Pursuant to the Land Use Rights Contract signed between the Urban and Rural Planning and Stated-owned Land Bureau of Dalian City (Party A) and Dalian Great Wall (Party B) dated 19 June 1996, the land use rights were leased to Party B for a term of 50 years.

3. Pursuant to 29 Building Ownership Certificates — Fang Quan Zheng Wa Gong Zi Di 09210001-09210029 issued by the Municipal Government of Wa Fang Dian City, the building ownership rights of the property with a total gross floor area of approximately 31,194.27 sq.m. are owned by Dalian Great Wall.

3. Dalian Great Wall is an indirect non wholly-owned subsidiary of the Company.

4. In the valuation of this property, we have not attributed any commercial value to the property of which the property cannot be transferred. However, for reference purposes, we are of the opinion that the capital value of the buildings (excluding land) as at the date of valuation would be RMB18,360,000 (approximately equivalent to USD2,421,000) assuming the granted land use rights certificate and relevant title certificates had been obtained and the property can be freely transferred.

5. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, inter alia, the following:

   (i) Pursuant to the Land Use Rights Contract stated in Note 2, the land use rights and the building ownership rights of the property cannot be transferred, sublet, mortgaged by the Group. However, the Group has the legal rights to use the property under the conditions of the contract.

   (ii) The property is not subject to mortgage or any other encumbrances.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2007 *RMB*
19.	Two parcels of land and various buildings located at Pao Tai Village Pao Tai Town Wa Fang Dian County Dalian City Liaoning Province The PRC	The property comprises two parcels of land with a total site area of approximately 22,767 sq.m. on which are constructed 8 buildings completed in various stages between 1955 and 1999. The buildings have a total gross floor area of approximately 19,597.37 sq.m. The buildings mainly include factory buildings, warehouse, office buildings and dormitories, etc. The land use rights of the two parcels of land were respectively granted for terms expiring on 9 April 2051 and 18 July 2045.	The property is currently occupied by Miyasun-Great Wall Foods (Dalian) Co., Ltd. ("Miyasun Foods") for manufacturing /office/residential purposes.	32,810,000 (approximately equivalent to USD4,326,000)

Notes:

1. Pursuant to two State-owned Land Use Rights Certificates — Wa Guo Yong (2001) Zi Di No. 0209 and Wa (Yang) Guo Yong (1996) Di No. 001, issued by the Planning and Stated-owned Land Bureau of Wa Fang Dian City, the land use rights of 2 parcels of land with a total site area of approximately 22,767 sq.m. were granted to Miyasun Foods for residential and industrial uses with terms expiring on 9 April 2051 and 18 July 2045 respectively.

2. Pursuant to 8 Building Ownership Certificates — Fang Quan Zheng Wa Gong Zi Di 09250001 to 09250008 issued by the Municipal Government of Dalian City, the building ownership rights of the property with a total gross floor area of approximately 19,597.37 sq.m. are owned by Miyasun Foods.

3. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, inter alia, the following:

   (i) Pursuant to a mortgage contract dated 14 September 2006, the buildings with a total gross floor area of approximately 12,808.75 sq.m. and the land use rights of a parcel of land with a site area of approximately 13,253 sq.m. are subject to mortgage in favour of Nanyang Commercial Bank Ltd. Dalian Branch from 1 July 2006 to 31 December 2007, save for the aforesaid situation, the remaining parcel of land with a site area of approximately 9,514 sq.m. and building with a gross floor area of approximately 6,788.62 sq.m. are not subject to any mortgage or any other encumbrances.

   (ii) Pursuant to the mortgage contract stated in Note 3(i), it is legally binding and enforceable, and the land use rights and building ownership rights of the property can be freely transferred, sublet, sub-mortgaged or handled by the Group only if a formal approval has been given by the aforesaid bank.

(iii) The land use rights of the remaining property are legally owned by the Group and can be freely transferred, sublet, mortgaged or handled by the Group.

(iv) The building ownership rights of the building with a total gross floor area of 6,788.62 sq.m. are legally owned by the Group and can be freely transferred, sublet, mortgaged or handled by the Group.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2007 *RMB*
20. A parcel of land, various buildings located at No. 48 Rongping Road Rongbei Town Songjiang District Shanghai The PRC	The property comprises a parcel of land with a total site area of approximately 28,898 sq.m. on which are constructed 6 buildings completed in 1998. The buildings have a total gross floor area of approximately 4,097 sq.m. The buildings mainly include industrial buildings, office building, dormitory and guardhouse. As at the date of valuation, 2 industrial buildings were under construction and scheduled to be completed by 2007 (the "CIP properties"). The total investment is estimated to be approximately RMB2,080,000 (approximately equivalent to USD274,225), of which the construction cost paid up to the date of valuation is estimated to be approximately RMB1,900,781.71 (approximately equivalent to USD250,597). The total gross floor area of the buildings will be approximately 2,622 sq.m. upon completion. The land use rights of the property were granted for a term expiring on 3 November 2046.	The property is currently occupied by Greatwall Gourmet (Shanghai) Co., Ltd. ("Shanghai Gourmet") for industrial purposes except for 2 buildings which are under construction.	21,380,000 (approximately equivalent to USD2,819,000)

Notes:

1. Pursuant to a Real Estate Title Certificate- Hu Fang Di Shi Zi (2001) Di No. 002518, the land use rights of the property with a site area of approximately 28,898 sq.m. for a term expiring on 3 November 2046 for industrial use and 6 buildings with a total gross floor area of approximately 4,097 sq.m. are owned by Shanghai Gourmet.

2. Shanghai Gourmet is an indirect wholly-owned subsidiary of the Company.

3. Pursuant to a Construction Work Planning Permit — Song Hu Jian 2006 No. (17060929F03113) in favour of Shanghai Gourmet, 2 buildings with a total gross floor area of approximately 2,622 sq.m. have been approved for construction.

4. Pursuant to a Construction Commencement Permit — No. 06CISJ0039D01 in favour of Greatwall Gourmet (Shanghai) Co., Ltd., permission by the relevant local authority was given to commence the construction on the CIP properties.

5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:

   (i) The land use rights of the property are legally owned by the Group and can be freely transferred, sublet, mortgaged or handled by the Group.

   (ii) The building ownership rights of the buildings with a total gross floor area of 4,097 sq.m. are legally owned by the Group and can be freely transferred, sublet, mortgaged or handled by the Group.

   (iii) The property is not subject to mortgage or any other encumbrances.

   (iv) The Group has obtained relevant construction permit to commence construction works of the buildings stated in Notes 3 and 4.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2007 *RMB*
21. A parcel of land, various buildings and structures located at Eastern Side of Ha Hei Fu Road Li Min Economic and Technological Development Zone Harbin City Heilongjiang Province The PRC	The property comprises a parcel of land (Lot No. KF-82) with a site area of approximately 20,044 sq.m. on which are constructed various buildings and various structures completed in various stages between 1997 and 2006. The buildings have a total gross floor area of approximately 5,267.23 sq.m. The buildings mainly include factory buildings, warehouses, restaurant and office buildings, etc. The structures mainly include a gate and boundary wall, etc. The land use rights of the property were granted for a term of 50 years expiring on 6 April 2055.	The property is currently occupied by Greatwall Agri (Heilongjiang) Co., Ltd. ("Heilongjiang Greatwall") for manufacturing/ storage/office purposes.	5,850,000 (approximately equivalent to USD771,000)

Notes:

1. Pursuant to a State-owned Land Use Rights Transfer Contract dated 6 April 2005 entered into between Harbin Min Tian Si Liao Co. Ltd. (Party A) and Heilongjiang Greatwall (Party B), the land use rights of the property with a site area of approximately 20,044 sq.m. were transferred to Party B from Party A for a term of 50 years commencing from the date of this contract for industrial use at a consideration of RMB200,440 (approximately equivalent to USD26,426).

2. Pursuant to a State-owned Land Use Rights Certificate — Hu Guo Yong (2005) Di No. 0296, issued by the Municipal Government of Hu Lan District of Harbin City, the land use rights of a parcel of land with a site area of approximately 20,044 sq.m. were granted to Heilongjiang Greatwall for a term of 50 years expiring on 6 April 2055 for industrial use.

3. Pursuant to 9 Building Ownership Certificates — Fang Wu Suo You Quan Zheng Zi Di No. JD001016 to JD001019 issued by the Real Estate Administrative Sub-Bureau of Harbin Li Min Economic and Technological Development Zone and Ha Fang Quan Zheng Zi Di JD001187 to JD001191 issued by the Real Estate Residential Bureau of Harbin City, the building ownership rights of the property with a total gross floor area of approximately 5,267.23 sq.m. is owned by Heilongjiang Greatwall.

4. Heilongjiang Greatwall is an indirect wholly-owned subsidiary of the Company.

5. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, inter alia, the following:

   (i) The land use rights of the property are legally owned by the Group and can be freely transferred, sublet, mortgaged or handled by the Group.

   (ii) The building ownership rights of the buildings with a total gross floor area of 5,267.23 sq.m. are legally owned by the Group and can be freely transferred, sublet, mortgaged or handled by the Group.

   (iii) The property is not subject to mortgage or any other encumbrances.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2007 *RMB*
22.	A parcel of land, various buildings and structures located at No.58 Tai Jia Road Taiwan Business Investment District Wangcheng County Changsha City Hunan Province The PRC	The property comprises a parcel of land with a site area of approximately 17,527.1 sq.m. on which are constructed 7 buildings completed in 2006. The buildings have a total gross floor area of approximately 4,256.8 sq.m. The buildings mainly include factory buildings, warehouse, and dormitories, etc. The structures mainly include road, boundary wall, and etc. The land use rights of the property were granted for a term of 50 years expiring on 14 May 2057.	The property is currently occupied by Hunan Greatwall Technologies & Feeds Co., Ltd ("Hunan Greatwall") for manufacturing /residential purposes.	8,320,000 (approximately equivalent to USD1,097,000)

Notes:

1. Pursuant to a Land Use Rights Contract entered into between Management Committee of Taiwan Business Investment District of Hunan Province and Hunan Greatwall Technologies & Feeds Co., Ltd. dated 28 September 2006, the land use rights of the property were granted to Hunan Greatwall for a term of 50 years for industrial use at a consideration of RMB2,580,000 (approximately equivalent to USD340,145).

2. Pursuant to a State-owned Land Use Rights Certificate — Wang Guo Yong (2007) Zi Di No. 161, issued by the Stated-owned Land Resources Bureau of Wangcheng County, the land use rights of a parcel of land with a site area of approximately 17,527.1 sq.m. were granted to Hunan Greatwall for a term expiring on 14 May 2057 for industrial use.

3. Pursuant to 6 Building Ownership Certificates — Wang Fang Quan Zheng Gao Zi Di No. 00028499 to 00028500 and 00028551 to 00028554 issued by the Real Estate Administrative Bureau of Wangcheng County, the building ownership rights of the property with a total gross floor area of approximately 4,256.8 sq.m. are owned by Hunan Greatwall.

4. Hunan Greatwall is an indirect wholly-owned subsidiary of the Company.

5. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, inter alia, the following:

   (i) The land use rights of the property are legally owned by the Group and can be freely transferred, sublet, mortgaged or handled by the Group.

   (ii) The building ownership rights of the buildings with a total gross floor area of 4,256.8 sq.m. are legally owned by the Group and can be freely transferred, sublet, mortgaged or handled by the Group.

   (iii) The property is not subject to mortgage or any other encumbrances.

VALUATION CERTIFICATE

Group II — PROPERTY INTERESTS HELD AND OCCUPIED BY THE GROUP IN VIETNAM

Property	**Description and tenure**	**Particulars of occupancy**	**Capital value in existing state as at 30 June 2007** *RMB*
23. A parcel of land, various buildings and structures located at Song May Industrial Park, Bac Son Village, Trang Bom District, Dong Nai Province, Socialist Republic of Vietnam.	The property comprises a single square shaped parcel of leasehold land with a total site area of 61,041.9 sq.m. on which are erected various buildings and structures. The buildings comprise 8 silo/warehouse buildings, 2 feed mills and various ancillary structures completed in various stages between 1997 and 2004. The total gross floor area of the factory/warehouse buildings is approximately 31,410 sq.m. and a further 8,491 sq.m. of gross floor area for ancillary buildings, offices, feed mill structure and dormitories. The buildings mainly comprise silo/warehouse, office space and dormitory buildings. The structures mainly comprise boundary fencing, truck parking and internal roads, etc. The Land Use Rights for the property were granted for a lease term commencing from 1 July 1999 and expiring on 24 May 2030.	The property is currently occupied by the Group for feed mill, warehouse, ancillary office and dormitory purposes.	USD3,385,000 (approximately equivalent to RMB25,675,000)

Notes:

1. Pursuant to a Certificate of Land Use Rights - dated 20 June 2000 issued by the People's, Committee of Dong Nai Province, the land use rights of a parcel of land with a site area of approximately 61,041.9 sq.m. were granted to Asia Nutrition Technologies (VN) Co. Ltd. ("ANT-VN"), for a term commencing from 1 July 1999 and expiring on 24 May 2030 for feed mill purposes.

2. ANT-VN is a non wholly-owned subsidiary of the Company.

3. We have been provided with a legal opinion regarding the property interests by the Company's Vietnam legal adviser, which contains, inter alia, the following:

   (i) ANT-VN has clean and good title as the land user under the land lease agreement, and the owner over the construction works on the leased land.

   (ii) Portions of the buildings were subject to a mortgage.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2007 *RMB*
24.	A parcel of land, various buildings and structures located at Tan Truong Village, Cam Giang District, Hai Duong Province, Socialist Republic of Vietnam.	The property comprises a single rectangular shaped parcel of leasehold land with a total site area of 41,184.5 sq.m. on which are constructed various buildings and structures. The buildings have a total gross floor area of approximately 20,224 sq.m. and comprise 6 silo/warehouse buildings, 1 feed mill and various ancillary structures completed in 2004. The buildings mainly comprise warehouse, silo, office space and dormitory buildings. The structures mainly comprise boundary fencing, truck parking and internal roads, etc. The Land Use Rights for the property were granted for a 50 year lease term expiring on 14 March 2053.	The property is currently occupied by the Group for feed mill, silo/warehousing, ancillary office and dormitory purposes.	USD2,960,000 (approximately equivalent to RMB22,452,000)

Notes:

1. Pursuant to a Certificate of Land Use Rights dated 28 December 2004 issued by the People's, Committee of Hai Duong Province and Investment License dated 22 January 2003, the land use rights of a parcel of land with a site area of approximately 41,184.5 sq.m. were granted to Asia Nutrition Technologies (HN) Co. Ltd. ("ANT-HN"), for a term of 50 years expiring on the 14 March 2053 for feed mill purposes.

2. ANT-HN is a non wholly-owned subsidiary of the Company.

3. We have been provided with a legal opinion regarding the property interests by the Company's Vietnam legal adviser, which contains, inter alia, the following:

   (i) ANT-HN has clean and good title as the holder of the land use right certificate, the lessee to the valid land lease agreement, and owner over the construction works on the leased land.

   (ii) The buildings were subject to a mortgage.

VALUATION CERTIFICATE

Group III — PROPERTY INTEREST HELD AND OCCUPIED BY THE GROUP IN MALAYSIA

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2007 *RMB*
25. H.S.(D) 252217, Lot PTD No. 120716, Mukim of Plentong, District of Johor Bahru, State of Johor Darul Takzim, Malaysia PLO 551, Zone 12, Jalan Keluli, Pasir Gudang Industrial Area, 81700 Pasir Gudang, Johor Darul Takzim Malaysia	The property comprises a parcel of industrial land with a site area of approximately 0.8094 hectare (8,094 sq.m. or 87,121 sq. ft.) on which is constructed a single storey detached factory with a double storey office block annexed and a guard house. The buildings were completed in year 1996. The buildings have a total gross floor area of approximately 2,420 sq.m. (26,049 sq. ft.). The land use rights of the property were 60 years leasehold expiring on 18 September 2056.	The property is currently occupied by Great Wall Nutrition Technologies Sdn. Bhd. ("Great Wall Malaysia") and used for operational office.	USD697,000 (approximately equivalent to RMB5,287,000

Notes:

1. The registered owner of the property is Great Wall Malaysia (an indirect wholly-owned subsidiary of the Company).

2. The Certificate of Fitness for Occupation was issued by Pasir Gudang Local Authority dated 16 April 1996.

3. The Property is charged to Hongkong Bank Malaysia Berhad (now known as HSBC Bank Malaysia Berhad) and Bank Utama (Malaysia) Berhad (now known as RHB Bank Berhad).

VALUATION CERTIFICATE

GROUP IV — PROPERTY INTEREST HELD FOR FUTURE DEVELOPMENT BY THE GROUP IN THE PRC

Property	**Description and tenure**	**Particulars of occupancy**	**Capital value in existing state as at 30 June 2007** *RMB*
26. A parcel of land located at San Jia Neighbourhood Committee Pao Tai Town Wa Fang Dian County Dalian City Liaoning Province The PRC	The property comprises a parcel of land with a site area of approximately 3,850 sq.m. which is planned to be developed. The land use rights of the property were granted for a term expiring on 23 December 2051 for industrial use.	The property is currently vacant.	540,000 (approximately equivalent to USD71,000)

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate — Wa Guo Yong (2007) Zi Di No. 220, a parcel of land with an area of approximately 3,850 sq.m. were granted to Tieling Greatwall for a term expiring on 23 December 2051 for industrial use.

2. Tieling Greatwall is an indirect wholly-owned subsidiary of the Company.

3. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, inter alia, the following:

   (i) The land use rights of the property are legally owned by the Group and can be freely transferred, sublet, mortgaged or handled by the Group.

   (ii) The property is not subject to mortgage or any other encumbrances.

VALUATION CERTIFICATE

GROUP V — PROPERTY INTEREST RENTED AND OCCUPIED BY THE GROUP IN HONG KONG

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2007 *RMB*
27. Suite 1806, Tower 1, The Gateway, No.25 Canton Road, Tsim Sha Tsui, Kowloon	The property comprises a unit on the 18th floor of a 32-storey office building completed in about 1994. The property has a gross floor area of approximately 1,910 sq.m. The property is leased to Great Wall Food (Hong Kong) Co., Ltd. from Harbour City Estates Limited (an independent third party) for a term commencing from 26 November 2004 and expiring on 25 November 2007 at an monthly rent of HK$30,560 (approximately equivalent to USD3,909).	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. Pursuant to a Tenancy Agreement entered into between Great Wall Food (Hong Kong) Co., Ltd. (Party B) and Harbour City Estates Limited (Party A) dated 25 June 2004, the property is leased to Party B from Party A for a term commencing from 26 November 2004 and expiring on 25 November 2007 at an monthly rent of HK$30,560 (approximately equivalent to USD3,909).

2. Pursuant to an assignment of tenancy entered into between Harbour City Estates Limited, Great Wall Food (Hong Kong) Co., Ltd., and DaChan Wanda (HK) Limited ("Hong Kong DaChan", an indirect wholly-owned subsidiary of the Company) dated 12 July 2007, all the estate, right, title and interest possessed by Great Wall Food (Hong Kong) Co., Ltd. has been assigned to Hong Kong DaChan with effect from 1 July 2007.

3. The Landlord is an independent third party of the Company.

VALUATION CERTIFICATE

GROUP VI — PROPERTY INTERESTS RENTED AND OCCUPIED BY THE GROUP IN THE PRC

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2007 *RMB*
28.	Unit 2202-2205 22/F, Block 1 Henderson Centre No.18 Jian Guo Men Nei Da Street Beijing The PRC	The property comprises four units on level 22 of a 24-storey office building completed in about 1992. The property has a gross floor area of approximately 519.99 sq.m. The property is leased to Liaoning Greatwall Agri-Industrial Co., Ltd. Beijing Branch from Wang Jia Zi (an independent third party) for a term commencing from 5 January 2007 and expiring on 4 January 2010 at an annual rent of RMB75,399 (approximately equivalent to USD9,941).	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. Pursuant to a Tenancy Agreement entered into between Liaoning Greatwall Agri-Industrial Co., Ltd. (Party B) and Wang Jia Zi (Party A) (an independent third party) dated 20 October 2006, the property is leased to Party B from Party A for a term commencing from 5 January 2007 and expiring on 4 January 2010 at an annual rent of RMB75,399 (approximately equivalent to USD9,941).

2. Pursuant to the Intra-group lease agreement entered into between Liaoning Greatwall Agri-Industrial Co., Ltd. (Liaoning Greatwall) (an indirect wholly-owned subsidiary of the Company) and Beijing Hanya Trade Co., Ltd. ("Beijing Trade") (an indirect wholly-owned subsidiary of the Company), the property of Unit 2202 with a gross floor area of 136.6 sq.m. has been further sub-leased to Beijing Trade for office purpose from 1 May 2007 to 4 January 2010.

3. Pursuant to the Intra-group lease agreement entered into between Liaoning Greatwall Agri-Industrial Co., Ltd. (Liaoning Greatwall) (an indirect wholly-owned subsidiary of the Company) and Greatwall Gourmet (Shanghai) Co., Ltd. ("Shanghai Gourmet") (an indirect wholly-owned subsidiary of the Company), the property of Unit 2203 has been further sub-leased to Shanghai Gourmet for office purpose from 6 January 2007 to 4 January 2010 at an annual rent of RMB120,000 (approximately equivalent to USD15,821).

4. According to a confirmation from the Group, the lessor confirms that the property is not subject to any mortgage.

5. We have been provided with a legal opinion on the legality of the lease agreements to the property issued by the Company's PRC legal adviser, which contains, inter alia, the following:

   (i) The lessor has obtained the property ownership and has the right to lease out the property and the existing use of the property does not contravene the prescribed uses.

   (ii) The lease agreement of the property is valid, binding and enforceable, and the Group has the legal rights to use the property.

(iii) The lease agreement has been registered at the relevant building administration bureau.

(iv) The tenancies as state in notes 2 and 3 above are valid and effective and Beijing Han Ya Trade Co., Ltd. and Greatwall Gourmet (Shanghai) Co., Ltd. have the right to use the relevant leased property according to the tenancies.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2007 *RMB*
29. A parcel of land and a building located at Block No.4 Xin Chuan Cang Road Shuang Liu Yuan Zone Jiao Long Industrial Port Chengdou City Sichuan Province The PRC	The property comprises a parcel of land with a site area of approximately 6,979.04 sq.m. on which are constructed various buildings completed in about 2005. The property has a gross floor area of approximately 3,250 sq.m. The property is leased to Liaoning Greatwall Agri-Industrial Co., Ltd. ("Liaoning Greatwall") from Shuang Liu Xian Jiao Long Investment Co., Ltd.(an independent third party) for a term commencing from 1 July 2005 and expiring on 1 July 2015 at an annual rent of RMB300,000 (approximately equivalent to USD39,552). The tenancy will be renewed before expiring.	The property is currently occupied by the Group for industrial purpose.	No commercial value

Notes:

1. Pursuant to a Tenancy Agreement entered into between Liaoning Greatwall (Party B) and Shuang Liu Xian Jiao Long Investment Co., Ltd. (an independent third party) (Party A) dated 31 May 2005, the property is leased to Party B from Party A for a term commencing from 1 July 2005 and expiring on 1 July 2015 at an annual rent of RMB300,000 (approximately equivalent to USD39,552).

2. Liaoning Greatwall is an indirect wholly-owned subsidiary of the Company.

3. In order to comply with the regulations, the Company is in the process of looking for another new premise and then terminate the existing tenancy. When selecting a proper production premise, the Company has to take into accounts of different factors such as production capacity of the premise, its safety, condition, cost, environmental issue and availability of relevant certificates and licences etc. In addition, depending on the evaluation result, the Company may either purchase or lease the new premise and so it is expected that such relocation will take a few months to complete and thus the tenancy will be terminated by the end of 2007 if the lessor still cannot provide relevant title certificate of the property at that time.

4. We have been provided with a legal opinion on the legality of the lease agreements to the property issued by the Company's PRC legal adviser, which contains, inter alia, the following:

    (i) As the lessor does not provide any title certificate of the property, so the validity of the tenancy is uncertain. If the tenancy is recognised as invalid, then the lessee has to return the leased property to the owner. Therefore, Liaoning Greatwall Agri-Industrial Co., Ltd. promises to terminate the tenancy if the lessor cannot provide relevant title certificate of the property before 31 December 2007.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2007 *RMB*
30.	A parcel of land and various buildings located at Xiaobao Village Shendanbao Town Shendan Xiaminying Economic Development District Dengta City Liaoning Province The PRC	The property comprises a parcel of land with a site area of approximately 28,556.68 sq.m. on which are constructed various buildings and structure completed in various stages between 1995 and 1996. The buildings have a total gross floor area of approximately 10,959.43 sq.m. The buildings mainly include factory building, dormitories, warehouses, pump rooms, office building, and etc. The structure mainly include cistern.	The property is currently occupied by the Group for manufacturing/ office/ dormitory purposes.	No commercial value

Notes:

1. Pursuant to a Tenancy Agreement entered into between 遼陽華日食品有限公司 (Liaoyang Hua Ri Food Co., Ltd.) and Liaoning Greatwall Agri-Industrial Co., Ltd. ("Liaoning Greatwall") dated 28 October 2005, the property is rented to Liaoning Greatwall Agri-Industrial Co., Ltd. from 遼陽華日食品有限公司 (Liaoyang Hua Ri Food Co., Ltd.), an independent third party, for a term of 10 years commencing from 1 December 2005 and expiring on 1 December 2015 at an annual rental of RMB1,560,000 (approximately equivalent to USD205,669).

2. We have been provided with a legal opinion on the legality of the lease agreements to the property issued by the Company's PRC legal adviser, which contain, inter alia, the following:

   (i) The lease agreement has been registered at the relevant building administrative bureau.

   (ii) According to a court order dated 9 November 2006, the property was sealed by the court. However, the property was only sealed by the court but not yet go into the procedure of auction. However, according to Chapter 229 of the People's Republic of China Contract Law, the validity of the tenancy would not be affected if the title of the property has been changed during the term of the tenancy. Therefore, under the PRC laws and regulation, Liaoning Greatwall Agri-Industrial Co., Ltd still has the right to use the property until 2015 according to the tenancy, if the property is sealed and put for auction.

   (iii) The existing use of the property does not contravene the prescribed uses.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2007 *RMB*
31. A parcel of land and various buildings located at Cheng Nan Jie Yi Wei Economic Development Zone Tieling City Liaoning Province The PRC	The property comprises a parcel of land (Lot No. 464) with a site area of approximately 45,940 sq.m. on which are constructed 10 buildings completed in about 1996. The property has a gross floor area of approximately 9,029.75 sq.m. The property is leased to Greatwall Agri (Tieling) Co. Ltd. ("Tieling Greatwall") from 鐵嶺市種畜場肉禽加工廠 (Tieling City Breeding & Food Processing Factory) (an independent third party) for a term commencing from 24 June 1999 and expiring on 23 June 2009 at an annual rent of RMB2,100,000 (approximately equivalent to USD276,862).	The property is currently occupied by the Group for production purpose.	No commercial value

Notes:

1. Pursuant to a Tenancy Agreement entered into between Tieling Greatwall (Party B) and 鐵嶺市種畜場肉禽加工廠 (Tieling City Breeding & Food Processing Factory) (Party A) dated 24 June 1999, the property is leased to Party B from Party A for a term commencing from 24 June 1999 and expiring on 23 June 2009 at an annual rent of RMB2,100,000 (approximately equivalent to USD276,862).

2. Tieling Greatwall is an indirect wholly-owned subsidiary of the Company.

3. We have been provided with a legal opinion on the legality of the lease agreements to the property issued by the Company's PRC legal adviser, which contains, inter alia, the following:

   (i) Due to the lessor's indebtedness, the title of the property is subject to change and thus may cause changes on the tenancy agreement. Therefore, the tenancy cannot be registered at the relevant building administrative bureau. However, the validity of the tenancy agreement would not be affected due to the non-registration of the tenancy agreement. If there is any claim from the bona fide third party for the title or rights in the tenancy of the property, the use of the property by the Group maybe affected.

   (ii) As advised by the Group, there has not been any third party that has exercised the right to take possession over the property or filing any claim for the title of the property since the property was leased by Tieling Greatwall in 1999, and the Real Estate Bureau of Tieling Economic Development Zone confirmed that no tenancy agreement has been registered against the property. Therefore, the possibility of the Group being evicted from the property during the term of tenancy due to the exercise of right by the third party is quite low.

(iii) According to a "Debt Transfer Agreement" entered into between Tieling Greatwall and 中國信達資產管理公司(瀋陽)辨事處 (China Xin Da Asset Management Co. Ltd. Shenyang Branch) dated 31 July 2007, Tieling Greatwall has acquired the creditor's right over the property and thus become the creditor of 鐵嶺市種畜場肉禽加工廠 (Tieling City Breading & Food Processing Factory). And, according to a "Civil Written Judgment" ((2003) Liao Zhi Yi Zi Di Nos.72-5) issued by the People's High Court of Liaoning Province dated 31 July 2007, the Court has approved the transfer of title of the property from 鐵嶺市種畜場肉禽加工廠 (Tieling City Breading & Food Processing Factory) to Tieling Greatwall as a repayment of the debt. Therefore, there is no practical legal impediment for the Group to obtain all the title certificates of the property.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2007 *RMB*
32. A parcel of land and various buildings located at No.1 Fan Sheng Road Economic Development Zone Tieling City Liaoning Province The PRC	The property comprises a parcel of land (Lot No. 686) with a site area of approximately 4,922 sq.m. on which are constructed 2 buildings completed in about 1995. The property has a gross floor area of approximately 3,654.56 sq.m. The property is leased to Greatwall Agri (Tieling) Co. Ltd. ("Tieling Greatwall") from 鐵嶺市天築建設工程有限公司 (Tieling City Tian Zhu Construction & Engineering Co., Ltd.) (an independent third party) for a term commencing from 1 January 2007 and expiring on 31 December 2009 at an annual rent of RMB700,000 (approximately equivalent to USD92,287).	The property is currently occupied by the Group for production purpose.	No commercial value

Notes:

1. Pursuant to a Tenancy Agreement entered into between Tieling Greatwall (Party B) and 鐵嶺市天築建設工程有限公司 (Tieling City Tian Zhu Construction & Engineering Co., Ltd.) (Party A) dated 1 December 2006, the property is leased to Party B from Party A for a term commencing from 1 January 2007 and expiring on 31 December 2009 at an annual rent of RMB700,000 (approximately equivalent to USD92,287).

2. Tieling Greatwall is an indirect wholly-owned subsidiary of the Company.

3. According to a confirmation from the lessor, the property is not subject to any mortgage.

4. We have been provided with a legal opinion on the legality of the lease agreements to the property issued by the Company's PRC legal adviser, which contains, inter alia, the following:

    (i) The lessor has obtained the property ownership and has the right to lease out the property and the existing use of the property does not contravene the prescribed uses.

    (ii) The lease agreement of the property is valid, binding and enforceable, and the Group has the legal rights to use the property.

    (iii) The lease agreement has been registered at the relevant building administrative bureau.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2007 *RMB*
33.	Unit 2201 & 2214 22/F, Block 1 Henderson Centre No.18 Jian Guo Men Nei Da Street Beijing The PRC	The property comprises two units on level 22 of a 24-storey office building completed in about 1992. The property has a gross floor area of approximately 172.69 sq.m. The property is leased to Greatwall Agri (Tieling) Co. Ltd. ("Tieling Greatwall") from Wang Jia Zi (an independent third party) for a term commencing from 5 January 2007 and expiring on 4 January 2010 at an annual rent of RMB300,480 (approximately equivalent to USD39,615).	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. Pursuant to a Tenancy Agreement entered into between Tieling Greatwall (Party B) and Wang Jia Zi (an independent third party) (Party A) dated 20 October 2006, the property is leased to Party B from Party A for a term commencing from 5 January 2007 and expiring on 4 January 2010 at an annual rent of RMB300,480 (approximately equivalent to USD39,615).

2. Tieling Greatwall is an indirect wholly-owned subsidiary of the Company.

3. According to a confirmation from the Group, the lessor confirms that the property is not subject to any mortgage.

4. We have been provided with a legal opinion on the legality of the lease agreements to the property issued by the Company's PRC legal adviser, which contains, inter alia, the following:

   (i) The lessor has obtained the property ownership and has the right to lease out the property and the existing use of the property does not contravene the prescribed uses.

   (ii) The lease agreement of the property is valid, binding and enforceable, and the Group has the legal rights to use the property.

   (iii) The lease agreement has been registered at the relevant building administrative bureau.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2007 *RMB*
34. Room 2301, Northern Block Ya Bao Apartment Beijing The PRC	The property comprises a unit on level 3 of a 9-storey building completed in about 1994. The property has a gross floor area of approximately 278.82 sq.m. The property is leased to Greatwall Agri (Tieling) Co. Ltd. ("Tieling Greatwall") from Zhao Tao (an independent third party) for a term commencing from 4 April 2007 and expiring on 3 October 2008 at an annual rent of RMB132,000 (approximately equivalent to USD17,403).	The property is currently occupied by the Group for staff accommodation purpose.	No commercial value

Notes:

1. Pursuant to a Tenancy Agreement entered into between Tieling Greatwall (Party B) and Zhao Tao (an independent third party) (Party A) dated 30 March 2007, the property is leased to Party B from Party A for a term commencing from 4 April 2007 and expiring on 3 October 2008 at an annual rent of RMB132,000 (approximately equivalent to USD17,403).

2. Tieling Greatwall is an indirect wholly-owned subsidiary of the Company.

3. We have been provided with a legal opinion on the legality of the lease agreements to the property issued by the Company's PRC legal adviser, which contains, inter alia, the following:

   (i) As the lessor does not provide any title certificate of the property, so the validity of the tenancy is uncertain. If the tenancy is recognised as invalid, then the lessee has to return the leased property to the owner. However, the lessee still has the right to claim any lost from the lessor according to the tenancy.

   (ii) As advised by Tieling Greatwall, the property is for staff dormitory use only and not for production operation. It is also easy to find another property for replacement. Furthermore, the major shareholder has undertaken to compensate for any loss due to the leased property. Therefore, there would not be material adverse effect on the production operation of the Company due to the above issue.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2007 *RMB*
35. Room 2503, Northern Block Ya Bao Apartment Beijing The PRC	The property comprises a unit on level 5 of a 9-storey building completed in about 1994. The property has a gross floor area of approximately 278.82 sq.m. The property is leased to Greatwall Agri (Tieling) Co. Ltd. ("Tieling Greatwall") from Zhao Tao (an independent third party) for a term commencing from 1 October 2006 and expiring on 30 September 2007 at an annual rent of RMB192,000 (approximately equivalent to USD25,313). The tenancy is renewed for a term commencing from 1 October 2007 and expiring on 30 September 2008 at the same annual rent.	The property is currently occupied by the Group for staff accommodation purpose.	No commercial value

Notes:

1. Pursuant to a Tenancy Agreement entered into between Tieling Greatwall (Party B) and Zhao Tao (an independent third party) (Party A) dated 25 September 2006, the property is leased to Party B from Party A for a term commencing from 1 October 2006 and expiring on 30 September 2007 at an annual rent of RMB192,000 (approximately equivalent to USD25,313). The tenancy is renewed for a term commence from 1 October 2007 and expiring on 30 September 2008 at the same annual rent.

2. Tieling Greatwall is an indirect wholly-owned subsidiary of the Company.

3. We have been provided with a legal opinion on the legality of the lease agreements to the property issued by the Company's PRC legal adviser, which contains, inter alia, the following:

   (i) As the lessor does not provide any title certificate of the property, so the validity of the tenancy is uncertain. If the tenancy is recognised as invalid, then the lessee has to return the leased property to the owner. However, the lessee still has the right to claim any lost from the lessor according to the tenancy.

   (ii) As advised by Tieling Greatwall, the property is for staff dormitory use only and not for production operation. It is also easy to find another property for replacement. Furthermore, the major shareholder has undertaken to compensate for any loss due to the leased property. Therefore, there would not be material adverse effect on the production operation of the Company due to the above issue.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2007 *RMB*
36. A parcel of land and various buildings located at Xinghaibei Road Xingcheng City Liaoning Province The PRC	The property comprises a parcel of land with a site area of approximately 12,315.6 sq.m. on which are constructed 4 buildings completed in 1994. The buildings have a total gross floor area of approximately 4,656.49 sq.m. The buildings mainly include factory building, office building and steelyard room.	The property is currently occupied by the Group for manufacturing/office purposes.	No commercial value

Notes:

1. Pursuant to a Tenancy Agreement entered into between Liaoning Oulin Feed Development Co., Ltd. and Great Wall Agri (Yingkou) Co., Ltd. ("Yingkou Great Wall"), the property is rented to Yingkou Great Wall from Liaoning Oulin Feed Development Co., Ltd., an independent third party, for a term of 3 years commencing from 1 January 2005 and expiring on 31 December 2007 at an annual rental of RMB400,000 (approximately equivalent to USD52,736). The tenancy has been extended to 31 December 2012.

2. According to a confirmation from the lessor, the property is not subject to any mortgage.

3. We have been provided with a legal opinion on the legality of the lease agreements to the property issued by the Company's PRC legal adviser, which contain, inter alia, the following:

   (i) The lessor has obtained the property ownership and has the right to lease out the property and the existing use of the property does not contravene the prescribed uses.

   (ii) The tenancy agreement of the property is valid, binding and enforceable, and the Group has the legal right to use the property.

   (iii) The lease agreement has been registered at the relevant building administrative bureau.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2007 *RMB*
37. A commercial unit at No.8 Xiang Tan Road, Hong Qiao District, Tianjin, The PRC	The property comprises a commercial unit of a 5-storey building completed in 1985. The property has a gross floor area of approximately 98 sq.m. The property is leased to DaChan Wanda (Tianjin) Co., Ltd. ("Tianjin DaChan") from Great Wall Food (Tianjin) Co., Ltd. (a connected person) for a term commencing from October 2006 and expiring on March 2008 at an annual rent of RMB60,000 (approximately equivalent to USD7,910).	The property is currently occupied by the Group for retail purposes.	No commercial value

Notes:

1. Pursuant to a Tenancy Agreement entered into between Tianjin DaChan and Great Wall Food (Tianjin) Co., Ltd. (Party A) dated 17 October 2006, the property with a gross floor area of approximately of 98 sq.m. is leased to Tianjin DaChan from Party A for a term commencing from October 2006 and expiring on March 2008 at an annual rent of RMB60,000 (approximately equivalent to USD7,910).

2. Tianjin DaChan is an indirect wholly-owned subsidiary of the Company.

3. According to a confirmation from the lessor, the property is not subject to any mortgage.

4. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, inter alia, the following:

   (i) The lessor had obtained the title certificates of the property. The lessor has the right to lease out the property and the existing use of the property does not contravene the prescribed uses.

   (ii) The tenancy agreement of the property is valid, binding and enforceable, and Tianjin DaChan has the right to use the property.

   (iii) The lease agreement has been registered at the relevant building administrative bureau.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2007 *RMB*
38. No.1 on Level 1, Block No.10, Yu Tian Jia Yuan, Junction of Xiao Guan Main Street and Dong He Yan Main Street, He Bei District, Tianjin, The PRC	The property comprises a commercial unit of a 7-storey building completed in 2001. The property has a gross floor area of approximately 70 sq.m. The property is leased to DaChan Wanda (Tianjin) Co., Ltd. ("Tianjin DaChan") from 曾桂強 (Zeng Gui Qiang) (an independent third party) for a term of 3 years commencing from 1 November 2006 and expiring on 31 October 2009 at an annual rent of RMB37,600 (approximately equivalent to USD4,957).	The property is currently occupied by the Group for retail purposes.	No commercial value

Notes:

1. Pursuant to a Tenancy Agreement entered into between Tianjin DaChan and 曾桂強 (Zeng Gui Qiang) (Party A) (an independent third party), the property with a gross floor area of approximately of 70 sq.m. is leased to Tianjin DaChan from Party A for a term of 3 years commencing from 1 November 2006 and expiring on 31 October 2009 at an annual rent of RMB37,600 (approximately equivalent to USD4,957).

2. Tianjin DaChan is an indirect wholly-owned subsidiary of the Company.

3. According to a confirmation from the lessor, the property is subject to a mortgage.

4. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, inter alia, the following:

   (i) Although the lessor does not provide the title document of the property, the tenancy has been registered and, therefore, the lessor has the right to lease out the property and the existing use of the property does not contravene the prescribed uses.

   (ii) The tenancy agreement of the property is valid, binding and enforceable, and Tianjin DaChan has the right to use the property.

   (iii) The lease agreement has been registered at the relevant building administrative bureau.

   (iv) According to a confirmation from the lessor, Zeng Gui Qiang, the property is subject to a mortgage and for a term expiring on 2 January 2011.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2007 *RMB*
39. Level 1, No.39 Li Min Road, He Xi District, Tianjin, The PRC	The property comprises a commercial unit of a 6-storey building completed in 2002. The property has a gross floor area of approximately 217.16 sq.m. The property is leased to DaChan Wanda (Tianjin) Co., Ltd. ("Tianjin DaChan") from 中國醫藥物資供銷華北公司 (China Medicine Resources Supply North China Company) (an independent third party) for a term of one and a half years commencing from 1 January 2007 and expiring on 30 June 2008 at an annual rent of RMB180,000 (approximately equivalent to USD23,731).	The property is currently occupied by the Group for retail purposes.	No commercial value

Notes:

1. Pursuant to a Tenancy Agreement entered into between Tianjin DaChan and 中國醫藥物資供銷華北公司 (China Medicine Resources Supply North China Company) (Party A), the property is leased to Tianjin DaChan from Party A for a term of one and a half years commencing from 1 January 2007 and expiring on 30 June 2008 at an annual rent of RMB180,000 (approximately equivalent to USD23,731).

2. Tianjin DaChan is an indirect wholly-owned subsidiary of the Company.

3. According to a confirmation from the lessor, the property is not subject to any mortgage.

4. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, inter alia, the following:

   (i) The lessor had obtained the title certificates of the property. The lessor has the right to lease out the property and the existing use of the property does not contravene the prescribed uses.

   (ii) The tenancy agreement of the property is valid, binding and enforceable, and Tianjin DaChan has the right to use the property.

   (iii) The lease agreement has been registered at the relevant building administrative bureau.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2007 *RMB*
40.	A parcel of land various buildings located at Oversea Chinese Technology Zone Hong Kong Road Pingdu City Qingdao Shandong Province The PRC	The property comprises a parcel of land (Lot No. 370283-104-17-46) and several buildings completed in 2004. The land has a site area of approximately 14,300 sq.m., on which erected several buildings with a total gross floor area of approximately 3,310 sq.m. The property is leased to Conti Wanda (Tianjin) Co., Ltd. (the predecessor of DaChan Wanda (Tianjin) Co., Ltd.) ("Tianjin DaChan") from 青島金塔工程有限公司 (Qing Dao Jin Ta Engineering Co. Ltd.) (an independent third party) for a term of 4 years commencing from 26 September 2004 at an annual rent of RMB198,600 (approximately equivalent to USD26,183).	The property is currently occupied by the Group for production purpose.	No commercial value

Notes:

1. Pursuant to a Tenancy Agreement entered into between Conti Wanda (Tianjin) Co., Ltd. (the predecessor of DaChan Wanda (Tianjin) Co., Ltd.) ("Tianjin DaChan") (Party B) and Qing Dao Jin Ta Engineering Co. Ltd. (Party A) dated 26 September 2004, the property is leased to Party B from Party A for a term of 4 years commencing from 26 September 2004 at an annual rent of RMB198,600 (approximately equivalent to USD26,183).

2. Tianjin DaChan is an indirect wholly-owned subsidiary of the Company.

3. We have been provided with a legal opinion on the legality of the lease agreements to the property issued by the Company's PRC legal adviser, which contains, inter alia, the following:

   (i) Tianjin DaChan use the above property, which is erected on collective land, is not complied with the Land Administrative Regulation. However, according to "關於深化改革嚴格土地管理的決定" (Decision of deeper the reformation of rigid land administration) dated 21 October 2004 issued by the State Council, provided that the use is complied with relevant planning regulations, the villagers collectively owned construction land use rights can be legally exchanged ("流轉"). Moreover, the use of the subject land has been approved and registered in the relevant land bureau. Therefore, the possibility of being fined for the use of the land by the relevant government bureau is low.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2007 *RMB*
41. Warehouse and workshop located at the east of Dang Cheng Village, Xin Kou Town, Xi Qing District, Tianjin, The PRC	The property comprises a warehouse and workshop of a single storey building completed in 1997. The property has a total gross floor area of approximately 10,407.6 sq.m. The property is leased to Conti Wanda (Tianjin) Co., Ltd. (the predecessor of DaChan Wanda (Tianjin) Co., Ltd.) from Tian Jin Jin Ying Agricultural Bi-Products Co., Ltd. (an independent third party) for a term of 10 years commencing from 1 February 2005 and expiring on 31 January 2015 at an annual rent of RMB280,000 (approximately equivalent to USD36,915).	The property is currently occupied by the Group for workshop and warehouse purposes.	No commercial value

Notes:

1. Pursuant to a Tenancy Agreement entered into between Conti Wanda (Tianjin) Co., Ltd. (the predecessor of DaChan Wanda (Tianjin) Co., Ltd.) ("Tianjin DaChan") (Party B) and Tian Jin Jin Ying Agricultural Bi-Products Co., Ltd. (Party A) dated 13 January 2005, the property is leased to Party B from Party A for a term of 10 years commencing from 1 February 2005 and expiring on 31 January 2015 at an annual rent of RMB280,000 (approximately equivalent to USD36,915).

2. Tianjin DaChan is an indirect wholly-owned subsidiary of the Company.

3. In order to comply with the regulations, the Company is in the process of looking for another new premise and then terminate the existing tenancy. When selecting a proper production premise, the Company has to take into accounts of different factors such as production capacity of the premise, its safety, condition, cost, environmental issue and availability of relevant certificates and licences etc. In addition, depending on the evaluation result, the Company may either purchase or lease the new premise and so it is expected that such relocation will take a few months to complete and thus the tenancy will be terminated by the end of 2007.

4. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, inter alia, the following:

   (i) Tianjin DaChan use the above property, which is erected on collective land, is not complied with relevant regulations and the lessor may be subject to penalty. However, Tianjin DaChan has the right to claim any lost from the lessor. Therefore, Tianjin DaChan promises to terminate the tenancy before 31 December 2007 and will not continue the production within the property.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2007 *RMB*
42. Room No.1, 23/F, Hong Yu Commercial Building No.68 Ren Min Road Zhong Shan District Dalian City Liaoning Province The PRC	The property comprises a unit on the Level 23 of a 26-storey office building completed in about 1996. The property has a gross floor area of approximately 200.13 sq.m. The property is leased to Great Wall Food (Dalian) Co., Ltd. ("Dalian Great Wall") from Dalian Hong Yu Building Co. Ltd. (an independent third party) for a term of 1 year commencing from 1 March 2007 at a monthly rent of RMB10,420 (approximately equivalent to USD1,374).	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. Pursuant to a Tenancy Agreement entered into between Dalian Great Wall (Party B) from Dalian Hong Yu Building Co. Ltd. (Party A), the property is leased to Party B from Party A for a term of 1 year commencing from 1 March 2007 at a monthly rent of RMB10,420 (approximately equivalent to USD1,374).

2. Dalian Great Wall is an indirect non wholly-owned subsidiary of the Company.

3. According to a confirmation from the lessor, the property is not subject to any mortgage.

4. We have been provided with a legal opinion on the legality of the lease agreements to the property issued by the Company's PRC legal adviser, which contains, inter alia, the following:

   (i) The lessor had obtained the title certificate of the property. The lessor has the right to lease out the property and the existing use of the property does not contravene the prescribed uses.

   (ii) The lease agreement of the property is valid, binding and enforceable, and the Group has the legal right to use the property.

   (iii) The lease agreement has been registered at the relevant building administrative bureau.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2007 *RMB*
43. A building located at Pao Tai Village Pao Tai Town Wa Fang Dian County Dalian City Liaoning Province The PRC	The property comprises a 1-storey factory building completed in about 1997. The property has a gross floor area of approximately 1,100 sq.m. The property is leased to Eiko Foods (Dalian) Co. Ltd. ("Eiko Foods") from Wa Fang Dian City Pao Tai External Trade Processing Factory (an independent third party) for a term commencing from 11 March 2002 and expiring on 12 September 2007 at an annual rent of RMB62,000 (approximately equivalent to USD8,174). Eiko Foods will not use the property after the expiration of the tenancy.	The property is currently occupied by the Group for production purpose.	No commercial value

Notes:

1. Pursuant to a Tenancy Agreement entered into between Eiko Foods (Party B) and Wa Fang Dian City Pao Tai External Trade Processing Factory (Party A) dated 11 March 2002, the property is leased to Party B from Party A for a term commencing from 11 March 2002 and expiring on 12 September 2007 at an annual rent of RMB62,000 (approximately equivalent to USD8,174).

2. Eiko Foods is a subsidiary owned by Miyasun-Great Wall.

3. We have been provided with a legal opinion on the legality of the lease agreements to the property issued by the Company's PRC legal adviser, which contains, inter alia, the following:

    (i) As the lessor does not provide any title certificate of the property, so the validity of the tenancy is uncertain. If the tenancy is recognised as invalid, then the lessee has to return the leased property to the owner. However, the lessee still has the right to claim any lost from the lessor according to the tenancy.

VALUATION CERTIFICATE

Property		Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2007 *RMB*
44.	Units 701-703 No.100 Bin Jiang Xi Road Haizhu District Guangzhou City Guangdong Province The PRC	The property comprises 3 units on level 7 of a 7-storey office building completed in about 1971. The property has a gross floor area of approximately 112.77 sq.m. The property is leased to Greatwall Gourmet (Shanghai) Co. Ltd. ("Shanghai Gourmet") from Guangzhou Yuan Yang Property Management Co., Ltd. (an independent third party) for a term commencing from 1 October 2006 and expiring on 31 October 2008 at an annual rent of RMB52,800 (approximately equivalent to USD6,961).	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. Pursuant to a Tenancy Agreement entered into between Shanghai Gourmet (Party B) and Guangzhou Yuan Yang Property Management Co., Ltd. (Party A) dated 30 March 2007, the property is leased to Party B from Party A for a term commencing from 1 October 2006 and expiring on 31 October 2008 at an annual rent of RMB52,800 (approximately equivalent to USD6,961).

2. Shanghai Gourmet is an indirect wholly-owned subsidiary of the Company.

3. According to a confirmation from the Group, the lessor confirms that the property is not subject to any mortgage.

4. We have been provided with a legal opinion on the legality of the lease agreements to the property issued by the Company's PRC legal adviser, which contains, inter alia, the following:

   (i) The lessor has obtained the property ownership and has the right to lease out the property and the existing use of the property does not contravene the prescribed uses.

   (ii) The lease agreement of the property is valid, binding and enforceable, and the Group has the legal rights to use the property.

   (iii) The lease agreement has been registered at the relevant building administrative bureau.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2007 *RMB*
45. Unit 816, Block B, Ju Fu Yuan Commercial Building, Xin Kai Road, He Dong District, Tianjin, The PRC	The property comprises an office unit of an 8-storey commercial building completed in 1996. The property has a gross floor area of approximately 120.26 sq.m. The property is leased to Greatwall Gourmet (Shanghai) Co., Ltd. ("Shanghai Gourmet") from 天津開發區福光房地產開發有限公司 (Tianjin Development Zone Fu Guang Real Estate Development Company Limited) (an independent third party) for a term commencing from 8 November 2006 and expiring on 7 November 2007 at an annual rent of RMB26,400 (approximately equivalent to USD3,481).	The property is currently occupied by the Group for office purposes.	No commercial value

Notes:

1. Pursuant to a Tenancy Agreement entered into between Shanghai Gourmet and 天津開發區福光房地產開發有限公司 (Tianjin Development Zone Fu Guang Real Estate Development Company Limited) (Party A), the property is leased to Shanghai Gourmet from Party A for a term commencing from 8 November 2006 and expiring on 7 November 2007 at an annual rent of RMB26,400 (approximately equivalent to USD3,481).

2. Shanghai Gourmet is an indirect wholly-owned subsidiary of the Company.

3. According to a confirmation from the lessor, the property is subject to a mortgage.

4. We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, inter alia, the following:

   (i) The lessor had obtained the title certificates of the property. The lessor has the right to lease out the property, which is erected on the allocated land. The tenancy is valid and effective and Shanghai Gourmet has the right to use the property.

   (ii) The lease agreement has been registered at the relevant building administrative bureau.

   (iii) The existing use of the property does not contravene the prescribed uses.

   (iv) According to a confirmation from the lessor, the property is subject to a mortgage in January 2006. If the mortgagee executes its rights within the lease term, then Shanghai Gourmet may face the risk of inability to lease the property. Since the tenancy agreement will expire on 7 November 2007 and there has not been any notice of the mortgagee executes its rights, therefore, there would not be material adverse effect on the operation of Shanghai Gourmet in Tianjin due to the property is subject to mortgage.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2007 *RMB*
46. A warehouse located at No.333 Tonghai Road Min Xing District Shanghai The PRC	The property comprises a 1-storey factory building completed in about 1999. The property has a gross floor area of approximately 1,650 sq.m. The property is leased to Greatwall Gourmet (Shanghai) Co. Ltd. ("Shanghai Gourmet") from Shanghai Wu Jing Leng Cang Co., Ltd (an independent third party) for a term commencing from 12 January 2007 and expiring on 11 January 2008 at a rent of RMB2.1 (approximately equivalent to USD0.3) per sq.m..	The property is currently occupied by the Group for storage purpose.	No commercial value

Notes:

1. Pursuant to a Tenancy Agreement entered into between Shanghai Gourmet (Party B) and Shanghai Wu Jing Leng Cang Co., Ltd. (an independent third party) (Party A) dated 12 January 2007, the property is leased to Party B from Party A for a term commencing from 12 January 2007 and expiring on 11 January 2008 at a rent of RMB2.1 (approximately equivalent to USD0.3) per sq.m..

2. Shanghai Gourmet is an indirect wholly-owned subsidiary of the Company.

3. According to a confirmation from the lessor, the property is not subject to any mortgage.

4. We have been provided with a legal opinion on the legality of the lease agreements to the property issued by the Company's PRC legal adviser, which contains, inter alia, the following:

   (i) The lessor had obtained the title certificates of the property. The lessor of the property has the right to lease out the property, which is erected on the allocated land. The tenancy is valid and effective and Shanghai Gourmet has the right to use the property.

   (ii) The lease agreement of the property has been registered at the relevant real estate administration bureau.

   (iii) The existing use of the property does not contravene the prescribed uses.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2007 *RMB*
47. Various buildings located at No.6471 Qing Nian Road Changchun City Jilin Province The PRC	The property comprises 4 factories and office buildings completed in about 1997. The property has a gross floor area of approximately 2,100 sq.m. The property is leased to Dongbei Agri (Changchun) Co. Ltd. ("Changchun Agri") from Jilin Province Hui Yu Liang You Feed Co., Ltd. (an independent third party) for a term commencing from 1 March 2007 and expiring on 28 February 2010 at an annual rent of RMB700,000 (approximately equivalent to USD92,287).	The property is currently occupied by the Group for office/ warehouse purpose.	No commercial value

Notes:

1. Pursuant to a Tenancy Agreement entered into between Changchun Agri (Party B) and Jilin Province Hui Yu Liang You Feed Co., Ltd. (Party A) dated 28 February 2007, the property is leased to Party B from Party A for a term commencing from 1 March 2007 and expiring on 28 February 2010 at an annual rent of RMB700,000 (approximately equivalent to USD92,287).

2. Changchun Agri is an indirect wholly-owned subsidiary of the Company.

3. According to a confirmation from the lessor, the property is not subject to any mortgage.

4. We have been provided with a legal opinion on the legality of the lease agreements to the property issued by the Company's PRC legal adviser, which contains, inter alia, the following:

   (i) The lessor has obtained the property ownership and has the right to lease out the property and the existing use of the property does not contravene the prescribed uses.

   (ii) The lease agreement of the property is valid, binding and enforceable, and the Group has the legal rights to use the property.

   (iii) The lease agreement has been registered at the relevant building administrative bureau.

VALUATION CERTIFICATE

GROUP VII — PROPERTY INTERESTS RENTED AND OCCUPIED BY THE GROUP IN THE MALAYSIA

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2007 *RMB*
48. No. 12, Hala Rapat Baru 23, Kawasan Peindustrian Kinta Jaya, 31350 Ipoh, Perak, Malaysia	The property comprises a one and a half storey semi-detached factory. The gross floor area of the building is about 253.62 sq.m. (2,730 sq.ft.). The property is held under tenancy agreement dated 30 December 2006 between Chou Yen Ling ("the Landlord") and Great Wall Nutrition Technologies Sdn. Bhd. ("Great Wall Malaysia") ("the Tenant") for a term of 3 years commencing from 1 January 2007 and expiring on 31 December 2009 at a monthly rental of RM1,000 (equivalent to USD291) with a right of renewal for a further terms of 2 years at a rental shall not be more than 40% of the rental herein stated.	The property is currently occupied by Great Wall Nutrition Technologies Sdn. Bhd. ("Great Wall Malaysia") for printing factory and the Group's area office purposes.	No commercial value

Notes:

1. The Landlord is an independent third party of the Company.

2. Great Wall Malaysia is an indirect wholly-owned subsidiary of the Company.

VALUATION CERTIFICATE

Property		Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2007 *RMB*
49.	Sublot No. 6 of Parent Lot 270 to 282, Block 6, Muara Tuang Land District, 9th Mile, Penrissen Road, Kuching, Sarawak Darul Ehsan, Malaysia	The property comprises a double-storey office building. The building was completed in or about 1998 and having a gross floor area of about 310.29 sq.m. (3,340 sq.ft.). The property is held under tenancy agreement dated 1 April 2007 between Tan Chaw Wu ("the Landlord") and Great Wall Nutrition Technologies Sdn. Bhd. ("Great Wall Malaysia") ("the Tenant") for a term of 6 years commencing 1 April 2004 and expiring on 31 March 2010 at a monthly rental of RM1,800 (equivalent to USD523). The tenancy will be renewed before expiring.	The property is currently occupied by Great Wall Nutrition Technologies Sdn. Bhd. ("Great Wall Malaysia") for the Group's operational office purposes.	No commercial value

Notes:

1. The Landlord is an independent third party of the Company.

2. Great Wall Malaysia is an indirect wholly-owned subsidiary of the Company.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 June 2007 *RMB*
50. No. 11, Jalan Senangin Satu, Taman Tanjung, Tanjung Sepat, Selangor Darul Ehsan, Malaysia	The property comprises the ground floor unit of a double-storey shophouse. The gross floor area of the property is about 130.06 sq.m. (1,400 sq.ft.). The property is held under tenancy agreement dated 2 November 2005 between Chua Sia Hoo ("the Landlord") and Pang Hee Chuan, Director and Management of Great Wall Nutrition Technologies Sdn. Bhd. ("Great Wall Malaysia"), ("the Tenant") for a term of 2 years commencing 15 November 2005 and expiring on 14 November 2007 at a monthly rental of RM500 (equivalent to USD145).	The property is currently occupied by Great Wall Nutrition Technologies Sdn. Bhd. ("Great Wall Malaysia") for the Group's operational office purposes.	No commercial value

Note:

1. The Landlord is an independent third party of the Company.

2. Great Wall Malaysia is an indirect wholly-owned subsidiary of the Company.

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of our Company and of certain aspects of Cayman Islands company law.

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 18 May 2007 under the Cayman Companies Law. Our Company's constitutional documents consist of its Amended and Restated Memorandum of Association (the "Memorandum") and the Amended and Restated Articles of Association (the "Articles").

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum which were adopted on 14 September 2007, provides, inter alia, that the liability of members of our Company is limited and that the objects for which our Company is established are unrestricted (and therefore include acting as an investment company), and that our Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and since our Company is an exempted company that our Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of our Company carried on outside the Cayman Islands.

(b) By special resolution our Company may alter the Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were adopted on 14 September 2007. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) *Classes of shares*

The share capital of our Company consists of ordinary shares.

(ii) *Share certificates*

Every person whose name is entered as a member in the register of members shall be entitled without payment to receive a certificate for his shares. The Cayman Companies Law prohibits the issue of bearer shares to any person other than an authorised or recognised custodian defined in the Cayman Companies Law. The requirement on all service providers to implement appropriate due diligence procedures on the identity of a client in order to "know your client" as a result of proceeds of crime legislation mandates that special procedures should be followed when issuing bearer shares.

Every certificate for shares, warrants or debentures or representing any other form of securities of our Company shall be issued under the seal of our Company, and shall be signed autographically by one Director and the Secretary, or by 2 Directors, or by some other person(s) appointed by the Board for the purpose. As regards any certificates for shares or debentures or other securities of our Company, the Board may by resolution determine that such signatures or either of them shall be dispensed with or affixed by some method or system of mechanical signature other than autographic as specified in such resolution or that such certificates need not be signed by any person. Every share certificate issued shall specify the number and class of shares in respect of which it is issued and the amount paid thereon and may otherwise be in such form as the Board may from time to time prescribe. A share certificate shall relate to only one class of shares, and where the capital of our Company includes shares with different voting rights, the designation of each class of shares, other than those which carry the general right to vote at general meetings, must include the words “restricted voting” or “limited voting” or “non-voting” or some other appropriate designation which is commensurate with the rights attaching to the relevant class of shares. Our Company shall not be bound to register more than 4 persons as joint holders of any share.

(b) **Directors**

(i) *Power to allot and issue shares and warrants*

Subject to the provisions of the Cayman Companies Law, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as our Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that upon the happening of a specified event or upon a given date and either at the option of our Company or the holder thereof, they are liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of our Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate thereof shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate thereof has been destroyed and our Company has received an indemnity in such form as the Board shall think fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Cayman Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in our Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither our Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

(ii) *Power to dispose of the assets of our Company or any subsidiary*

While there are no specific provisions in the Articles relating to the disposal of the assets of our Company or any of its subsidiaries, the Board may exercise all powers and do all acts and things which may be exercised or done or approved by our Company and which are not required by the Articles or the Cayman Companies Law to be exercised or done by our Company in general meeting, but if such power or act is regulated by our Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

(iii) *Compensation or payments for loss of office*

Payments to any present Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually or statutorily entitled) must be approved by our Company in general meeting.

(iv) *Loans and provision of security for loans to Directors*

There are provisions in the Articles prohibiting the making of loans to Directors and their associates which are equivalent to provisions of Hong Kong law prevailing at the time of adoption of the Articles.

Our Company shall not directly or indirectly make a loan to a Director or a director of any holding company of our Company or any of their respective associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of our Company or any of their respective associates, or if any one or more of the Directors hold (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

(v) *Disclosure of interest in contracts with our Company or with any of its subsidiaries*

With the exception of the office of auditor of our Company, a Director may hold any other office or place of profit with our Company in conjunction with his office of Director for such period and, upon such terms as the Board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director or other officer or member of any other company in which our Company may be interested, and shall not be liable to account to our Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by our Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with our Company, either as vendor, purchaser or otherwise, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to our Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with our Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any Share by reason that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to our Company.

A Director shall not vote (nor shall he be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement or other proposal in which he or his associate(s) is/are materially interested, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters namely:

(aa) the giving of any security or indemnity to the Director or his associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of our Company or any of its subsidiaries;

(bb) the giving of any security or indemnity to a third party in respect of a debt or obligation of our Company or any of its subsidiaries for which the Director or his associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any proposal concerning an offer of shares or debentures or other securities of or by our Company or any other company which our Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) any proposal concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a member or in which the Director or his associate(s) is/are beneficially interested in shares of that company, provided that the Director and any of his associates are not in aggregate beneficially interested in 5% or more of the issued shares of any class of such company (or of any third company through which his interest or that of his associate(s) is derived) or of the voting rights;

(ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death or disability benefits scheme or other arrangement which relates both to Directors, his associate(s) and employees of our Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not generally accorded to the employees to which such scheme or fund relates; or

(ff) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of our Company by virtue only of his/their interest in shares or debentures or other securities of our Company.

(vi) *Remuneration*

The Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board, or our Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they may agree or failing agreement, equally, except that in such event any Director holding office for only a portion of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he has held office. The Directors shall also be entitled to be repaid all travelling, hotel and other expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in our Company may be entitled by reason of such employment or office.

Any Director who, at the request of our Company performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

The Board may establish, either on its own or jointly in concurrence or agreement with other companies (being subsidiaries of our Company or with which our Company is associated in business), or may make contributions out of our Company's monies to, such schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or former Director who may hold or have held any executive office or any office of profit with our Company or any of its subsidiaries) and former employees of our Company and their dependents or any class or classes of such persons.

In addition, the Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vii) *Appointment, retirement and removal*

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director so appointed shall hold office only until the next general meeting of our Company and shall then be eligible for re-election. There is no shareholding qualification for Directors.

At each annual general meeting, one third of the Directors for the time being will retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors who shall retire in each year will be those who have been longest in the office since their last re-election or appointment but as between persons who become or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office. The period for lodgment of such notices will commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than 7 days prior to the date of such meeting and the minimum length of the period during which such notices to our Company may be given must be at least 7 days.

A Director is not required to hold any shares in our Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to the Board or retirement therefrom.

A Director may be removed by an ordinary resolution of our Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and our Company) and our Company may by ordinary resolution appoint another in his place. Unless otherwise determined by our Company in general meeting, the number of Directors shall not be less than two.

In addition to the foregoing, the office of a Director shall be vacated:

(aa) if he resigns his office by notice in writing delivered to our Company at the registered office or head office of our Company for the time being or tendered at a meeting of the Board;

(bb) if he dies or becomes of unsound mind as determined pursuant to an order made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Board resolves that his office be vacated;

(cc) if, without special leave, he is absent from meetings of the Board for six (6) consecutive months, and the Board resolves that his office is vacated;

(dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(ee) if he is prohibited from being a director by law;

(ff) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles;

(gg) if he has been validly required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director and the relevant time period for application for review of or appeal against such requirement has lapsed and no application for review or appeal has been filed or is underway against such requirement; or

(hh) if he is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) then in office.

From time to time the Board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with our Company for such period and upon such terms as the Board may determine and the Board may revoke or terminate any of such appointments. The Board may also delegate any of its powers to committees consisting of such Director or Directors and other person(s) as the Board thinks fit, and from time to time it may also revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

(viii) *Borrowing powers*

Pursuant to the Articles, the Board may exercise all the powers of our Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and uncalled capital of our Company and, subject to the Cayman Companies Law, to issue debentures, debenture stock, bonds and other securities of our Company, whether outright or as collateral security for any debt, liability or obligation of our Company or of any third party. The provisions summarised above, in common with the Articles of Association in general, may be varied with the sanction of a special resolution of our Company.

(ix) *Register of Directors and officers*

Pursuant to the Cayman Companies Law, our Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within 30 days of any change in such directors or officers.

(x) *Proceedings of the Board*

Subject to the Articles, the Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

(c) **Alterations to the constitutional documents**

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of our Company may only be altered or amended, and the name of our Company may only be changed by our Company by special resolution.

(d) **Variation of rights of existing shares or classes of shares**

Subject to the Cayman Companies Law, if at any time the share capital of our Company is divided into different classes of shares, all or any of the special rights attached to any class of shares may (unless otherwise provided for by the terms of issue of the shares of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings shall *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons together holding (or in the case of a shareholder being a corporation, by its duly authorised representative) or representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(e) **Alteration of capital**

Our Company may, by an ordinary resolution of its members, (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; and (e) cancel shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; (g) change the currency of denomination of its share capital; and (h) reduce its share premium account in any manner authorised and subject to any conditions prescribed by law.

Reduction of share capital — subject to the Companies Law and to confirmation by the court, a company limited by shares may, if so authorised by its Articles of Association, by special resolution, reduce its share capital in any way.

(f) **Special resolution - majority required**

In accordance with the Articles, a special resolution of our Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or by proxy or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which not less than 21 clear days' notice, specifying the intention to propose the resolution as a special resolution, has been duly given. However, except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at such meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right and, in the case of an annual general meeting, if so agreed by all members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which less than 21 clear days' notice has been given.

Under Cayman Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An "ordinary resolution", by contrast, is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of our Company as, being entitled to do so, vote in person or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which not less than fourteen clear days' notice has been given and held in accordance with the Articles. A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of our Company duly convened and held, and where relevant as a special resolution so passed.

(g) **Voting rights (generally and on a poll) and right to demand a poll**

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting on a show of hands, every member who is present in person or by proxy or being a corporation, is present by its duly authorised representative shall have one vote, and on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every share which is fully paid or credited as fully paid registered in his name in the register of members of our Company but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purpose as paid up on the share. Notwithstanding anything contained in the Articles, where more than one proxy is appointed by a member which is a Clearing House (as defined in the Articles) (or its nominee(s)), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded or otherwise required under the rules of the stock exchange of the Relevant Territory (as defined in the Articles). A poll may be demanded by:

(i) the chairman of the meeting; or

(ii) at least two members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or

(iii) any member or members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

(iv) a member or members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy and holding shares in our Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s), be a member of our Company, such person or persons may be authorised as it thinks fit to act as its representative(s) at any meeting of our Company or at any meeting of any class of members of our Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised in accordance with this provision shall be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s), as if such person were an individual member including the right to vote individually on a show of hands.

Where our Company has knowledge that any member is, under the Listing Rules, required to abstain from voting on any particular resolution of our Company or restricted to voting only for or only against any particular resolution of our Company, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(h) **Annual general meetings**

Our Company must hold an annual general meeting each year. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorised by the Stock Exchange at such time and place as may be determined by the Board.

(i) **Accounts and audit**

The Board shall cause proper books of account to be kept of the sums of money received and expended by our Company, and the matters in respect of which such receipt and expenditure take place, and of the assets and liabilities of our Company and of all other matters required by the Cayman Companies Law necessary to give a true and fair view of the state of our Company's affairs and to show and explain its transactions.

The books of accounts of our Company shall be kept at the head office of our Company or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any account or book or document of our Company except as conferred by the Cayman Companies Law or ordered by a court of competent jurisdiction or authorised by the Board or our Company in general meeting.

The Board shall from time to time cause to be prepared and laid before our Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of our Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory (as defined in the Articles), our Company may send summarised financial statements to shareholders who has, in accordance with the rules of the stock exchange of the Relevant Territory (as defined in the Articles), consented and elected to receive summarised financial statements instead of the full financial statements. The summarised financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory (as defined in the Articles), and must be sent to the shareholders not less than twenty-one days before the date of general meeting to those shareholders that have consented and elected to receive the summarised financial statements.

Our Company shall appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by our Company in general meeting or by the Board if authority is so delegated by the members.

The auditors shall audit the financial statements of our Company in accordance with generally accepted auditing standards and make a written report thereon which shall be sent to the members before the annual general meeting in accordance with the Articles of Association. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the auditor should disclose this fact and name such country or jurisdiction.

(j) **Notices of meetings and business to be conducted thereat**

An annual general meeting and any extraordinary general meeting at which it is proposed to pass a special resolution must be called by at least 21 days' notice in writing, and any other extraordinary general meeting shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time, place and agenda of the meeting, and particulars of the resolution(s) to be considered at that meeting, and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by our Company on any member either personally or by sending it through the post in a prepaid envelope or wrapper addressed to such member at his registered address as appearing in our Company's register of members or by leaving it at such registered address as aforesaid or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify our Company in writing of an address in Hong Kong which for the purpose of service of notice shall be deemed to be his registered address. Where the registered address of the member is outside Hong Kong, notice, if given through the post, shall be sent by prepaid airmail letter where available.

Although a meeting of our Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

(i) in the case of a meeting called as an annual general meeting, by all members of our Company entitled to attend and vote thereat; and

(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the issued shares giving that right.

All business transacted at an extraordinary general meeting shall be deemed special business and all business shall also be deemed special business where it is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

(aa) the declaration and sanctioning of dividends;

(bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

(cc) the election of Directors in place of those retiring;

(dd) the appointment of auditors;

(ee) the fixing of the remuneration of the Directors and of the auditors;

(ff) the granting of any mandate or authority to the Board to offer, allot, grant options over, or otherwise dispose of the unissued shares of our Company representing not more than 20% in nominal value of its existing issued share capital (or such other percentage as may from time to time be specified in the rules of the Stock Exchange and the number of any securities repurchased by our Company since the granting of such mandate; and

(gg) the granting of any mandate or authority to the Board to repurchase securities in our Company.

(k) **Transfer of shares**

Subject to the Cayman Companies Law, all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve provided always that it shall be in such form prescribed by the Stock Exchange and may be under hand or, if the transferor or transferee is a Clearing House or its nominee(s), under hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers in any case in which it in its discretion thinks fit to do so, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of our Company in respect thereof.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share option scheme upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which our Company has a lien.

The Board may decline to recognise any instrument of transfer unless a fee of such maximum sum as the Stock Exchange may determine to be payable or such lesser sum as the Board may from time to time require is paid to our Company in respect thereof, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in a newspaper circulating generally in Hong Kong or, where applicable, any other newspapers in accordance with the requirements of the Stock Exchange, at such times and for such periods as the Board may determine. The register of members shall not be closed for periods exceeding in the whole 30 days in any year.

Fully paid shares shall be free from any restriction with respect to the right of the holder thereof to transfer such shares (except when permitted by the Stock Exchange) and shall also be free from all liens.

(l) **Power of our Company to purchase its own shares**

Our Company is empowered by the Cayman Companies Law and the Articles to purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of our Company subject to any applicable requirement imposed from time to time by code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

Where our Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price, and if purchases are by tender, tenders shall be available to all members alike.

(m) **Power of any subsidiary of our Company to own shares in our Company**

There are no provisions in the Articles relating to the ownership of shares in our Company by a subsidiary.

(n) **Dividends and other methods of distribution**

Our Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide:

(i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share; and

(ii) all dividends shall be apportioned and paid pro rata in accordance with the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to our Company on account of calls, instalments or otherwise.

Where the Board or our Company in general meeting has resolved that a dividend should be paid or declared on the share capital of our Company, the Board may resolve:

(aa) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or

(bb) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

Upon the recommendation of the Board our Company may by ordinary resolution in respect of any one particular dividend of our Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, but in the case of joint holders, shall be addressed to the holder whose name stands first in the register of members of our Company in respect of the shares at his address as appearing in the register, or addressed to such person and at such address as the holder or joint holders may in writing so direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to our Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or our Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the moneys so advanced may pay interest at such rate (if any) not exceeding 20% per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of our Company until claimed and our Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, shall revert to our Company.

No dividend or other monies payable by our Company on or in respect of any share shall bear interest against our Company.

Our Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

(o) **Proxies**

Any member of our Company entitled to attend and vote at a meeting of our Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of our Company or at a class meeting. A proxy need not be a member of our Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that any form issued to a member for use by him for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

(p) **Calls on shares and forfeiture of shares**

The Board may from time to time make such calls as it may think fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times. A call may be made payable either in one sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20% per annum as the Board shall fix from the day appointed for the payment thereof to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced our Company may pay interest at such rate (if any) not exceeding 20% per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice will name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and it shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, nevertheless, remain liable to pay to our Company all moneys which, at the date of forfeiture, were payable by him to our Company in respect of the shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20 per cent per annum as the Board may prescribe.

(q) **Inspection of corporate records**

Members of our Company have no general right under the Cayman Companies Law to inspect or obtain copies of the register of members or corporate records of our Company. However, the members of our Company will have such rights as may be set forth in the Articles. The Articles provide that for so long as any part of the share capital of our Company is listed on the Stock Exchange, any member may inspect any register of members of our Company maintained in Hong Kong (except when the register of member is closed) without charge and require the provision to him of copies or extracts thereof in all respects as if our Company were incorporated under and were subject to the Hong Kong Companies Ordinance.

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or outside the Cayman Islands, as its directors may, from time to time, think fit.

(r) **Quorum for meetings and separate class meetings**

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(s) **Rights of minorities in relation to fraud or oppression**

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of our Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(t) **Procedures on liquidation**

A resolution that our Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

(i) if our Company shall be wound up and the assets available for distribution amongst the members of our Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, then the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and

(ii) if our Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, on the shares held by them respectively.

In the event that our Company is wound up (whether the liquidation is voluntary or compelled by the court) the liquidator may, with the sanction of a special resolution and any other sanction required by the Cayman Companies Law divide among the members in specie or kind the whole or any part of the assets of our Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator shall think fit, but so that no member shall be compelled to accept any shares or other property upon which there is a liability.

(u) **Untraceable members**

Our Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

In accordance with the Articles, our Company is entitled to sell any of the shares of a member who is untraceable if:

(i) all cheques or warrants, being not less than three in total number, for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years;

(ii) upon the expiry of the 12 years and 3 months period (being the 3 months notice period referred to in sub-paragraph (iii)), our Company has not during that time received any indication of the existence of the member; and

(iii) our Company has caused an advertisement to be published in accordance with the rules of the stock exchange of the Relevant Territory (as defined in the Articles) giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the stock exchange of the Relevant Territory (as defined in the Articles) has been notified of such intention. The net proceeds of any such sale shall belong to our Company and upon receipt by our Company of such net proceeds, it shall become indebted to the former member of our Company for an amount equal to such net proceeds.

(v) **Subscription rights reserve**

Pursuant to the Articles, provided that it is not prohibited by and is otherwise in compliance with the Cayman Companies Law, if warrants to subscribe for shares have been issued by our Company and our Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

3. CAYMAN ISLANDS COMPANY LAW

Our Company was incorporated in the Cayman Islands as an exempted company on 18 May 2007 subject to the Cayman Companies Law. Certain provisions of Cayman Islands company law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Cayman Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

(a) **Company operations**

As an exempted company, our Company must conduct its operations mainly outside the Cayman Islands. Moreover, our Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) **Share capital**

In accordance with the Cayman Companies Law, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. The Cayman Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Cayman Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

(i) paying distributions or dividends to members;

(ii) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(iii) in the redemption and repurchase of shares (in accordance with the detailed provisions of section 37 of the Cayman Companies Law);

(iv) writing-off the preliminary expenses of the company;

(v) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and

(vi) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

Notwithstanding the foregoing, the Cayman Companies Law provides that no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

It is further provided by the Cayman Companies Law that, subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so by its articles of association, by special resolution reduce its share capital in any way.

The Articles include certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

(c) **Financial assistance to purchase shares of a company or its holding company**

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company when proposing to grant such financial assistance discharge their duties of care and acting in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

(d) **Purchase of shares and warrants by a company and its subsidiaries**

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. Nonetheless, if the articles of association do not authorise the manner of purchase, a company cannot purchase any of its own shares without the manner of purchase first being authorised by an ordinary resolution of the company. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) **Dividends and distributions**

With the exception of section 34 of the Cayman Companies Law, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Cayman Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see sub-paragraph 2(n) of this Appendix for further details).

(f) **Protection of minorities and shareholders' suits**

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of *Foss v. Harbottle* and the exceptions thereto) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge:

(i) an act which is *ultra vires* the company or illegal;

(ii) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company; and

(iii) an irregularity in the passing of a resolution the passage of which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members thereof holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report thereon.

Moreover, any member of a company may petition the court which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

(g) **Disposal of assets**

There are no specific restrictions in the Cayman Companies Law on the power of directors to dispose of assets of a company, although it specifically requires that every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interest of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) **Accounting and auditing requirements**

Section 59 of the Cayman Companies Law provides that a company shall cause proper records of accounts to be kept with respect to (i) all sums of money received and expended by the company and the matters with respect to which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company and (iii) the assets and liabilities of the company.

Section 59 of the Cayman Companies Law further states that proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

(i) **Exchange control**

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

(j) **Taxation**

Pursuant to section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, our Company has obtained an undertaking from the Governor-in-Council:

(i) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to our Company or its operations: and

(ii) in addition, that no tax be levied on profits, income gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by our Company:

(aa) on or in respect of the shares, debentures or other obligations of our Company; or

(bb) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (1999 Revision).

The undertaking for our Company is for a period of twenty years from 29 May 2007.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to our Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not a party to any double tax treaties.

(k) **Stamp duty on transfers**

There is no stamp duty payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(l) **Loans to directors**

The Cayman Companies Law contains no express provision prohibiting the making of loans by a company to any of its directors. However, the Articles provide for the prohibition of such loans under specific circumstances.

(m) **Inspection of corporate records**

The members of the company have no general right under the Cayman Companies Law to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

(n) **Register of members**

A Cayman Islands exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or outside the Cayman Islands, as the directors may, from time to time, think fit. The Cayman Companies Law contains no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

(o) **Winding up**

A Cayman Islands company may be wound up either by (i) an order of the court or (ii) voluntarily by a special resolution of its members. The court also has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company occurs where the members so resolve in general meeting by special resolution, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum expires, or where the event occurs on the occurrence of which the memorandum provides that the company is to be dissolved. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above. Upon appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no further executive action may be carried out without his approval.

A company is placed in liquidation either by an order of the court or by a special resolution of its members. A liquidator is appointed whose duties are to collect the assets of the company (including the amount (if any) due from the contributories), settle the list of creditors and discharge the company's liability to them, ratably if insufficient assets exist to discharge the liabilities in full, and settle the list of contributories ("members") and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators for the purpose of winding up the affairs of the company and distributing its assets.

When the affairs of a company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This general meeting shall be called by public notice or such other means as the Registrar of Companies may direct.

For the purpose of conducting the proceedings in winding up a company and assisting the court, there may be appointed one or more persons to be called an official liquidator or official liquidators; and the court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one persons are appointed to such office, the court shall declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

(p) **Reconstructions**

Reconstructions and amalgamations are governed by specific statutory provisions under the Cayman Companies Law whereby such arrangements may be approved by a majority in number representing 75% in value of members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member would have the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, nonetheless the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

(q) **Take-overs**

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

(r) **Indemnification**

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

4. GENERAL

Appleby, our Company's legal adviser on Cayman Islands law, have sent to our Company a letter of advice which summarises certain aspects of the Cayman Islands company law. This letter, together with a copy of the Cayman Companies Law, is available for inspection as referred to in the paragraph headed "Documents Available for Inspection" in Appendix VII. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of our Company

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 18 May 2007.

As our Company is incorporated in the Cayman Islands, its operations are subject to the Cayman Islands law and to its constitution, which comprises the Memorandum and the Articles. A summary of certain relevant parts of its constitution and certain relevant aspects of the Cayman Islands company law are set out in Appendix V to this prospectus.

2. Changes in the share capital of our Company

As at the date of incorporation of our Company, our authorised share capital was HK$380,000 divided into 3,800,000 Shares. Subsequently, pursuant to resolutions in writing of all Shareholders passed on 14 September 2007, our authorised share capital was conditionally increased to HK$1,000,000,000 by the creation of a further 9,996,200,000 Shares.

On 18 May 2007, one Share was allotted and issued, nil-paid, to Reid Service Limited which was subsequently transferred to Waverley Star on the same date. On 14 September 2007, an aggregate of 999,999 Shares were allotted and issued, nil-paid, by our Company, as to (a) 557,302 Shares to Waverley Star; (b) 159,229 Shares to PVP; (c) 79,615 Shares to Continental Enterprises; and (d) 203,853 Shares to ANTC. Such 1,000,000 nil-paid Shares were subsequently paid up in the manner described in the paragraph headed "Corporate reorganisation" below.

On 14 September 2007, our Company acquired the entire issued share capital of NAC from Waverley Star, PVP, Continental Enterprises and ANTC, in consideration of and exchange for which our Company (a) allotted and issued, credited as fully paid, an aggregate of 1,000,000 Shares as to (i) 557,303 Shares to Waverley Star; (ii) 159,229 Shares to PVP; (iii) 79,615 Shares to Continental Enterprises; and (iv) 203,853 Shares to ANTC; and (b) credited as fully paid at par, the 1,000,000 nil-paid Shares allotted and issued as set out in the preceding paragraph.

On 15 September 2007, Waverley Star repurchased its own issued shares from each of Hansen, Inc., Wang Tzu Lin, Chang Huei Chi, Wanli Developments Limited, James Foh-Wai Chow, and Reynold Ching-Chung Chang and Brenda Han Chang (as joint shareholders) in consideration of and exchange for which it transferred an aggregate of 112,260 Shares, as to 19,725 Shares to Hansen, Inc., 17,135 Shares to Wang Tzu Lin, 3,461 Shares to Chang Huei Chi, 34,239 Shares to Wanli Developments Limited, 34,239 Shares to James Foh-Wai Chow, and 3,461 Shares to Reynold Ching-Chung Chang and Brenda Han Chang (as joint shareholders).

Immediately following completion of the Global Offering and the Capitalisation Issue but taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option or the options that may be granted under the Share Option Scheme, the authorised share capital of our Company will be HK$1,000,000,000 divided into 10,000,000,000 Shares, of which 1,000,000,000 Shares will be allotted and issued, fully paid or credited as fully paid, and 9,000,000,000 Shares will remain unissued. Other than pursuant to the exercise of the Over-allotment Option or the options that may be granted under the Share Option Scheme, the Directors do not have any present intention to issue any part of the authorised but unissued share capital of our Company.

Save as disclosed herein and in the following paragraphs of this section headed “Further information about our Group”, there has been no alteration in the share capital of our Company since its incorporation.

3. **Resolutions in writing of all Shareholders passed on 14 September 2007**

Pursuant to the resolutions in writing of all Shareholders passed on 14 September 2007:

(a) our Company approved and adopted the Memorandum of Association and Articles of Association;

(b) conditional upon the same conditions to be satisfied and/or waived as stated in the section headed “Structure and Conditions of the Global Offering” in this prospectus:

(i) the authorised share capital of our Company was increased from HK$380,000 to HK$1,000,000,000 by the creation of a further 9,996,200,000 Shares;

(ii) the Global Offering and the Over-allotment Option were approved and our Directors were authorised to allot and issue the Offer Shares and such number of Shares as may be allotted and issued upon the exercise of the Over-allotment Option and to approve the transfer of the Sale Shares;

(iii) conditional on the share premium account being credited as a result of the New Issue, the Directors were authorised to capitalise HK$74,800,000 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 748,000,000 Shares in aggregate for allotment and issue to Shareholders whose names appear on the register of members of our Company at the close of business on 30 September 2007 (or as they may direct) in proportion (as nearly as possible without involving fractions so that no fraction of a Share may be allotted and issued) to their then existing shareholdings in our Company;

(iv) the rules of the Share Option Scheme, the principal terms of which are set out in paragraph headed "Share Option Scheme" of this Appendix, were approved and adopted and the Directors were authorised to grant options to subscribe for Shares thereunder, to allot, issue and deal with Shares pursuant to the exercise of options granted under the Share Option Scheme and to take all such steps as may be necessary or desirable to implement the Share Option Scheme;

(v) a general unconditional mandate was given to our Directors to allot, issue and deal with, otherwise than by way of rights issues, scrip dividend scheme or other similar arrangements in accordance with the Memorandum of Association and Articles of Association, or under the Global Offering or the Capitalisation Issue or pursuant to the exercise of the Over-allotment Option or any option which might be granted under the Share Option Scheme or a specific authority granted by the Shareholders at general meeting, Shares with an aggregate nominal amount of not exceeding the sum of (a) 20% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Global Offering and the Capitalisation Issue (but prior to the exercise of the Over-allotment Option or any option that may be granted under the Share Option Scheme); and (b) the aggregate nominal value of the share capital of our Company repurchased by our Company pursuant to the authority granted to the Directors referred to in paragraph (vi) below, until the conclusion of the next annual general meeting of our Company, the expiration of the period within which the next annual general meeting of our Company is required by the Memorandum of Association and Articles of Association or any applicable law of the Cayman Islands to be held or the revocation or variation of such mandate by an ordinary resolution by the Shareholders in general meeting, whichever occurs first;

(vi) a general unconditional mandate (the "**Repurchase Mandate**") was given to the Directors to exercise all the powers of our Company to repurchase Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Global Offering and the Capitalisation Issue (but prior to the exercise of the Over-allotment Option or any option that may be granted under the Share Option Scheme) until the conclusion of the next annual general meeting of our Company, the expiration of the period within which the next annual general meeting of our Company is required by the Memorandum of Association and Articles of Association or any applicable law of the Cayman Islands to be held, or the revocation or variation of such mandate by an ordinary resolution by the Shareholders in general meeting, whichever occurs first; and

(vii) the general unconditional mandate granted pursuant to paragraph (v) above be extended by the aggregate nominal value of share capital of our Company repurchased pursuant to the Repurchase Mandate.

4. **Corporate reorganisation**

The companies comprising our Group underwent a reorganisation to rationalise our corporate structure in preparation for the Listing.

The reorganisation involved the transfer to our Company by Waverley Star, PVP, Continental Enterprises and ANTC of 58,185,251 shares of USD1 each in NAC, in aggregate, being the entire issued share capital of NAC in consideration of and exchange for which our Company:

(a) allotted and issued, credited as fully paid, an aggregate of 1,000,000 Shares as to (i) 557,303 Shares to Waverley Star; (ii) 159,229 Shares to PVP; (iii) 79,615 Shares to Continental Enterprises; and (iv) 203,853 Shares to ANTC; and

(b) credited as fully paid at par, the 1,000,000 nil-paid Shares previously allotted and issued and held by Waverley Star, PVP, Continental Enterprises and ANTC as more particularly described in the paragraph headed "Changes in the share capital of our Company".

Before the transfer of shares in NAC referred to above, our Group also underwent the following corporate reorganisation:

(a) On 14 September 2007, NAC acquired from ANTC 4,989,353 shares of USD1 each in the share capital of ANTIC-VN in consideration of and exchange for which NAC allotted and issued, credited as fully paid, an aggregate of 11,275,938 new shares of USD1 each in the share capital of NAC to ANTC.

(b) On 14 September 2007, NAC acquired from ANTC one share of USD1 each in the share capital of Marksville in consideration of and exchange for which NAC allotted and issued, credited as fully paid, an aggregate of 585,313 new shares of USD1 each in the share capital of NAC to ANTC.

5. **Changes in the share capital of the subsidiaries of our Company**

The subsidiaries of our Company are listed in the accountants' report of our Company, the text of which is set out in Appendix I to this prospectus. The changes in the share capital of the following subsidiaries of our Company took place within the two years immediately preceding the date of this prospectus:

(a) *ANT-LA*

On 13 April 2007, ANT-LA was established as a limited liability company under the laws of Vietnam with a charter capital of USD3,000,000.

(b) *ANTIC-VN*

On 14 July 2006, Great Wall International transferred 2,704,676 shares of USD1 each in the share capital of ANTIC-VN to ANTC at a consideration of USD2,704,676. On the same day, Total Nutrition Technologies Co., Ltd. transferred 1,500,197 shares of USD1 each in the share capital of ANTIC-VN to ANTC at a consideration of USD1,500,197.

(c) *Beijing Trade*

(i) On 1 September 2006, Tieling Trade acquired from Han Jue 40% of the registered capital of Beijing Trade, at the consideration of RMB3,933.34 (approximately USD509.5). On the same day, Tieling Trade acquired from Wang Tie Zhuang the remaining 60% of the registered capital of Beijing Trade, at the consideration of RMB5,900.01 (approximately USD764.25).

(ii) On 29 December 2006, Beijing Trade increased its registered capital from RMB500,000 (approximately USD64,266.8) to RMB1,000,000 (approximately USD129,533.7).

(d) *Changchun Agri*

On 28 August 2006, Changchun Agri was established as a wholly foreign owned enterprise under the laws of the PRC with a registered capital of USD1,000,000.

(e) *Dalian Great Wall and Dalian Gourmet*

On 20 October 2006, Dalian Great Wall entered into a merger agreement with Dalian Gourmet pursuant to which the entire assets and liabilities of Dalian Gourmet were combined into Dalian Great Wall. Upon completion of the merger pursuant to the terms of the merger agreement, (i) the registered capital of Dalian Great Wall was increased from USD20,500,000 to USD25,500,000; and (ii) Dalian Gourmet was dissolved in accordance with the applicable laws of the PRC.

(f) *Dongbei Agri*

On 14 September 2006, 140,000 shares of Dongbei Agri were allotted and issued fully paid at par to NAC.

(g) *Great Wall Malaysia*

On 24 August 2007, ANTC transferred 4,373,770 shares of RM 1 each in the share capital of Great Wall Malaysia to Marksville at the consideration of USD1.

(h) *Hong Kong DaChan*

On 1 August 2007, Dongbei Agri transferred one ordinary share in the capital of Hong Kong DaChan to Hwabei Agri at a consideration of USD1.

(i) *Hunan Greatwall*

On 8 October 2006, Hunan Greatwall was established as a wholly foreign owned enterprise under the laws of the PRC with a registered capital of USD1,200,000.

(j) *Liaoning Greatwall (HK)*

On 1 August 2007, Kan Che Ming, Paul transferred one ordinary share in the capital of Liaoning Greatwall (HK) at nil consideration to Liaoning Greatwall (BVI).

(k) *Marksville*

On 15 June 2007, Marksville was incorporated and is authorised to issue a maximum of 50,000 shares of a single class each with a par value of USD1. On the same day, one share was allotted and issued to ANTC at USD1.

Save as disclosed herein and in the paragraph headed "Corporate reorganisation" above, there had been no alteration in the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this prospectus.

6. **Repurchase by our Company of its own securities**

This paragraph includes the information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of its own securities.

(a) *Sources of funds*

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum of Association and Articles of Association and the applicable laws of the Cayman Islands. A listed company is prohibited from repurchasing its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

Under Cayman Islands law, any repurchases by our Company may be made out of profits of our Company or out of the proceeds of a fresh issue of shares made for the purpose of the repurchase or, if authorised by the Articles of Association and subject to the Companies Law, out of capital and, in case of any premium payable on the repurchase, out of profits of our Company or from sums standing to the credit of the share premium account of our Company or, if authorised by the Articles of Association and subject to the Companies Law, out of capital.

(b) *Reasons for repurchases*

The Directors believe that it is in the best interests of our Company and the Shareholders for the Directors to have general authority from the Shareholders to enable our Company to repurchase securities in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value and/or earnings per Share and will only be made if our Directors believe that such repurchases will benefit our Company and its Shareholders.

(c) *Exercise of the Repurchase Mandate*

The exercise in full of the Repurchase Mandate, on the basis of 1,000,000,000 Shares in issue immediately following the Listing, could result in up to 100,000,000 Shares being repurchased by our Company during the period in which the Repurchase Mandate remains in force.

On the basis of the current financial position of our Group as disclosed in this prospectus and taking into account the current working capital position of our Group, the Directors consider that, if the Repurchase Mandate were to be exercised in full, there might be a material adverse impact on the working capital and/or gearing position of our Group (as compared with the position disclosed in this prospectus). However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Group or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Group.

(d) *General*

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates currently intends to sell any Shares to our Company or its subsidiaries if the Repurchase Mandate is exercised.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules, the Memorandum of Association and Articles of Association and the applicable laws of the Cayman Islands.

No connected person (as defined in the Listing Rules) of our Company has notified our Company that he/she/it has a present intention to sell Shares to our Company, or has undertaken not to do so, in the event the Repurchase Mandate is exercised.

If, as a result of a repurchase of securities, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**"). Accordingly, a Shareholder, or group of Shareholders acting in concert (within the meaning of the Takeovers Code), could obtain or consolidate control of our Company and may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequence which would arise under the Takeovers Code as a consequence of any repurchase made pursuant to the Repurchase Mandate immediately after Listing.

No repurchase of Shares has been made since the incorporation of our Company.

7. **Registration under Part XI of the Companies Ordinance**

Our Company has established its head office and a principal place of business in Hong Kong at Suite 1806, Tower 1, The Gateway, No. 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong, and was registered on 23 July 2007 as an oversea company in Hong Kong under Part XI of the Companies Ordinance, with Ms. Li Lau Lai Hing Joanna (being the company secretary of our Company), as agent of our Company for the acceptance of service of process in Hong Kong. The address for service of process and notices on our Company is the same as our head office and principal place of business in Hong Kong.

FURTHER INFORMATION ABOUT THE BUSINESS OF OUR GROUP

8. **Summary of material contracts**

The following contracts (not being contracts in the ordinary course of business) have been entered into by our Company or its subsidiaries within the two years preceding the date of this prospectus and are or may be material:

(a) the merger agreement dated 20 October 2006 entered into by Dalian Great Wall and Dalian Gourmet pursuant to which the entire assets and liabilities of Dalian Gourmet were combined into Dalian Great Wall;

(b) the sale and purchase agreement dated 14 September 2007 made by, among others, (i) our Company as purchaser; and (ii) Waverley Star, PVP, Continental Enterprises and ANTC, each as vendor, for the acquisition by our Company of 58,185,251 shares of USD1 each in the share capital of NAC, in consideration of and exchange for (aa) the allotment and issue, credited as fully paid, of an aggregate of 1,000,000 Shares, as to 557,303 Shares to Waverley Star; 159,229 Shares to PVP; 79,615 Shares to Continental Enterprises; and 203,853 Shares to ANTC; and (bb) the crediting, as fully paid, of the 1,000,000 nil-paid Shares previously allotted and issued and held by Waverley Star, PVP, Continental Enterprises and ANTC as more particularly described in the paragraph headed "Changes in the share capital of our Company";

(c) the Deed of Non-Competition;

(d) the deed of indemnity dated 19 September 2007 executed by Waverley Star, Great Wall International and Great Wall Enterprise in favour of our Company for itself and as trustee for its subsidiaries stated therein containing (i) the indemnities in respect of taxation and (ii) certain other indemnities and undertakings as more particularly set out in the paragraph headed "Estate duty, tax and other indemnities" under the section headed "Other information" in this Appendix; and

(e) the Hong Kong Underwriting Agreement.

9. **Intellectual property rights of our Group**

As at the Latest Practicable Date, our Group was the registered proprietor and beneficial owner of the following trademarks:

Trademark	Registered Owner	Place of registration	Class	Registration number	Duration of validity
	Dalian Great Wall	PRC	29	1435803	21 August 2000 to 20 August 2010
DaChan	ANT-VN	Vietnam	31	45623	7 December 2001 to 7 December 2011
NuBoss	ANT-VN	Vietnam	31	66298	12 May 2004 to 12 May 2014
RED STAR	ANT-HN	Vietnam	31	76393	19 November 2004 to 19 November 2014

As at the Latest Practicable Date, our Group had applied for registration of the following trademarks:

Trademark	Applicant	Application Number	Place of application	Class	Date of acceptance of application
Ritton	Shanghai Gourmet	5094143	China	29	11 April 2006
闪食	Shanghai Gourmet	5405926	China	29	17 October 2006
闪熟	Shanghai Gourmet	5405927	China	29	17 October 2006
Snowkid	Shanghai Gourmet	5560406	China	28	13 February 2007

Trademark	Applicant	Application Number	Place of application	Class	Date of acceptance of application
	Shanghai Gourmet	5560404	China	29	13 February 2007
Sisters Kitchen	Shanghai Gourmet	*(Note)*	China	29	*(Note)*
Sisters Kitchen	Shanghai Gourmet	*(Note)*	China	29	*(Note)*
姐妹厨房	Shanghai Gourmet	*(Note)*	China	29	*(Note)*
姐妹厨房 Sisters Kitchen	Shanghai Gourmet	*(Note)*	China	29	*(Note)*
	Shanghai Gourmet	*(Note)*	China	29	*(Note)*
	Shanghai Gourmet	*(Note)*	China	29	*(Note)*
可丽饼	Shanghai Gourmet	*(Note)*	China	29	*(Note)*
安之鲜	Shanghai Gourmet	*(Note)*	China	29	*(Note)*
安鲜	Shanghai Gourmet	*(Note)*	China	29	*(Note)*

Note: As at the Latest Practicable Date, Shanghai Gourmet had applied for registration for these trademarks through a trademark agent but had not received any notice of acceptance of application from the Trademark Office of the State Administration for Industry and Commerce of China.

As at the Latest Practicable Date, our Group had obtained licences of the following trademarks:

Trademark	Registration No.	Place of registration	Class	Licensor	Place of licence	Period of Licence
	501287	China	31	Great Wall Enterprise	China	20 October 1999 to 18 October 2009
大成	562718	China	29	Great Wall Enterprise	China	1 December 2006 to 29 August 2011
Dr. NUPAK 補克博士	1506847	China	31	Total Nutrition Technologies Co., Ltd.	China	14 January 2001 to 13 January 2011
Dr. NUPAK 補克博士	99003253	Malaysia	31	Total Nutrition Technologies Co., Ltd.	Malaysia	1 January 2000 to 15 April 2009
Dr. NUPAK 補克博士	34527	Vietnam	31	Total Nutrition Technologies Co., Ltd.	Vietnam	31 March 1999 to 31 March 2009
大成雞寶寶	1546699	China	29	Great Wall Enterprise	China	20 April 2003 to 27 March 2011
大成 Da Chan	3147212	China	29	Great Wall Enterprise	China	1 December 2006 to 20 April 2013

Trademark	Registration No.	Place of registration	Class	Licensor	Place of licence	Period of Licence
大成 Da Chan	3147208	China	31	Great Wall Enterprise	China	14 January 2001 to 20 April 2013

It is proposed that these existing licenses should be terminated on or around the Listing Date following the trademark licence deed between Great Wall Enterprises and our Company dated 14 September 2007 becoming effective and all the trademark licence transactions with Great Wall Enterprise will be governed by the deed.

FURTHER INFORMATION ABOUT DIRECTORS, MANAGEMENT AND STAFF

10. Particulars of service contracts

Each of the executive Directors has entered into a service contract with our Company for an initial term of three years commencing from the Listing Date and renewable automatically for successive terms of one year each commencing from the day following the expiry of the then current term unless and until (i) terminated by either party thereto giving not less than three months' prior written notice, with the last day of the notice falling on the last day of the initial term or any time thereafter; or (ii) the Director not being re-elected as a Director or being removed by Shareholders at general meeting of our Company in accordance with the Articles of Association. Mr. Han Jia-Hwan, Mr. Chang Tiee-Shen and Mr. Chen Fu-Shih shall be entitled to an annual salary as set out below, subject to an annual review by the remuneration committee of the Board. Upon completion of every 12 months of service, each of our executive Directors will be entitled to a discretionary management bonus provided that the aggregate amount of the bonuses payable to all the executive Directors for any financial year of our Company shall not exceed 5% of the audited combined or consolidated audited net profit of our Group (after taxation and minority interests but before extraordinary or exceptional items) in respect of that financial year of our Company. The current basic annual salaries of our executive Directors are as follows:

Name	Annual salary
Han Jia-Hwan	USD130,000
Chang Tiee-Shen	USD110,000
Chen Fu-Shih	USD105,000
Total:	USD345,000

In addition, Mr. Han Jia-Hwan will be entitled to an annual housing allowance of USD75,000 during the initial term.

Each of our non-executive Directors and independent non-executive Directors is appointed for a fixed term of two years commencing from the Listing Date. The annual fee payable to each of non-executive Directors shall be HK$150,000 and the annual fee payable to each of the independent non-executive Directors shall be HK$200,000.

11. Directors' remuneration

Remuneration of USD111,000 in aggregate was paid by our Group to the Directors in respect of the financial year ended 31 December 2006.

Under the current arrangements, it is expected that our Directors will be entitled to receive an aggregate remuneration of USD332,950, for the year ending 31 December 2007, excluding the discretionary bonuses payable to our Directors.

12. Disclosure of interests

(a) *Interests and short positions of Directors in the share capital of our Company and its associated corporation*

Immediately following completion of the Global Offering and the Capitalisation Issue but taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme, the interests and short positions of the Directors and chief executive of our Company in the shares or underlying shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) once the Shares are listed, or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, once the Shares are listed, or which will be required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules to be notified to our Company and the Stock Exchange once the Shares are listed, will be as follows:

Name of Director	Name of company	Capacity	Number and class of securities(L)	Percentage shareholding in the same class of securities (approximate)
Han Chia-Yau	Great Wall Enterprise	Beneficial interest	31,920	0.01
Harn Jia-Chen	Great Wall Enterprise	Beneficial interest	34,285	0.01

(L) denotes a long position

(b) *Substantial Shareholders and other interests discloseable under the SFO*

So far as is known to our Directors, immediately following completion of the Global Offering and the Capitalisation Issue and taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option and options that may be granted under the Share Option Scheme, the following persons (other than a Director or chief executive of our Company) will have an interest or short position in the Shares and underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of our Group or have any option in respect of such capital:

Name	Capacity	Name of member of our Group	Class and number of securities	Approximate percentage of shareholding
Waverley Star	Beneficial owner	Our Company	375,899,946 Shares (L)	37.59
ANTC	Beneficial owner	Our Company	152,924,906 Shares (L)	15.29
Great Wall International (*Note 2*)	Interest of controlled corporations	Our Company	528,824,852 Shares (L)	52.88
Great Wall Enterprise (*Note 2*)	Interest of controlled corporations	Our Company	528,824,852 Shares (L)	52.88
Continental Enterprises *(Note 3)*	Beneficial interest	Our Company	59,700,029 Shares (L)	5.97
PVP *(Note 4)*	Beneficial interest	Our Company	59,400,059 Shares (L)	5.94
Marubeni Corporation	Beneficial interest	Dalian Investment	9,800,000 Shares of US$1 each	40

Notes:

1. The letter "L" denotes the entity's long position in the Shares or underlying Shares.

2. The Shares are registered in the name of Waverley Star and ANTC, each of which is a wholly-owned subsidiary of Great Wall International, which, in turn, is a wholly-owned subsidiary of Great Wall Enterprise. Under the SFO, both Great Wall International and Great Wall Enterprise are deemed to be interested in all the Shares held by Waverley Star and ANTC.

3. To the best knowledge of our Directors, Continental Enterprises is a wholly-owned subsidiary of ContiGroup Companies, Inc., a private company incorporated in Delaware, the United States. More than one-third of the total issued shares of ContiGroup Companies, Inc. are owned by Fribourg Grandchildren Family L.P.. Accordingly, under the SFO, both ContiGroup Companies, Inc. and Fribourg Grandchildren Family L.P. are deemed to be interested in all the Shares held by Continental Enterprises.

4. To the best knowledge of our Directors, PVP is a wholly-owned subsidiary of Government of Singapore Investment Corporation (Ventures) Pte. Ltd.. Under the SFO, Government of Singapore Investment Corporation (Ventures) Pte. Ltd. is deemed to be interested in all the Shares held by PVP.

13. Personal guarantees

Within the two years immediately preceding the date of this prospectus, none of our Directors provided any personal guarantee as security for any debts or liabilities incurred by any member of our Group.

14. Agency fees or commissions received

The Underwriters will receive an underwriting commission, as mentioned in the paragraph headed “Total commission and expenses” under the section headed “Underwriting” in this prospectus.

15. Related party transactions

During the two years immediately preceding the date of this prospectus, our Group engaged in the related party transactions as mentioned in note 23 of the accountants’ report set out in Appendix I to this prospectus.

16. Disclaimers

Save as disclosed in this prospectus:

(i) and taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme, none of our Directors or chief executive of our Company had any interest or short position in the shares, underlying shares or debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) once the Shares are listed, or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, once the Shares are listed, or which will be required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules to be notified to our Company and the Stock Exchange once the Shares are listed;

(ii) and taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme, so far as is known to our Directors, no person (not being a Director or chief executive of our Company) will have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of our Group or have any option in respect of such capital immediately following completion of the Global Offering;

(iii) there are no existing or proposed service contracts (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)) between our Group and any of our Directors;

(iv) none of our Directors or any persons referred to in the paragraph headed "Qualifications and consents of experts" in this Appendix has any direct or indirect interest in the promotion of or in any assets which have been within the two years immediately preceding the date of this prospectus acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired, disposed of by or leased to any member of our Group; and

(v) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group.

Save as disclosed herein, no other options had been granted or agreed to be granted by our Company as at the Latest Practicable Date.

17. **Share Option Scheme**

(a) ***Summary of terms***

The following is a summary of the principal terms of the Share Option Scheme conditionally approved and adopted pursuant to a resolution in writing passed by all Shareholders on 14 September 2007. The purpose of the Share Option Scheme is to provide incentives or rewards to the Participants for their contribution to our Group and/ or to enable our Group to recruit and retain high-calibre employees and attract human resources that are valuable to our Group and any Invested Entity. For the purpose of this section, references to (a) "**Board**" shall mean the board of directors of our Company or a duly authorised committee thereof; (b) "**Employee**" shall mean any full time or part time employee (including any executive director but not any non-executive director) of our Group and any Invested Entity; (c) "**Participant**" shall mean: (i) any Employee; (ii) any non-executive director (including independent non-executive directors) of our Group or any Invested Entity; (iii) any supplier of goods or services to any member of our Group or any Invested Entity; (iv) any customer of our Group or any Invested Entity; and (v) any consultant, adviser, manager, officer or entity that provides research, development or other technological support to our Group or any Invested Entity; and (d) "**Invested Entity**" shall mean any entity in which our Group holds any equity interests.

(i) *Who may join*

The Board shall be entitled at any time within the period of ten years from the date on which the Share Option Scheme becomes effective to make offers to any Participant, as the Board may in its absolute discretion select, to take up options to subscribe for Shares at a price calculated in accordance with sub-paragraph (ii) below.

(ii) *Subscription price of Shares*

The subscription price for Shares in respect of any options granted under the Share Option Scheme will be a price determined by the Board, in its absolute discretion, but in any case will not be less than the higher of (1) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the date of offer, which must be a trading day; (2) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of offer; and (3) the nominal value of a share to our Company, provided that for the purpose of calculating the subscription price, where the Shares have been listed on the Stock Exchange for less than five trading days, the new issue price shall be used as the closing price for any trading day falling within the period before such listing. Upon acceptance of the option, the grantee shall pay HK$1 to our Company by way of consideration for the grant.

(iii) *Grant of option*

No offer of options shall be made after a price sensitive development has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced pursuant to the requirements of the Listing Rules. In particular, during the period of one month immediately preceding the earlier of (1) the date of the board meeting for approval of our Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (2) the deadline for our Company to publish an announcement of its results for any year or half-year under the Listing Rules or quarterly or any other interim period (whether or not required under the Listing Rules) and ending on the date of the results announcement, no option should be granted. Options may be granted to any company wholly-owned by a Participant.

(iv) *Maximum number of Shares*

(1) The total number of Shares which may be issued upon exercise of all options which may be granted under the Share Option Scheme and any other share option schemes of our Group shall not exceed 10% of the total number of Shares in issue immediately following completion of the Global Offering (the "**Scheme Mandate Limit**") (being 100,000,000 Shares, without taking into account any Shares which may be allotted

and issued upon the exercise of the Over-allotment Option or the options granted under the Share Option Schemes) unless our Company obtains a fresh approval from the Shareholders pursuant to (2) below. Options lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company under which such options are granted, as the case may be, shall not be counted for the purpose of calculating whether the Scheme Mandate Limit has been exceeded.

(2) Our Company may seek approval of Shareholders in general meetings to refresh the Scheme Mandate Limit provided that the Scheme Mandate Limit so refreshed must not exceed 10% of the issued share capital of our Company as at the date of approval of the refreshment by the Shareholders. All options granted under the Share Option Scheme and any other share option schemes of our Company (including those outstanding, cancelled, lapsed in accordance with the Share Option Scheme and any other share option schemes of our Company and exercised options) prior to the approval of such refreshment shall not be counted for the purpose of calculating whether the refreshed Scheme Mandate Limit has been exceeded. In seeking the approval, our Company shall send a circular to the Shareholders.

(3) Our Company may grant options to Participant(s) beyond the Scheme Mandate Limit if the grant of such options is specifically approved by the Shareholders in general meeting. In seeking such approval, a circular must be sent to the Shareholders containing a generic description of the identified participants, the number and terms of the options to be granted, the purpose of granting options to the identified Participants, and how these options serve such purpose.

Notwithstanding the above, the maximum number of Shares which may be issued upon exercise of all outstanding options granted and not yet exercised under the Share Option Scheme and any other share option schemes of our Company shall not exceed 30% of the Shares in issue from time to time.

No Participant shall be granted an option if the total number of Shares issued and to be issued upon exercise of the options granted and to be granted (including both exercised and outstanding options) in any 12-month period up to the date of the proposed grant to such Participant would exceed 1% of the Shares for the time being in issue unless the proposed grant has been approved by the Shareholders in general meeting with the proposed grantee and his associates abstaining from voting. A circular must be sent to the Shareholders disclosing the identity of the proposed grantee and the number and terms of the options granted and to be granted. The number and terms of options to be granted to such proposed grantee must be fixed before the Shareholders' approval and the date of meeting of the Board for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

Any grant of option to the Directors, chief executive or substantial Shareholders (as defined in the Listing Rules) or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee of the option).

Where any grant of option is made to a substantial Shareholder (as defined in the Listing Rules) or an independent non-executive Director or any of their respective associates and the proposed grant of option, when aggregated with the options already granted and to be granted (including exercised, cancelled and outstanding options) to such person(s) in the 12-month period up to the date of such grant, would entitle such person(s) to subscribe for over 0.1% of the Shares and having an aggregate value in excess of HK$5,000,000 based on the closing price of the Shares on the date of each grant, then the proposed grant of option must be subject to approval by Shareholders in accordance with the Listing Rules. A circular must be prepared by our Company explaining the proposed grant of option, disclosing the number and terms of the option proposed to be granted. The Shareholders' approval as described above will also be required for any change in the terms of any options granted to a substantial Shareholder or an independent non-executive Director or any of their respective associates.

(v) *Time of exercise of option*

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may in its absolute discretion determine which shall not be more than ten years from the date of grant of the option and subject to the provisions of early termination thereof and the Board may provide restrictions on the exercise of an option.

(vi) *Rights are personal to grantee*

An option shall be personal to the grantee and shall not be transferable or assignable and no grantee shall sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any option. In the event that the option is granted to a company wholly-owned by a Participant, such Participant shall not sell, transfer, encumber, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to the share capital of such company wholly-owned by him. Any breach of the foregoing shall render the outstanding options having automatically lapsed.

(vii) *Rights on ceasing employment*

In the event of the grantee (or the beneficial owner of the grantee in the event that the option is granted to a company wholly-owned by the Participant), being an Employee on the date of grant, ceasing to be an Employee for any reason, other than death or the termination of employment on any of the grounds referred to in (ix) below, the grantee may exercise the option up to his entitlement at the date of cessation (to the extent which has become exercisable and not already exercised) within the period of one month following the date of such cessation, which date shall be the last actual working day with our Company or the relevant member of our Group or the relevant Invested Entity whether salary is paid in lieu of notice or not or such longer period following the date of cessation as the Board may determine (provided that the retirement of director(s) of our Group or the relevant Invested Entity pursuant to the articles of association or bye-laws of the relevant member of our Group or the relevant Invested Entity at an annual general meeting of such member or Invested Entity who is/are re-elected at the same annual general meeting shall not be regarded as ceasing employment for the purpose of this paragraph).

(viii) *Rights on death*

In the event of the death of the grantee (or the beneficial owner of the grantee in the event that the option is granted to a company wholly-owned by a Participant) and provided that in the event the grantee (or the beneficial owner of the grantee, as the case may be) being an Employee on the date of grant, none of the events which would be a ground for termination of employment referred to in (ix) below arises prior to the death, the legal personal representative(s) of the grantee shall be entitled within a period of 12 months from the date of death to exercise the option up to the entitlement of such grantee as at the date of death (to the extent which has become exercisable and not already exercised).

(ix) *Rights on dismissal*

In the event the grantee (or the beneficial owner of the grantee in the event that the option is granted to a company wholly-owned by a Participant), being an Employee on the date of grant, ceases to be an Employee by reason of termination of employment on the grounds that he has been guilty of misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract with our Company or the relevant member of our Group or the relevant Invested Entity, his option shall lapse automatically (to the extent not already exercised) on the date on which the grantee ceases to be an Employee.

(x) *Effect of alterations to capital*

In the event of any alteration to the capital structure of our Company (other than an issue of Shares as consideration in respect of a transaction to which our Company is a party or a placing or subscription of Shares in cash) pursuant to a capitalisation issue, rights issue, sub-division or consolidation of shares or reduction of capital while any option remains exercisable, such corresponding alterations (if any), certified by an independent financial adviser or the auditors of our Company for the time being as fair and reasonable and in accordance with the requirements set out in this paragraph, shall be made in the number of Shares subject to the option so far as unexercised; and/or the subscription price; and/or the maximum number of Shares referred to in sub-paragraph (iv) above, provided that no alteration shall be made such that a Share would be issued at less than its nominal value (and in such case the subscription price shall be reduced to the nominal value) or which would give a grantee a different proportion of the issued share capital of our Company as that to which he was previously entitled. Any adjustment made to the exercise price of, and/or the number of Shares subject to, any options must comply with the Listing Rules and the supplemental guidance issued by the Stock Exchange on 5 September 2005.

(xi) *Rights on a general offer*

If a general offer or partial offer (whether by takeover offer, share repurchase offer or scheme of arrangement or otherwise in like manner) is made to all Shareholders (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional, the grantee shall be entitled to exercise the option in full (to the extent which has become exercisable and not already exercised) at any time within fourteen (14) days after the date on which the offer becomes or is declared unconditional.

(xii) *Rights on winding up*

In the event a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind up our Company, our Company shall on the same date as or soon after it despatches such notice to each member of our Company give notice thereof to all grantees and thereupon, each grantee (or, as the case may be, his legal personal representatives) shall be entitled to exercise all or any of his options (to the extent which has become exercisable and not already exercised) at any time not later than five business days prior to the proposed general meeting of our Company whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting allot the relevant Shares to the grantee credited as fully paid.

(xiii) *Rights on a compromise or arrangement*

In the event of a compromise or arrangement between our Company and its creditors (or any class of them) or between our Company and its members (or any class of them), in connection with a scheme for the reconstruction or amalgamation of our Company, our Company shall give notice thereof to all grantees on the same day as or soon after it gives notice of the meeting to its members or creditors to consider such a scheme or arrangement, and thereupon any grantee (or his or her legal representative(s)) may forthwith and until the expiry of the period commencing from such date and ending on the earlier of the date falling two calendar months thereafter or the date on which such compromise or arrangement is sanctioned by Court, exercise his or her option (to the extent which has become exercisable and not already exercised), but the exercise of the option shall be conditional upon such compromise or arrangement being sanctioned by the Court and becoming effective. Our Company may thereafter require such grantee to transfer or otherwise deal with the Shares issued as a result of such exercise of his or her option so as to place the grantee in the same position as nearly as possible as would have been the case had such Shares been subject to such compromise or arrangement.

(xiv) *Lapse of option*

An option shall lapse automatically (to the extent not already exercised) on the earliest of:

(1) the expiry of the option period;

(2) the date on which the grantee commits a breach of (vi) above;

(3) the expiry of any of the periods referred to in (vii) and (viii) above;

(4) the date on which the offer (or, as the case may be revised offer) referred to (xi) above closes;

(5) subject to (xii) above, the date of commencement of the winding-up of our Company;

(6) subject to the proposed compromise or arrangement becoming effective, the expiry of the period referred to in (xii) above;

(7) the date on which the grantee (or the beneficial owner of the grantee in the event that the option is granted to a company wholly-owned by the Participant) ceasing to be an employee by reason of (ix) above; or

(8) the date on which the Board shall at its absolute discretion determine that the grantee (other than an Employee) has committed any breach of contract entered into between the grantee and our Group or any Invested Entity.

(xv) *Ranking of Shares*

The Shares to be allotted upon the exercise of an option will be subject to all provisions of the articles of association of our Company and the Companies Law for the time being in force and will rank pari passu in all respects with the fully paid Shares in issue on the date when the name of the grantee is registered on the register of members of our Company and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after such date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before such date.

Unless the context otherwise requires, reference to “**Shares**” in this paragraph include shares in our Company of any other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of such shares from time to time of our Company.

(xvi) *Duration of the Share Option Scheme*

Our Company by resolution in general meeting or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further option will be offered but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects to the extent necessary to give effect to the exercise of options (to the extent not already exercised) granted prior to such termination.

Subject to the aforesaid, the Share Option Scheme shall be valid and effective for a period of ten years commencing from the date on which the Share Option Scheme becomes effective, after which period no further options will be granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects to the extent necessary to give effect to the exercise of any options granted prior thereto.

(xvii) *Alterations to the Share Option Scheme*

The Share Option Scheme may be altered in any respect by resolution of the Board except that alterations to the provisions of the Share Option Scheme relating to (1) matters set out in Rule 17.03 of the Listing Rules to the advantage of grantees or prospective grantees; (2) the authority of the Board in relation to any alteration to the terms of the Scheme; (3) the terms and conditions of the Share Option Scheme which are of a material nature or the terms of the options granted (except where such alterations take effect automatically under the existing terms of the Share Option Scheme) must be approved by Shareholders.

(xviii) *Cancellation of options granted*

Any cancellation of options granted but not exercised must be approved by the Board. Where any option is cancelled and new options are to be issued to the same Participant, the issue of such new option may only be made under the Share Option Scheme with available unissued options (excluding the cancelled options) within the limit approved by Shareholders as set out in (iv) above.

(xix) *Performance target*

There is no performance target that must be achieved before the options can be exercised.

(xx) *Value of option*

The Directors consider it inappropriate to disclose the value of options which may be granted under the Share Option Scheme as if they had been granted as at the Latest Practicable Date. Any such valuation will have to be made on the basis of certain option pricing model or other methodology, which depends on various assumptions including the exercise price, exercise period, interest rate, expected volatility and other variables. As no option has been granted, certain variables are not available for calculating the value of options. The Directors believe that any calculation of the value of options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to the investors.

(xxi) *Conditions of the Share Option Scheme*

The Share Option Scheme is conditional upon (1) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned herein, and any Shares to be issued pursuant to the exercise of options under the Share Option Scheme; (2) the obligations of the Underwriters under the Underwriting Agreements having become unconditional and not being terminated in accordance with the terms thereof or otherwise; and (3) the commencement of trading in Shares on the Stock Exchange on or before the Listing Date.

(b) ***Present status of the Share Option Scheme***

(i) *Approval of the Listing Committee required*

The Share Option Scheme is conditional on the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, such number of Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, such number being not less than that of the Scheme Mandate Limit.

(ii) *Application for approval*

Application has been made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Shares to be issued within the Scheme Mandate Limit pursuant to the exercise of any options which may be granted under the Share Option Scheme.

(iii) *Grant of option*

As at the date of this prospectus, no options have been granted or agreed to be granted under the Share Option Scheme.

18. **Estate duty, tax and other indemnities**

Each of Waverley Star, Great Wall International and Great Wall Enterprise (together the "**Indemnifiers**") has, under a deed of indemnity referred to in sub-paragraph (d) of the paragraph headed "Summary of material contracts" in this Appendix, jointly and severally covenanted with our Company (for itself and on behalf of other members of our Group) that they will pay to our Company and/or other members of our Group in respect of taxation which might be payable by any member of our Group on or before the date on which the Global Offering becomes unconditional (the "**Effective Date**"). The deed of indemnity does not prescribe any time limit for claims to be made under the tax indemnity.

The Indemnifiers will, however, not be liable under the deed of indemnity for taxation:

(a) to the extent that provision or reserve has been made for such taxation in the accountants' report of our Group for the three years ended 31 December 2006 and the five months ended 31 May 2007 as set out in Appendix I to this prospectus and (where applicable) provision or reserve for which will be made in the audited accounts of the relevant member of the Group covering the period from 1 June 2007 to the Effective Date and basis consistent with that made in the said audited accounts; or

(b) to the taxation falling on any member of our Group in respect of their current accounting periods or any accounting period commencing on or after Effective Date unless liability for such taxation would not have arisen but for some act or omission of, or transaction voluntarily effected by, any of the members of our Group (whether above or in conjunction with some other act, a mission or transaction, whenever occurring) without the prior written consent or agreement of the Indemnifiers other than any such act, omission or transaction:

    (1) carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets on or before the Effective Date; or

    (2) carried out, made or entered into pursuant to a legally binding commitment created on or before the Effective Date; or

    (3) consisting of any member of our Group ceasing, or being deemed to cease, to be a member of any group of companies or being associated with any other company for the purposes of any matter of the taxation; or

(c) to the extent of any provisions or reserve made for taxation in the accountants' report of our Group for the three years ended 31 December 2006 and the five months ended 31 May 2007 as set out in Appendix I to this prospectus which is finally established to be an over-provision or an excessive reserve provided that the amount of any such provision or reserve applied to reduce the Indemnifiers' liability in respect of taxation shall not be available in respect of any such liability arising thereafter; or

(d) to any incomes, profits or gains earned, accrued or received by any member of our Group or any event occurred after the Effective Date.

Under the deed of indemnity, the Indemnifiers have also jointly and severally undertaken to indemnify our Group against any damages, losses or liabilities which are or become payable or suffered by any member of our Group as a direct or indirect result of the title defects of the land or property of our Group after Listing, details of which are as follows:

(a) any failure of our Group in obtaining the relevant title certificate in respect of property no. 8 set out in the section headed "Group I — Property interests owned and occupied by our Group in the PRC" in Appendix IV to this prospectus;

(b) any failure of the relevant landlords in obtaining the relevant title certificate in respect of properties nos. 29, 34, 35, 38 and 43 set out in the section headed "Group VI — Property interests rented and occupied by our Group in the PRC" in Appendix IV to this prospectus;

(c) non-registration of the relevant tenancy agreement relating to property no. 31 set out in the section headed "Group VI — Property interests rented and occupied by our Group in the PRC" in Appendix IV to this prospectus; and

(d) non-compliance with the applicable laws and regulations arising from the use by our Group of properties erected on collective lands, being properties nos. 40 and 41 set out in the section headed "Group VI — Property interests rented and occupied by our Group in the PRC" in Appendix IV to this prospectus.

Our Directors have been advised that no material liability for estate duty under the laws of Cayman Islands, the PRC, Vietnam, Malaysia or Hong Kong, would likely fall on any member of our Group.

19. **Litigation**

Our Directors confirm that, as at the Latest Practicable Date, no member of our Group was engaged in any litigation, arbitration or claim of material importance and, no litigation, arbitration or claim of material importance was pending or threatened against any member of our Group.

20. **Sponsor**

The Sponsor has made an application on behalf of our Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned herein (including any Shares to be issued pursuant to the exercise of the Over-allotment Option and any Shares to be to be issued within the Scheme Mandate Limit pursuant to the exercise of any options that may be granted under the Share Option Scheme).

Save for an advisory and documentation fee, the Sponsor will not receive any agency fee or commission.

The Sponsor (as compliance adviser of our Company) will also receive normal professional fees in connection with the advisory services to be provided to our Company for a period commencing on the Listing Date and ending on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the Listing Date.

21. **The Global Coordinator**

The Global Coordinator and its affiliates may engage in transactions with, and perform services for, our Company and its subsidiaries or affiliates in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company, for which they have received, and may in the future receive, customary compensation.

22. **Preliminary expenses**

The preliminary expenses of our Company are estimated to be approximately USD6,800 and are payable by our Company.

23. **Promoter**

There is no promoter of our Company.

24. **Qualifications and consents of experts**

The qualifications of the experts who have given opinions or whose names are referred to in this prospectus are as follows:

Name	**Qualifications**
Appleby	Cayman Islands attorneys-at-law
Cazenove Asia Limited	A licensed corporation under SFO permitted to engage in types 1, 4, 6 and 9 regulated activities (as defined in SFO)
Kadir, Andri & Partners	Licensed legal adviser on Malaysian law
King & Wood PRC Lawyers	Licensed legal adviser on the PRC law
Kirkpatrick & Lockhart Preston Gates Ellis	Licensed legal adviser on Taiwan law
KPMG	Certified Public Accountants
Sallmanns (Far East) Limited	Property valuer
Vision & Associates Legal	Licensed legal adviser on Vietnamese law

Each of Appleby, Cazenove Asia Limited, Kadir, Andri & Partners, King & Wood PRC Lawyers, Kirkpatrick & Lockhart Preston Gates Ellis, KPMG, Sallmanns (Far East) Limited and Vision & Associates Legal has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or opinion and summaries of opinion (as the case may be) and/or the references to its name in the form and context in which they are respectively included.

None of the experts named in this paragraph headed "Qualifications and consents of experts" in this Appendix has any shareholding interests in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

25. **Binding effect**

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance insofar as applicable.

26. **Bilingual prospectus**

Pursuant to Rule 11.14 of the Listing Rules and section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), the English language and Chinese language versions of this prospectus are being published separately but are available to the public at the same time.

27. **Miscellaneous**

(a) Save as disclosed in this prospectus, within the two years preceding the date of this prospectus:

(i) no share or loan capital of our Company or any of its subsidiaries had been issued or agreed to be issued or was proposed to be issued fully or partly paid either for cash or for a consideration other than cash;

(ii) no share or loan capital of our Company or any of its subsidiaries was under option or was agreed conditionally or unconditionally to be put under option;

(iii) no commission had been paid or payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure the subscriptions, for any share in our Company or any of its subsidiaries; and

(iv) no commissions, discounts, brokerages or other special terms had been granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries.

(b) Our Directors have confirmed that (i) save as disclosed under the paragraph headed "Net current assets/liabilities" in the section headed "Financial information" in this prospectus, there has been no material adverse change in the financial or trading positions of our Group since 31 May 2007 (being the date to which the latest audited combined financial information of our Group were made up); and (ii) there had not been any interruption in the business of our Group which might have or have had a material adverse effect on the financial position of our Group in the two years immediately preceding the date of this prospectus.

(c) Our Company has no founder, management or deferred shares.

(d) No securities of our Group are listed, and no listing of any such securities is proposed to be sought, on any other stock exchange.

(e) All necessary arrangements have been made to enable the Shares to be admitted into CCASS.

(f) Our Group had not issued any debentures nor did it have any outstanding debentures nor any convertible debt securities as at the Latest Practicable Date.

28. **Particulars of the Selling Shareholder**

The Selling Shareholder of the Sale Shares is PVP, an investment company with registered office at 168 Robinson Road, #37-01 Capital Tower, Singapore (068912).

PVP is a wholly-owned subsidiary of Government of Singapore Investment Corporation (Ventures) Pte. Ltd.

None of the Directors are interested in the Sale Shares.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were copies of the **WHITE**, **YELLOW** and **PINK** Application Forms, the written consents referred to in the paragraph headed "Qualifications and consents of experts" in Appendix VI to this prospectus, a statement of particulars of the Selling Shareholder, the statement of adjustments to the accountants' report set out in Appendix I to this prospectus and copies of the material contracts referred to in the paragraph headed "Summary of material contracts" in Appendix VI to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Kirkpatrick & Lockhart Preston Gates Ellis at 35th Floor, Two International Finance Centre, Central, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. up to and including the date which is 14 days from the date of this prospectus:

(1) the Memorandum and Articles;

(2) the accountants' report prepared by KPMG, the text of which is set out in Appendix I to this prospectus and the related statement of adjustments;

(3) the audited financial statements of the companies now comprising our Group under statutory requirements for each of the three years ended 31 December 2006 (or for the period since their respective dates of incorporation/establishment where it is shorter);

(4) the letter received from KPMG on unaudited pro forma financial information of our Group, the text of which is set out in Appendix II to this prospectus;

(5) the letters from KPMG and Cazenove relating to the profit forecast, the texts of which are set out in Appendix III to this prospectus;

(6) the letter, summary of values and valuation certificates relating to the property interests of our Group prepared by Sallmanns (Far East) Limited, the texts of which are set out in Appendix IV to this prospectus;

(7) the letter prepared by Appleby summarising certain aspects of company law referred to in Appendix V to this prospectus;

(8) the material contracts referred to in the paragraph headed "Summary of material contracts" in Appendix VI to this prospectus;

(9) the service contracts referred to in the paragraph headed "Particulars of service contracts" in Appendix VI to this prospectus;

(10) the written consents referred to in the paragraph headed "Qualifications and consents of experts" in Appendix VI to this prospectus;

(11) the legal opinions prepared by King & Wood PRC Lawyers, our legal adviser as to the PRC law, in respect of certain aspects of our Group and our property interests;

(12) the legal opinion issued by Kirkpatrick & Lockhart Preston Gates Ellis, our legal adviser as to Taiwan law, in respect of, inter alia, the Corporate Reorganisation;

(13) the legal opinion issued by Kadir Andri & Partners, our legal adviser as to Malaysia law, in respect of certain aspects of Great Wall Malaysia;

(14) the legal opinion issued by Vision & Associates Legal, our legal adviser as to Vietnam laws, in respect of certain aspects of ANT-HN, ANT-LA and ANT-VN;

(15) the rules of the Share Option Scheme;

(16) the Companies Law; and

(17) the statement of particulars of the Selling Shareholder.