*In addition to other information in this prospectus, you should carefully consider the following risk factors before making an investment in the Shares. Our business, financial condition or results of operations could be materially adversely affected by any of these risks. Additional risks and uncertainties not presently known to us, or not expressed or implied below, or that we currently deem to be immaterial, could also materially adversely affect our business, financial condition and results of operations. The trading price of the Shares could decline due to any of these risks and you may lose all or part of your investment.*

There are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (a) risks relating to our business and industry, (b) risks relating to conducting business in the PRC, and (c) risks relating to the Global Offering and our Shares.

## RISKS RELATING TO OUR BUSINESS AND INDUSTRY

### We have experienced rapid growth in a relatively short period of time and may not be able to maintain similar rates of growth in the future.

During the Track Record Period, we expanded significantly and our revenue increased from approximately RMB36.3 million for the year ended December 31, 2010 to approximately RMB337.1 million for the year ended December 31, 2012, representing a CAGR of approximately 204.8%. Our revenue increased by 71.4% from RMB188.3 million for the eight months ended August 31, 2012 to RMB322.9 million for the eight months ended August 31, 2013. Revenue generated from sales of our cooking wine products increased from approximately RMB15.1 million for the year ended December 31, 2010 to approximately RMB292.3 million for the year ended December 31, 2012, representing a CAGR of approximately 339.6%. Revenue generated from sales of cooking wine products increased by 49.2% from RMB156.2 million for the eight months ended August 31, 2012 to RMB233.1 million for the eight months ended August 31, 2013.

We expect to continue expanding our sales and operations. However, our expansion strategy may be hindered and there is no assurance that we would be able to manage our future expansion effectively. In particular, we have implemented significant changes in our business model during the Track Record Period, including focusing our business operations on cooking wine products and discontinuing distribution and procurement arrangements with Zhong Wei. At the beginning of the Track Record Period, we primarily functioned as a manufacturing platform, and Zhong Wei as the centralized sales and procurement channel, for our Controlling Shareholder's overall condiment business. Our products were historically sold through Zhong Wei and substantially all of our products were distributed through Zhong Wei in 2010. In addition, we purchased a majority of our raw materials from Zhong Wei in 2010. Since the end of 2010, we have been selling products directly to distributors nationwide rather than to Zhong Wei and increasingly purchasing our raw materials directly from third party suppliers. Our sales to Zhong Wei, as a percentage of our total sales, was 94.5%, 41.4%, 1.5% and 0.2% in 2010, 2011, 2012 and the eight months ended August 31, 2013, respectively, while our procurement from Zhong Wei, as a percentage of our total procurement, was 29.9%, 41.4%, 8.5% and 3.8%, respectively, during the same periods. See "Business — The Development of Our Business Model". As a result, our past performance may not be indicative of our future results. In addition, the growth of our business will impose substantial demands on our managerial, operational, financial and other resources and increase our working capital needs.

Our ability to grow our business is subject to other risks and uncertainties, including our ability to:

- compete effectively with companies in the condiment industry, particularly in the cooking wine segment, some of which have longer operating histories and greater financial resources than we do;
- offer commercially successful products to attract a larger base of consumers;
- increase sales and marketing activities and promote customer awareness and acceptance of our products;
- successfully streamline our product offerings and focus on high-end to premium products in accordance with our business strategies;
- continue our existing arrangements with suppliers or distributors and enter into new arrangements with additional suppliers or distributors;
- manufacture and deliver products in a timely manner and in sufficient quantities;
- expand manufacturing capacities and ramp up operations;
- manage our raw material supplies and sourcing costs;
- maintain sufficient cash and financing to fund our expansion plans and business operations; and
- retain our management and skilled staff in research and development, production line operations and sales and marketing and attract additional key qualified personnel in order to keep pace with our growth.

If we are unsuccessful in addressing any of these risks and uncertainties, our business, financial condition, cash flows, results of operations and growth will be materially adversely affected.

**We depend primarily upon sales of our cooking wine products and a decline in the growth of demand for these products would have a material adverse effect on our operating results and growth prospects.**

In 2010, 2011, 2012 and the eight months ended August 31, 2013, we generated approximately 46.5%, 54.9%, 86.6% and 72.3% of our revenue from sales of our cooking wine products, respectively, and we expect to continue to depend upon sales of our cooking wine products for at least a substantial majority of our revenue in the foreseeable future. Because we are dependent on a single line of products, factors such as changes in consumer preferences may have a disproportionately greater impact on us than if we derive significant revenue from multiple lines of products. There can be no assurance that our cooking wine products will hold long-term consumer appeal. If consumer interest in cooking wine products or condiment products in general declines, we may experience a significant loss of sales, cancellation of orders from customers, loss of customers, excess inventories, inventory markdowns and deterioration of our brand image, and lower revenues and gross and operating margins as a result of price reductions and may be forced to liquidate excess inventories at a discount, any or all of which would have a material adverse impact on our operating results and growth prospects.

**We face intense competition which may affect our market share and profit margins.**

The PRC condiment market, including the cooking wine segment, is highly competitive and fragmented. According to the Euromonitor Report, as of December 31, 2012, there were more than 1,000 cooking wine manufacturers in China which were mainly small- to medium-sized ones competing at a regional level. Our larger competitors may have a longer operating history in the market, greater production, financial, research and development, and marketing capabilities than us. We cannot assure you that our current or potential competitors will not provide products comparable to or superior than ours, offer products at competitive prices or adapt more quickly than we do to evolving industry trends or changing market conditions. There is also the possibility of consolidation in the condiment industry, particularly the cooking wine segment, in the PRC among our competitors or that alliances may develop among our competitors whereby these alliances may acquire significant market share rapidly or that some of our competitors may commence production of products similar to those we offer.

Furthermore, our competitors may increase substantially their advertising expenses and promotional activities or engage in irrational or predatory pricing behavior. We cannot assure you that our competitors will not actively engage in activities, whether legal or not, designed to undermine our brand and product quality or to influence consumer confidence in our products. Increased competition may result in price reduction, reduced profit margins and a loss of our market share, any of which may have a material adverse effect on our business, financial condition and results of operations.

**We depend on a stable and adequate supply of quality raw materials which are subject to price volatility and other risks.**

For each of the years ended December 31, 2010, 2011, 2012 and the eight months ended August 31, 2013, our cost of raw materials accounted for approximately 68.0%, 69.6%, 71.7% and 71.4%, respectively, of our total cost of sales over the same periods. As a result, our production volume and production costs depend on our ability to source quality raw materials, such as rice, soy beans and wheat, at competitive prices. We procure all of our raw materials from the domestic markets. If we are unable to obtain raw materials in the quantities and of a quality that we require, our production volume, quality of products and profit margins may be adversely affected. In addition, raw materials used in our production are subject to price volatility caused by external conditions, such as market supply and demand, climate, environmental conditions, commodity price fluctuations, currency fluctuations, changes in governmental policies and natural disasters. In particular, the price of rice, our key raw material, has increased significantly in recent years. See "Industry Overview — the PRC Cooking Wine Market — Cooking Wine Manufacturing Methods in China" for the fluctuation of rice price in recent years. We expect increases in our cost of raw materials, including rice, to continue. Furthermore, the price of rice in the PRC market has been heavily subsidized by the PRC Government, resulting in a significant gap with the prevailing price in the international market. However, there can be no assurance that the price of rice in the PRC market will continue to be subsidized at the same level, or at all. In addition, our ability to pass increased raw material costs on to our customers may be limited by competitive pressure. We cannot assure you that we will be able to raise the prices of our products sufficiently to cover increased costs resulting from increases in the cost of our raw materials or overcome the interruption of sufficient supply of qualified raw materials for our products. As a result, any significant price increase of our raw materials may have an adverse effect on our profitability and results of operations.

**We rely on our distributors to distribute and sell our products over whom we have limited control and our high distributor concentration exposes us to risks of fluctuations in our sales to major distributors from period to period.**

We primarily sell our products to distributors that sell our products directly, or through their sub-distributors, to retailers and catering service operators. As of December 31, 2010, 2011, 2012 and August 31, 2013, we had one, 290, 427 and 214 distributors, respectively. For each of the years ended December 31, 2010, 2011, 2012 and the eight months ended August 31, 2013, sales to our distributors in aggregate, accounted for approximately 94.5%, 99.6%, 96.4% and 96.9%, of our total sales of goods, respectively. Our five largest distributors contributed 64.0% and 74.2% of our total revenue for the year ended December 31, 2012 and the eight months ended August 31, 2013, respectively. Our largest distributor contributed 15.3% and 23.5% of our total revenue during the same periods. We expect to continue to rely on our distributors, in particular, those major ones, for our sales. As such, the performance of our distributors, the maintenance of our relationships with major distributors and the ability of such distributors to distribute our products, uphold our brand, expand their businesses and sales network are crucial to the future growth of our business.

We have no ownership or managerial control over any of our distributors, and manage our distributors through our sales representatives who, among other things, monitor our distributors' compliance with our inventory management and pricing policies. However, we cannot assure you that our distributors will at all times strictly adhere to the terms and conditions under our distribution agreements. In addition, most of our distributors sell products produced by other manufacturers that compete directly with our products, which may, in certain circumstances, hinder or impact our distributors' ability or incentive to maximize sales of our products. If any of our distributors fails to distribute our products in a timely manner or in accordance with the terms of our distribution agreement, or at all, or if our distribution agreements are suspended, terminated or otherwise expired without renewal, our business, financial condition and results of operations may be materially adversely affected.

Our dependence on a limited number of major distributors may make it difficult for us to negotiate attractive prices for our products and expose us to the risks of substantial losses if a single major distributor stops conducting business with us. Any of the following events, among others, may cause material fluctuations or declines in our revenue and materially adversely affect our financial condition, cash flows, results of operations and prospects:

- a reduction in the quantity or price of cooking wine products purchased by one or more of our significant distributors and our failure to identify additional or replacement distributors in a timely manner;

- the loss of one or more of our significant distributors and our failure to obtain additional or replacement distributors that can replace lost sales volume at satisfactory prices or other terms; and

- the failure or inability of any of our significant distributors to make timely payment for our products.

In addition, while we have direct contractual arrangements with our Categories A, B and C distributors, we do not have any contractual arrangements with our Category D distributors. Nor do we have any contractual arrangements with any of our sub-distributors or the customers of these sub-distributors, such as retailers, and we rely on our distributors to manage their sales practices. As a result, we have limited control over the ultimate retail sales by these distributors, sub-distributors or their customers. There may be instances when these distributors, sub-distributors or their customers carry out actions which are not consistent with our business strategy, such as failure to follow our pricing policy and participate in our marketing and promotional activities. This inconsistency may, in turn, materially adversely affect our business, financial condition and results of operations.

**Our sales are geographically concentrated in a few regional markets in China, including Zhejiang Province, Shanghai, Guangdong Province, Liaoning Province, Shandong Province and Beijing.**

Approximately 72.7%, 61.7%, 84.5% and 88.0% of our revenue from sales of goods for the years ended December 31, 2010, 2011, 2012 and for the eight months ended August 31, 2013 were contributed by sales in a few regional markets in China, including Zhejiang Province, Shanghai, Guangdong Province, Liaoning Province, Shandong Province and Beijing. We expect our sales in these regions to continue to account for significant portions of our total sales of goods in the near future and we will continue to depend heavily on the general economic conditions and consumer preferences in these regions. If there is any material adverse change in the economic and social conditions or sudden change in consumer preferences in these regions, and if we are unable to divert our sales to other regions in the PRC in a timely manner, our business, financial condition and results of operations may be materially adversely affected.

**Failure to respond to changes in consumer preferences, perception and/or consumption pattern may materially adversely affect our business, financial condition and results of operations.**

The food industry is subject to rapid changes in consumer preferences, perception and/or consumption pattern. Our future success will depend partly on our ability to predict accurately our consumer preferences and demands, anticipate or adapt to such changes in consumption pattern and to offer, on a timely basis, new products that meet changes in consumer preferences. Any failure to adapt our product offering to such changes may result in a decrease in our sales. Any changes in consumer preferences may also result in lower sales of our products, adverse changes in our product mix causing reduced sales of high-end or premium cooking wine products, increase pressure on the pricing of our products or increase selling and promotional expenses incurred by us. In these circumstances, our business, financial condition and results of operations may be materially adversely affected.

**We may not gain market acceptance for any new products we introduce.**

Our success relies, in part, upon our ability to introduce new products, flavors and packaging successfully, which in turn depends on our ability to anticipate the consumer preference, including the dietary habit of consumers and to market our products in ways that would appeal to their preferences. We cannot assure you that our new products such as our premium soy sauce product, Tai Soy Sauce (太油), which is expected to be launched in early 2014, will gain market acceptance. Consumer preferences change, and our products may fail to meet the particular preferences of consumers, or may be unable to replace their existing preferences. Our failure to anticipate, identify or react to these particular preferences or changes may limit the demand for any new products we introduce, which may result in us not being able to recover our development, production and marketing costs. If this occurs, our business, financial condition and results of operations may be materially adversely affected.

**Loss of service of our Chairman and other key personnel or any failure to attract and retain necessary talents may materially adversely affect our business, financial condition and results of operations.**

The success of our business has and will continue to depend on the continuing service of our key employees. In particular, we rely on the expertise and experience of Mr. Chen, our founder, Chairman and Chief Executive Officer, who has over 20 years of experience in the condiment industry in the PRC and possesses information regarding the research, development and intellectual property related to our products, including the trade-secret cooking wine recipes. Mr. Chen is the only person that has full access to such trade-secret recipes. We entered into the Exclusive Recipes Licensing Agreement with Mr. Chen in January 2013, pursuant to which Mr. Chen granted us an exclusive right to use his trade-secret cooking wine recipes for free in the manufacturing of our products until we cease our operations. Mr. Chen agreed not to license such recipes to any other third parties so long as the Exclusive Recipes Licensing Agreement is in force. Mr. Chen further entered into a Recipes Transfer Agreement with us in August 2013, transferring the trade-secret cooking wine recipes to us for nominal consideration and the transfer is to become effective on the Listing Date. See "Connected Transactions — Continuing Connected Transactions — Exempted Continuing Connected Transaction". However, there is no assurance that the Exclusive Recipes Licensing Agreement or the Recipes Transfer Agreement will be implemented as agreed and there may be risks with respect to their enforcement. If we lose the services of Mr. Chen, or the Exclusive Recipes Licensing Agreement or the Recipes Transfer Agreement is not implemented as agreed, we may be unable to retrieve such trade-secrets recipes, produce cooking wine products with traditional recipes and brewing techniques, or find a suitable replacement for him with comparable knowledge and experience. This may result in decreased consumer confidence in and reduced market demand for our cooking wine products and our business, financial condition and results of operations may be materially adversely affected.

Certain other members of our senior management team, including Mr. SHENG Mingjian and Mr. WANG Chao, have extensive experience in the condiment industry in the PRC and play an important role in our daily operations and implementing our business strategies. The loss of the services of any of these key executives could have a material adverse effect on our business and operations.

In addition, our success depends on our ability to attract and retain talented personnel, in particular, our front-line sales representatives as well as research and development personnel. We may not be able to attract or retain all the key personnel we need. We may also need to offer better remuneration and other benefits to attract and retain key personnel and therefore cannot assure you that we will have the resources to fully achieve our staffing needs. Our failure to attract and retain competent personnel, and any increase in staffing costs to retain such personnel may have a negative impact on our ability to maintain our competitive position and to grow our business.

**Our insurance coverage may not be adequate to cover all the risks related to our business and operations, which may materially adversely affect our business, financial condition and results of operations.**

Our insurance coverage may not adequately protect us against all risks relating to our business and operations. Although we maintain property insurance with respect to our inventories, including our base wine and semi-finished vinegar products, we do not have third-party liability, product liability or business interruption insurance coverage for our operations, except for work-related injury insurance for employees as required under the relevant PRC laws and regulations. In particular, the property insurance of our base wine only covers risk of natural disasters and certain accidents such as fire and explosion and is subject to terms and conditions under the insurance policies, including the maximum amount we may claim. We cannot assure you that we may be adequately compensated when making claims under the insurance policies or at all. Moreover, as our stock of base wine required in our production undergoes an aging process, we may not be able to recover from damages or interruptions caused to our stock of base wine in a timely manner or at all. As a similar stock of base wine may not be readily available, monetary damages we claim for under the insurance policies may not be adequate or meaningful for procuring replacement of base wine from third parties. We may have to incur significant time to build up a stock of base wine, which may materially adversely interrupt our production and sales of cooking wine products and affect our ability to fulfill the market demand. In addition, there is no assurance that we will be able to maintain sufficient insurance coverage in the future. As a result, losses incurred as a result of any defective product claim, business interruption, litigation or natural disaster may have a material adverse effect on our business, financial condition and results of operations.

**Our business and reputation may be affected by product liability claims, food safety concerns, litigation, customer complaints, product tampering, quality control concerns or adverse publicity in relation to our products.**

Like other consumer products, the sale of our products involves an inherent risk of our products being found to be unfit for human consumption, causing illness or failing to pass third-party tests. Food products may be rendered unfit for consumption due to product contamination or degeneration, illegal tampering by unauthorized third parties or other problems arising during the various stages of procurement, production transportation and storage. The occurrence of such incidents, including incidents such as the recent scandal involving the detection of plasticizer in food products manufactured by other companies, may result in customer complaints or adverse publicity causing serious damage to our reputation and brand, as well as product liability claims against us which may result in a loss in our sales. Under certain circumstances, we may be required to recall our products. We have not received any material customer complaints or material goods return requests or experienced any product recall due to product quality issues during the Track Record Period and up to the Latest Practicable Date. However, there is no assurance that we will not face any product liability claims or a product recall in the future. With China's increasing awareness of health and food safety in recent years, particularly following several high profile food safety cases, there is no assurance that the PRC Government would not promulgate more ominous laws and regulations on food safety or set more stringent requirements on quality control. Any significant failure or deterioration of our quality control system in respect of, among other things, our production process and product inspection, may seriously damage our product quality and have a material adverse effect on our reputation in the market among current or prospective customers. Consistent with the industry practice, we do not maintain product liability insurance in respect of our products sold in the PRC. Therefore, we may be held liable for the full amount of damages awarded against us if there is any product liability claim against us. A product liability judgment against us or a product recall may have a material adverse effect on our business, financial condition and results of operations.

Furthermore, adverse publicity, whether they are valid or not, may adversely affect the overall consumer food industry, consumer confidence in our products and our sales. Notwithstanding that a product liability claim against us is unsuccessful or is not fully pursued, any negative publicity on the safety or quality of our products may materially adversely affect our reputation, brand name and goodwill. If there is a decrease in consumer confidence as a result of health concerns or adverse publicity on our products, our business, financial condition and results of operations may be materially adversely affected.

**Our success depends to a large extent on our intellectual property rights and failure to protect such intellectual property rights or counterfeiting of our brand name may materially adversely affect our reputation and our ability to compete.**

Our trade secrets, trademarks, trade names, patents and other intellectual property rights are important to our business. As of the Latest Practicable Date, we had 25 patents registered in the PRC, all of which relate to our manufacturing process. Under the relevant PRC laws and regulations, invention and design patents are granted only for a term of 20 and ten years, respectively, and cannot be renewed upon expiry. The remaining life of our patents registered in the PRC ranges from six to 16 years from the Latest Practicable Date. Accordingly, upon expiration of such patents, we will cease to enjoy any protection afforded by the patents against third parties applying the relevant manufacturing process in the PRC.

Our intellectual properties may be infringed by third parties. Preventing intellectual property infringement, particularly in the PRC, is difficult, costly and time-consuming and the continued unauthorized use of our intellectual properties by unrelated third parties may damage our reputation, image and goodwill. We have in the past experienced limited instances of counterfeiting and imitation of our products, involving third-party cooking wine manufacturers imitating our patented packaging designs. These counterfeiting products may be of inferior quality and may have an adverse impact on our brand image. We cannot assure you that counterfeiting or imitation of our products will not occur again in the future or that if it does occur, we will be able to detect and address such incidences effectively. Any occurrence of counterfeiting or imitation could negatively impact our reputation and brand names and lead to loss of consumer confidence. Furthermore, counterfeiting and imitation of our products could result in a reduction of our market share, a decline in our sales and profitability as well as an increase in our administrative costs in respect of detection and prosecution, any of which may have a material adverse effect on our business, financial condition and results of operations.

We have licensed from Zhong Wei the exclusive rights to use “Lao Heng He” (“老恒和”) trademarks. We entered into a Registered Trademark Transfer Agreement in March 2013 and are currently in the process of transferring the above trademarks from Zhong Wei to Lao Heng He Wine, our wholly-owned subsidiary, with a nominal consideration of RMB1. The transfer process of registered trademark will typically be completed within six to ten months from the acceptance date of the application by the Trademark Office, and we expect such transfer to be completed by mid 2014. See “Business — Intellectual Property — Intellectual Property Licensed from Independent Third Parties”. While we have been advised by our PRC Legal Advisers that there is no substantive legal impediment for the completion of the transfer of the "Lao Heng He" ("老恒和") trademarks, if we fail to complete the transfer and the trademarks are infringed by third parties, we may not be able to defend such intellectual property rights on our own. As all of our products are branded under "Lao Heng He" (老恒和), failure to complete the transfer or any failure in defending such trademark infringements may have a material adverse effect on our business and results of operations.

In addition, our trade secrets are not registrable and are only protected by confidentiality agreements with our employees. In particular, certain of our employees have partial access to our trade-secret recipes of fermentation starter and cooking wine spices. We have entered into confidentiality agreements with all of our production, quality control, research and development employees that have direct access to our trade secrets, as well as our senior management. However, these agreements may not be strictly adhered to and if there is any breach of these confidentiality agreements, our trade secrets may become known to our competitors.

There is also no assurance that the measures we take to protect our intellectual property rights are adequate. If we are unable to protect our trade secrets (including our proprietary recipe of fermentation starter), trademarks, trade names, patents and other intellectual property rights effectively, our reputation, image and goodwill may be materially adversely affected and our ability to compete may also suffer.

**Our business, financial condition and results of operations could be materially adversely affected by claims by third parties for possible infringement of their intellectual property rights.**

Third parties, including our competitors, may claim that one or more of our products infringe their intellectual property rights. If a third party asserts that our products are infringing upon its intellectual property rights, this could cause expenses and, if successfully asserted against us, could require us to pay substantial damages and/or prevent us from selling our products. Although we may succeed in defending against these claims, any litigation regarding intellectual property could be costly and time-consuming, and could divert the attention of our management and key personnel from our business operations. Furthermore, as a result of an intellectual property challenge, we may find it necessary to enter into royalty licenses or other costly agreements, and we may not be able to obtain such agreements at all or on terms acceptable to us.

**We had net current liabilities during the Track Record Period and we cannot assure you that we will not experience net current liabilities in the future.**

Our current liabilities mainly comprise short-term bank borrowings, trade and bills payables and other payables while our current assets mainly comprise inventories, trade and bills receivables and other receivables. If we fail to generate current assets to the extent that the aggregate amount of our current assets on any given day exceeds the aggregate current liabilities on the same day, we will record net current liabilities. We had net current liabilities of approximately RMB8.5 million and RMB2.8 million as of December 31, 2011 and 2012, respectively. Such position was primarily attributable to bank borrowings to purchase rice to support our continuous business expansion. Although we had net current assets of approximately RMB40.3 million as of August 31, 2013, we cannot assure you that we will not have net current liabilities in the future. If we have significant net current liabilities, our working capital for purposes of our operations may be subject to constraints, which may have a material adverse effect on our business, financial condition and results of operations.

**We have relatively long inventory turnover days and our inventory may be subject to write-off if it is not effectively managed.**

Our inventory is categorized into raw materials, work-in-progress for our products and finished products. Our raw materials and finished products as a percentage of inventory are relatively low, comprising only 11.1% and 9.5% of our inventory as of December 31, 2012 and August 31, 2013, respectively. A significant majority of our inventory is work-in-progress, consisting of primarily base wine in earthen jars for our cooking wine products.

Our inventory turnover days increased significantly from 226 days in 2012 to 343 days for the eight months ended August 31, 2013. The relatively long inventory turnover days reflects our business model, in particular the necessity to stock up base wine in advance to maintain sufficient aged base wine for producing cooking wine products. In particular, we substantially increased the production and stock of base wine in order to keep pace with our expansion plan in 2013 in light of the continuing increase in demand for our cooking wine products, and in anticipation of the estimated proceeds we will receive from the Global Offering. As a result, we are subject to risks associated with the relatively long turnover days, including, among others, the requirement for additional working capital which may be tied up with our inventory, the increase in our costs relating to holding inventory and the risk that we may have to write off our inventory. Although our Directors are of the view that our inventory turnover days are in line with industry norm and in accordance with our business strategy of accumulating stock of base wine in anticipation of higher sales, we cannot assure you that we can effectively manage our inventory levels or would not have significant levels of obsolete or excessive inventory. In the event we cannot effectively manage our inventory levels or turnover days, our business, financial condition and results of operations could be materially adversely affected.

**We may require additional capital and any failure by us to raise additional capital on terms favorable to us, or at all, could limit our ability to expand our business.**

We may require additional capital to finance our operations and to support our expansion plans, and to that end, we may need to issue additional equity or debt securities or obtain credit facilities. The sale of additional equity securities may have a dilution effect to the percentage of ownership of our Shareholders. The incurrence of indebtedness would result in increased debt service obligations and we may be required to agree to operating and financing covenants that may restrict our operations. In particular, our ability to raise additional funds in the future is subject to a variety of uncertainties, including our future financial condition, results of operations and cash flows, general market conditions for capital-raising activities by China-based companies, as well as economic, political and other conditions in China and elsewhere, including the global financial market volatility and credit tightening in China.

There is no assurance that we may be able to obtain the necessary capital that we require on terms acceptable to us, if at all. Any failure by us to raise additional funds on terms favorable to us, or at all, could limit our ability to grow our business and develop or enhance our product offerings to respond to market demand or competitive challenges. In these circumstances, our business, financial condition and results of operations may be materially adversely affected.

**All of our manufacturing and storage facilities are located in Huzhou, Zhejiang Province. Any disruption of our current facilities could reduce or restrict sales and materially adversely affect our business, financial condition, cash flows and results of operations.**

We presently manufacture and store all of our raw materials, work-in-progress and finished products, including rice, base wine and bottled cooking wine at facilities in Huzhou, Zhejiang Province, China. Since we do not maintain back-up facilities, we depend on these facilities for the continued operation of our business. Natural disasters or other unanticipated catastrophic events, including power interruptions, water shortages, storms, fires, explosions, earthquakes, terrorist attacks and wars, as well as changes in governmental planning for the land underlying our facilities, could significantly impair our ability to manufacture our products and operate our business. Our stock of base wine may not be readily available and we may not be able to recover from damages or interruptions caused to our base wine in a timely manner or at all. Moreover, our facilities and equipment would be difficult and costly to replace on a timely basis.

Catastrophic events could also destroy any inventory located in those facilities. The occurrence of any such event could result in the temporary or long-term closure of our production facilities and other business facilities, severely disrupt our business operations and materially adversely affect our results of operations and financial condition.

**Breakdowns of our machinery may cause disruptions to our usual business operations.**

We use machinery in our production process, which may be subject to breakdowns. There is no assurance that we will not require periodic machinery replacement or that replacements will be readily available. We may also require maintenance services of our machinery from external vendors which may or may not provide timely maintenance services. Under such circumstances, our financial resources will need to be employed or diverted to the servicing and replacement of machinery, which, in turn, may cause disruption to our usual business operations.

**Our business is subject to fluctuations, which makes our results of operations difficult to predict and may cause our results of operations to fall short of expectations.**

Our semi-annual revenue and other operating results have fluctuated in the past and may continue to fluctuate depending upon a number of factors, many of which are beyond our control. For these reasons, comparing our operating results on a period-to-period basis may not be meaningful, and you should not rely on our past results as an indication of our future performance. Historically, we have experienced higher sales of our cooking wine and other seasoning products in the third and fourth quarters of each year, in anticipation of the traditional Chinese festival and holiday seasons with more social gatherings when more meat- and seafood-based dishes are served, such as Lunar Chinese New Year, which typically falls in the first quarter of the year. Such seasonality may also vary across different regions in China. These factors may make our results of operations difficult to predict and cause our semi-annual results of operations to fall short of expectations.

**We have not registered our leased properties and may be required to seek alternative locations.**

As of the Latest Practicable Date, we did not register the leases in respect of five of the commercial properties leased by us with an aggregate gross floor area of approximately 68,709 sq.m., which are required to be registered. We were unable to register four leases as the relevant landlords could not provide the building ownership certificates and unable to register the other one lease as no registration system has been established by the local authority. Our PRC Legal Advisers have advised us that the failure to register these leases will not affect the legality, validity or enforceability of these leases. However, we may be subject to fines of up to RMB10,000 per incident for the non-registration of these leases. In addition, in the event that we are forced to relocate our operation as a result of the landlords' lack of building ownership certificates or otherwise or if we are unable to renew any of our leases on terms acceptable to us upon their expiration, we may be required to seek alternative locations for our operations which may lead to disruptions in our business operations and cause us to incur costs relating to such relocation. If we are required to relocate for the lack of registration of these leases, it is estimated to take up to approximately two months to complete the relocation of all of our base wine and equipment existing as of August 31, 2013, with aggregate relocation costs of approximately RMB1.8 million, assuming 100 workers are hired, working eight hours per day.

**We have previously entered into certain bill financing transactions and such transactions were not in compliance with PRC laws.**

During the Track Record Period, our operating subsidiary, Lao Heng He, and Zhong Wei entered into certain non-compliant bill financing arrangements with certain PRC commercial banks that involved the issuance of bank acceptance notes without underlying transactions. For details, see "Business — Legal Proceedings and Compliance — Bill Financing". We have ceased entering into any further non-compliant bill financing transactions and started to implement measures to strengthen our internal controls since August 2012. We settled all the relevant bank acceptance bills in February 2013. However, we cannot assure you that the relevant regulatory authorities will not impose penalties and/or fines on Lao Heng He retroactively for the previous non-compliant bill financing transactions. Any such penalties and/or fines could adversely affect our business, financial condition and results of operations.

## RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

**Political, economic and social development of the PRC may materially adversely affect our business, financial condition and results of operations.**

We conduct our core business operations principally through our operating subsidiaries in the PRC. Our results of operations and prospects are subject, to a large extent, to political, economic and social developments in the PRC. The PRC economy differs from the economies of developed countries in many respects, including the degree of government involvement, control of foreign exchange, allocation of resources, rate of inflation and level of development. Since the late 1970s, the PRC Government's reform measures have resulted in significant economic growth and social progress. However, many of these reforms are unprecedented or experimental and are expected to be refined and modified from time to time. Any revision or modification to the economic and political strategies and policies of the PRC Government may have a material adverse effect on the overall development of the condiment and cooking wine industry in the PRC as well as our business, financial condition and results of operations.

**The legal system of the PRC is still developing and there are inherent uncertainties which may affect the protection afforded to our business and our Shareholders.**

The PRC legal system is a civil law system based on written statutes. Unlike common law systems, prior court decisions may be cited for reference but have limited value as precedents, or at all. Since 1979, the PRC legal system has evolved rapidly and a number of laws, rules and regulations governing economic matters in general, such as foreign investment, corporate organization and governance, commerce, taxation and trade, are promulgated by competent authorities. Some of these laws, rules and regulations are relatively new and the volume of published cases in relation to these laws and regulations are therefore limited. Some of these laws, rules and regulations may have retroactive effect. Furthermore, the interpretations of many laws, rules and regulations are not always uniform and consistent, and the enforcement of these laws, rules and regulations involves uncertainties. These uncertainties may limit the legal protections available to us and other foreign investors. In addition, any litigation in the PRC may be protracted, resulting in substantial costs and diversion of our resources and management attention.

**We require various licenses and permits to operate our business. The loss of or failure to obtain or renew any or all of these licenses and permits may have a material adverse effect on our business, financial condition and results of operations.**

Pursuant to the relevant PRC laws and regulations, we are required to obtain and maintain various licenses and permits, such as the food production permits and the food distribution permits, in order to commence and operate our business at our production facilities, and distribute our products. We are also required to comply with the applicable PRC health and hygiene and production safety standards in relation to our production processes. Our production plants and facilities are subject to regular and random inspections by the regulatory authorities for compliance with the Regulations on the Administration of Production Licenses for Industrial Products of the PRC《中華人民共和國工業產品生產許可證管理條例》, which were promulgated on July 9, 2005 and became effective on September 1, 2005, the Measures for the Implementation of the Administration of Production Licenses for Industrial Products of the PRC《中華人民共和國工業產品生產許可證管理條例實施辦法》, which were promulgated on September 15, 2005 and became effective on November 1, 2005 and amended on April 21, 2010, the Food Safety Law of the PRC《中華人民共和國食品安全法》, which were promulgated on February 28, 2009 and became effective on June 1, 2009, and the Measures for the Administration of Food Distribution Permits《中華人民共和國食品流通許可證管理辦法》, which were promulgated and became effective on July 30, 2009. Failure to pass these inspections, or the loss of or failure to obtain or renew our licenses and permits could result in a temporary or permanent suspension of some or all of our production activities. If this occurs, our business, financial condition and results of operations may be materially adversely affected.

**The strengthened scrutiny over acquisition transactions by the PRC tax authorities may have a negative impact on our business operations, our acquisition or restructuring strategy or the value of your investment in us.**

On December 10, 2009, the State Administration of Taxation issued the Notice on Strengthening the Management on Enterprise Income Tax for Non-resident Enterprises Equity Transfer《關於加強非居民企業股權轉讓企業所得稅管理的通知》, or Circular 698. Circular 698 became effective retroactively on January 1, 2008. The State Administration of Taxation also issued rules to provide clarification on this circular. By promulgating and implementing such circular, the PRC tax authorities have strengthened their scrutiny over the direct or indirect transfer of equity interests in a PRC resident enterprise by a non-resident enterprise.

For example, Circular 698 specifies that the PRC State Administration of Taxation is entitled to reclassify the nature of an indirect equity transfer where a non-resident enterprise transfers the equity interests of a PRC resident enterprise indirectly by disposition of the equity interests of an overseas holding company, and to disregard the existence of such overseas holding company, if such indirect transfer is deemed as for tax-avoidance purposes and without sound commercial purpose. Although Circular 698 contains an exemption for transfers of publicly traded stock in a PRC resident enterprise, it remains unclear whether we will be deemed a PRC resident enterprise and whether such exemption will be applicable to the transfer of our Shares. We are not required to pay taxes under Circular 698 as we have not conducted any transfer of equity interest subject to Circular 698. However, if we are to be regarded as a non-PRC resident enterprise, PRC tax authorities may deem any future transfer of our Shares by our Shareholders that are non-PRC resident enterprises to be subject to these regulations, which may subject such Shareholders to additional reporting obligation or tax burdens. In case of failure to comply with these circulars by these Shareholders, the PRC tax authorities may take certain enforcement actions, including requesting us to provide assistance for their investigation, which may have a negative impact on our business operation.

In addition, since we may pursue acquisitions as one of our growth strategies, and may conduct acquisitions involving complex corporate structures, the PRC tax authorities may, at their discretion, adjust the capital gains or request that we submit additional documentation for their review in connection with any potential acquisitions, which may cause us to incur additional acquisition costs or delay our acquisition timetable.

**We may be deemed as a PRC tax resident under the EIT Laws and be subject to the PRC taxation on our worldwide income.**

Under the EIT Laws, enterprises established under the laws of jurisdictions other than the PRC may nevertheless be considered as PRC tax resident enterprises for tax purposes if these enterprises have their "de facto management body" within the PRC. Under the EIT Rules, the term "de facto management body" is defined as a body which substantially manages, or has control over the business, personnel, finance and assets of an enterprise. Since a majority of the members of our management team continued to be located in the PRC after the effective date of the EIT Laws and we expect them to continue to be located in the PRC for the foreseeable future, we may be considered a PRC resident enterprise by the PRC tax authorities and therefore be subject to the PRC enterprise income tax at the rate of 25% on our worldwide income. If we are considered by the PRC tax authorities as a PRC tax resident enterprise under the new PRC tax regime, our business, financial condition and results of operations may be materially adversely affected.

**PRC regulation of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using proceeds we receive from the Global Offering to make loans or additional capital contributions to our PRC subsidiaries.**

On August 29, 2008, SAFE promulgated the Notice on Relevant Business Operations Issues Concerning Improving the Administration of the Payment and Settlement of Foreign Exchange Capital of Foreign-Funded Enterprises《關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的

通知》(“Notice 142”) which regulates the conversion by a foreign-funded enterprise of foreign currency into Renminbi by restricting how the converted Renminbi may be used. Notice 142 requires that the Renminbi funds converted from the foreign currency capital of a foreign-funded enterprise may only be used for purposes within the business scope approved by the applicable governmental authority and may not be used for equity investments within the PRC unless specifically provided for otherwise. In addition, SAFE strengthened its supervision over the flow and use of the Renminbi funds converted from the foreign currency capital of a foreign-funded enterprise. The use of such Renminbi capital may not be changed without SAFE's approval, and may not, in any case, be used to repay Renminbi loans if such loans have not been used. Violations of Notice 142 will result in severe penalties, such as heavy fines as set out in the relevant foreign exchange control regulations.

As an offshore holding company of our PRC subsidiaries, our Company may make loans to our PRC subsidiaries, or we may make additional capital contributions to our PRC subsidiaries by utilizing the proceeds we receive from the Global Offering, subject to the foreign investment regulations in the PRC. For example, any of our loans to Huzhou Chen Shi cannot exceed the difference between the total investment amount that is approved to make under the relevant PRC laws and regulations, and its registered capital, and must be registered with or approved by the local branches of SAFE as a procedural matter. In addition, our capital contributions to our PRC subsidiaries are subject to the approval and registration of local branches of SAIC and MOFCOM or other relevant local authorities.

We cannot assure you that we will be able to obtain these government registrations or approvals on a timely basis, if at all, with respect to our future loans or capital contributions to our PRC subsidiaries or any of their respective subsidiaries. If we fail to receive such registrations or approvals, our ability to use the proceeds received from the Global Offering and to fund our PRC operations may be negatively affected, which may materially adversely affect our liquidity and ability to expand our business.

**Dividends payable by us to our foreign investors and gain on the sale of our Shares may become subject to withholding taxes under the PRC tax laws.**

Pursuant to the EIT Laws, except for the application of any relevant income tax treaty that the PRC has entered into, a PRC enterprise income tax calculated at a rate of 10% will be charged on dividends payable to investors that are “non-resident enterprises” (and do not have an establishment or place of business in the PRC, or that have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business) to the extent that such dividends have their source within the PRC. Similarly, any gain realized on the transfer of shares by such investors is also subject to PRC enterprise income tax calculated at a rate of 10% if such gain is regarded as income derived from sources within the PRC. If we are considered to be a “resident enterprise”, the dividends paid by us with respect to our Shares would be treated as income derived from sources within the PRC and be subject to PRC enterprise income tax.

**Our ability to pay dividends and utilize cash resources in our subsidiaries is dependent upon our subsidiaries' earnings and distributions.**

We are a holding company incorporated in the Cayman Islands, and our business and operations are primarily conducted through our PRC subsidiaries. We rely on dividends and other distributions paid by our PRC subsidiaries for our future cash needs which cannot be provided by equity issuances or borrowings outside of the PRC, including the funds necessary to pay dividends to our Shareholders, to service any debt we may incur and to pay our operating expenses.

The ability of our subsidiaries to pay dividends or other distributions may be subject to their earnings, financial condition, cash requirements and availability, applicable laws, rules and regulations, and restrictions on making payments to our Company contained in financing or other agreements.

As entities established in the PRC, our PRC subsidiaries are subject to limitations with respect to dividend payments. Regulations in the PRC currently permit payment of dividends by PRC subsidiaries only out of accumulated profits as determined in accordance with the PRC GAAP. According to applicable PRC laws and regulations, each of our PRC subsidiaries is required to maintain a general reserve fund of 10% of its after-tax profit based on PRC GAAP, up to a maximum of 50% of the registered capital of such PRC subsidiary. Huzhou Chen Shi, as a foreign invested enterprise, may also be required to set aside individual funds for staff welfare, bonuses and development, at its discretion and as stipulated in its articles of association. These reserves or funds are not distributable as dividends. Contributions to such reserves or funds are made from each of our PRC subsidiaries' net profit after taxation. In addition, if one or more of our PRC subsidiaries incurs debt in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us. As a result, each of our PRC subsidiaries is restricted in its ability to transfer its net profit to us in the form of dividends.

If our PRC subsidiaries cannot pay dividends due to government policies or regulations, or because they cannot generate sufficient cash flow, we will not be able to pay dividends, service our debt or pay our expenses.

**Government control of currency conversion and changes in the exchange rate between RMB and other currencies may materially adversely affect our business, financial condition and results of operations, and our ability to pay dividends.**

RMB is not currently a freely convertible currency and our Group needs to convert RMB into foreign currencies for payment of dividends, if any, to holders of the Shares. Under the current foreign exchange regulations in the PRC, our PRC subsidiaries will be permitted to effect foreign exchange for current account transactions (including the distribution of dividends) through accounts permitted by the PRC Government. Under the existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from trade related transactions, may be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. However, approval from SAFE or its local branch is required where RMB is to be converted into foreign currency and remitted out of China for capital-account transactions, such as the repatriation of equity investment in the PRC and the repayment of the principal loans denominated in foreign currencies. There can be no assurance that the PRC Government will not in the future impose restrictions on foreign exchange transactions for current-account items, including the payment of dividends.

In addition, the value of RMB against the U.S. dollar, Hong Kong dollar and other currencies is subject to changes in the PRC's governmental policies and international economic and political developments. In June 2010, the PBOC announced the removal of the de facto peg. Following this announcement, the RMB has continued to appreciate. The RMB may appreciate or depreciate significantly in value against the U.S. dollar or the Hong Kong dollar in the medium to long term if and when the PBOC changes its current intervention policy. Fluctuations in exchange rates may adversely affect the value, translated or converted into U.S. dollar or Hong Kong dollar, of our cash flows, revenues, earnings and financial position, and the value of, and any dividends payable to us by our PRC subsidiaries. For example, an appreciation of the RMB against the U.S. dollar or the Hong Kong dollar would make any new RMB-denominated investments or expenditures more costly to us, to the extent that we need to convert U.S. dollars or Hong Kong dollars into RMB for such purposes. If this occurs, our business, financial condition and results of operations may be materially adversely affected.

**There may be difficulties in effecting service of process or seeking recognition and enforcement of foreign judgments in the PRC.**

Our business operations are conducted in the PRC and substantially all of our assets are located in the PRC. In addition, all of our Directors and executive officers reside outside of the U.S. As a result, it may not be possible to effect service of process within the U.S. or elsewhere upon some of our Directors and senior executive officers, including with respect to matters arising under U.S. federal securities laws or applicable state securities laws. Furthermore, our PRC Legal Advisers have advised us that the PRC does not have treaties with the U.S. or many other countries providing for the reciprocal recognition and enforcement of judgment of courts. Therefore, it may be difficult for you to enforce against us in the PRC any judgments obtained from non-PRC courts.

On July 14, 2006, the Supreme People's Court of the PRC and the Hong Kong government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil or Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》). Under this arrangement, which came into effect on August 1, 2008, whenever a designated People's Court of the PRC or a designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil or commercial case pursuant to any written agreement between the parties on choice of forum for dispute resolution, the party concerned may apply to the relevant Hong Kong court or People's Court of the PRC for reciprocal recognition and enforcement of the judgment. However, we understand that the rights under the arrangement may be limited and the interpretation of and cases decided under the arrangement have not been fully developed, and, therefore, the outcome and effectiveness of any action brought under the arrangement remain uncertain.

**The implementation of the PRC Labor Contract Law may significantly increase our operating expenses and adversely affect our business and results of operations.**

On June 29, 2007, the PRC National People's Congress enacted the PRC Labor Contract Law, or the Labor Contract Law, which became effective on January 1, 2008. In addition, the Implementing Rules for the PRC Labor Contract Law, or the Implementing Rules, were promulgated and became effective on September 18, 2008. The Labor Contract Law and the Implementing Rules set forth workers' rights concerning overtime hours, pensions, layoffs, employment contracts and the role of trade unions, and specify standards and procedures for the termination of an employment contract. In addition, the Labor Contract Law requires the payment of a statutory severance pay upon terminating an employment contract in most cases, including in cases of the expiration of a fixed-term employment contract under certain circumstances. As there has not been much detailed guidance as to how the Labor Contract Law will be interpreted and enforced by the relevant PRC authorities, there remains substantial uncertainty as to its potential impact on our business and results of operations. The implementation of the Labor Contract Law and the Implementing Rules may significantly increase our operating expenses, in particular our personnel expenses, as the continued success of our business depends significantly on our ability to attract and retain qualified personnel. If we terminate some of our employees or otherwise change our employment or labor practices, the Labor Contract Law and the Implementing Rules may also limit our ability to effect these changes in a manner that we believe to be cost-effective or desirable, which could adversely affect our business and results of operations.

**Our business, financial condition and results of operations may be materially adversely affected by environmental, safety and health related laws and regulations to which we are subject.**

The PRC Government has published various environmental, safety and health related laws and regulations with which we are required to comply. Any failure to comply with these laws and regulations by us may result in fines and/or suspension or revocation of our licenses or permits to conduct our business. Given the magnitude and complexity of these laws and regulations, compliance with them may be difficult or involve significant financial and other resources to establish efficient compliance and monitoring systems. Furthermore, these regulations are continually evolving and changing. There can be no assurance that the PRC Government will not impose additional or more stringent environmental, safety and health related laws or regulations, compliance with which may cause us to incur substantial costs, which we may not be able to pass on to our customers.

**We face risks related to natural disasters and health epidemics in China, which could materially adversely affect our business and results of operations.**

Our business could be materially adversely affected by natural disasters or the outbreak of health epidemics in China. For example, in May 2008, a major earthquake registering 8.0 on the Richter scale struck Sichuan Province and certain other parts of China, devastating much of the affected areas and causing tens of thousands of deaths and widespread injuries. In addition, in early 2008, parts of China, in particular its southern, central and eastern regions, experienced reportedly the most severe winter weather in the country in half a century, which resulted in significant and extensive damages to factories, power lines, homes, automobiles, crops and other properties, blackouts, transportation and communications disruptions and other losses in the affected areas. Moreover, certain countries and regions, including China, have encountered incidents of a severe acute respiratory syndrome, or SARS, over the last decade, the outbreak of influenza A (H1N1), as well as the H5N1 strain of avian flu, and more recently, China has encountered incidents of the H7N9 strain of avian flu.

We are unable to predict the effect, if any, that any natural disasters and health and public security hazards may have on our business. Any future natural disasters and health and public security hazards may, among other things, significantly disrupt our ability to adequately staff our business, result in quarantines, temporary closures of our offices and manufacturing facilities, as well as travel restrictions or the sickness or death of our key personnel. Furthermore, such natural disasters and health and public security hazards may severely restrict the level of economic activity in affected areas. Any of the above may cause material disruptions to our business operations, which in turn may materially adversely affect our business, financial condition and results of operations.

**Inflation in the PRC may have a material adverse effect on our business, financial condition and results of operations.**

While the PRC economy has experienced rapid growth, such growth has been uneven among various sectors of the economy and in different geographical areas of the country. Rapid economic growth can lead to growth in the money supply and inflation. If prices for our products rise at a rate that is insufficient to compensate for the rise in our costs, our business, financial condition and results of operations may be materially adversely affected. To control inflation in the past, the PRC Government has imposed controls on bank credits, limits on loans for fixed assets and restrictions on state bank lending. Such an austerity policy can lead to a slowdown in the economic growth and may materially adversely affect our business, financial condition and results of operations.

**Our business and results of operations may be adversely affected by a severe and prolonged global economic downturn and corresponding slowdown of the Chinese economy.**

Recent global market and economic conditions have been unprecedented with recession in most major economies persisting and significant market volatility. Continued concerns about the systemic impact of a potentially long-term and widespread recession, downgrade of the U.S. credit rating and the sovereign debt crisis in Europe, geopolitical issues and the availability and cost of credit have contributed to increased market volatility and diminished expectations for economic growth around the world. The difficult economic outlook has negatively affected business and consumer confidence and contributed to unprecedented volatility levels. There remain substantial uncertainties in the current and future conditions of global economies. The Chinese economy also faces challenges. Since we conduct our operations mainly in China, any prolonged slowdown in the Chinese economy may negatively impact our business and results of operations. Further disruptions in the financial markets could also significantly restrict our ability to obtain financing in the capital markets or from financial institutions, if and when such financing is needed.

## RISKS RELATING TO THE GLOBAL OFFERING AND OUR SHARES

**There has been no prior public market for our Shares, and an active trading market may not develop after the Global Offering.**

Prior to the Global Offering, there has been no public market for our Shares. The initial Offer Price range for our Shares is the result of negotiations between the Sole Global Coordinator (on behalf of the Underwriters) and us, and the Offer Price may differ significantly from the market price for our Shares following the Global Offering. Furthermore, there can be no assurance that there will be an active trading market for our Shares, or if it exists, that it can be sustained following the completion of the Global Offering, or that the price at which our Shares may be traded will not fall below the Offer Price which as a result may cause adverse effects on the market price and liquidity of our Shares.

**The trading price of our Shares may be volatile.**

The Offer Price was determined as a result of negotiations between the Sole Global Coordinator (on behalf of the Underwriters) and us and may not be indicative of prices that will prevail in the trading market. We cannot assure you that potential investors are able to resell their Shares at or above the Offer Price. Following the Global Offering, various factors may affect the trading price of our Shares, including, but not limited to:

- actual or anticipated fluctuations in our interim or annual results of operations;
- changes in financial estimates by securities analysts;
- investor perception of us and the investment environment in the U.S., the European Union and Asia, including Hong Kong and the PRC;
- changes in policies and developments related to the food and condiment industry;
- changes in pricing policies adopted by us or our competitors;
- any announcements made by us or our competitors;
- the employment or departure of our key personnel;
- the liquidity of the market for our Shares;
- the demand for and supply of our Shares; and
- general economic, social and other conditions.

These broad market and industry fluctuations may be caused by factors that are out of our Group's control but may, despite being unrelated to our performance, affect the market price of our Shares.

**Any future sales of Shares by our existing Shareholders may have a material adverse effect on our Share price.**

Future sales of a substantial number of our Shares by our existing Shareholders, or the possibility of such sales, could negatively impact the market price of our Shares in Hong Kong and our ability to raise equity capital in the future at a time and price that we deem appropriate.

The Shares held by certain of our Shareholders are subject to certain lock-up periods beginning on the date on which trading in our Shares commences on the Stock Exchange. While we are not aware of any intention of these shareholders to dispose of significant amounts of their Shares after the completion of the lock-up periods, we are not in a position to give any assurances that they will not dispose of any Shares they may own. In the event that any of these shareholders disposes of their Shares following the completion of the relevant lock-up periods, this would lead to an increase in the number of our Shares in public hands, and could negatively impact the market price of our Shares or lead to volatility in the market price or trading volume of our Shares, affecting the value of your investment.

**We will incur increased costs as a result of being a public company.**

Upon completion of the Global Offering, we will become a public company and expect to incur significant legal, accounting and other expenses that we did not incur as a private company. For example, as a result of becoming a public company, we will need to increase the number of independent directors and adopt policies regarding internal controls and disclosure controls and procedures. In addition, we will incur additional costs associated with our public company reporting requirements. It may also be more difficult for us to find qualified persons to serve on our Board or as executive officers. We are currently evaluating and monitoring developments with respect to these requirements, and we cannot predict or estimate with any degree of certainty the amount of additional costs we may incur or the timing of such costs.

**Investors should not place undue reliance on statistics and industry or market information that are contained in this prospectus that are derived from various government or official sources.**

Certain statistics, industry data or other information contained in the sections headed "Summary" and "Industry Overview" and elsewhere in this prospectus are derived from various government or official sources or commissioned reports. While our Directors have taken all reasonable care to ensure that the facts and statistics are accurately reproduced from such sources, such information has not been independently verified by our Group, the Sole Sponsor, the Sole Global Coordinator, the Underwriters, their respective affiliates, directors, employees and advisers, or any other parties involved in the Global Offering. Such information may be inconsistent with other sources of information, inaccurate, incomplete or out-of-date. None of our Group, the Sole Sponsor, the Sole Global Coordinator, the Underwriters, their respective affiliates, directors, employees and advisers, or any other parties involved in the Global Offering makes any representation as to the accuracy or completeness of such information. Investors should give careful consideration as to the amount of weight or importance placed on such statistics, industry data and other information relating to the economy and the industry.