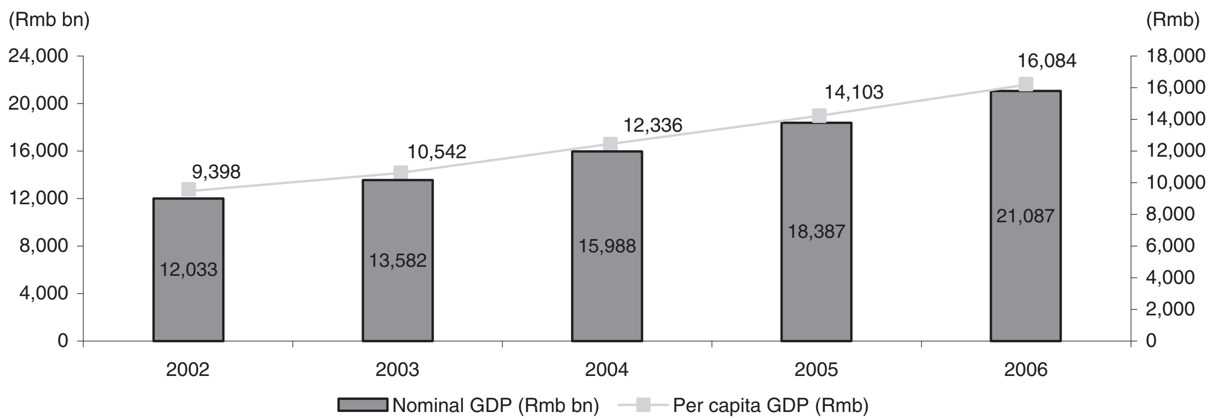
Certain information and statistics set out in this section have been extracted from various official government publications. No independent verification has been carried out on the information and statistics contained in such official government publications. None of the Company, the Joint Sponsors, the Underwriters, their respective directors and advisers nor any other party involved in the Global Offering makes any representation as to the accuracy of such information and statistics, which may not be consistent with each other or with other information.

PRC ECONOMY

Economic growth of China

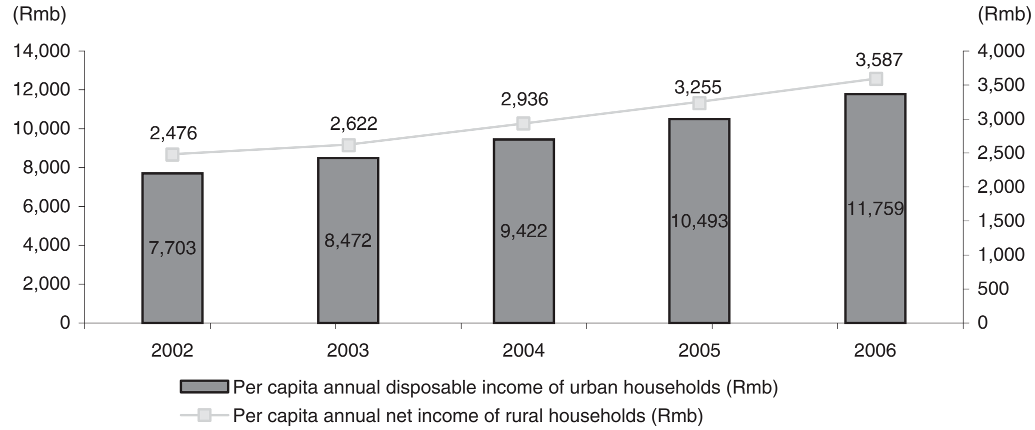
China is one of the world's fastest growing economies. According to the National Bureau of Statistics of China, in 2006, the nominal GDP of China was RMB21,087 billion, representing a CAGR of 15.1% since 2002 and a 14.7% annual growth. From 2002 to 2006, the per capita GDP also increased from RMB9,398 to RMB16,084, representing a CAGR of 14.4%. The following chart sets forth the nominal GDP and per capita GDP of China from 2002 to 2006.



Source: National Bureau of Statistics of China 2007

Growth in disposable income of urban and rural households

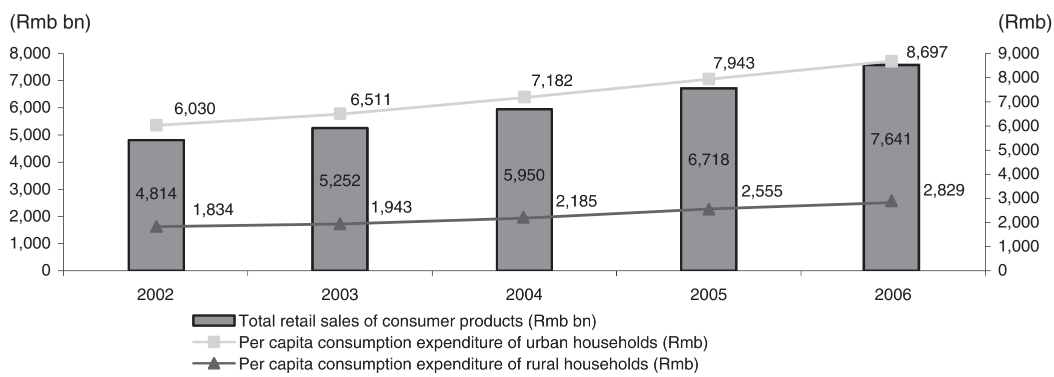
Personal income from urban and rural households in China has been increasing along with economic growth. According to the National Bureau of Statistics of China, from 2002 to 2006, the per capita annual disposable income of urban households in China has increased from RMB7,703 to RMB11,759, representing a CAGR of 11.2%. During the same period, the per capita annual net income of rural households in China has increased from RMB2,476 to RMB3,587, representing a CAGR of 9.7%. The following chart sets forth the per capita annual disposable income of urban households and the per capita annual net income of rural households in China from 2002 to 2006.



Source: National Bureau of Statistics of China 2007

Growth in consumption and retail sales

Rising personal income of urban and rural households has contributed to the growth in consumption and retail sales in China. From 2002 to 2006, the per capita consumption expenditures of urban households increased from RMB6,030 to RMB8,697, representing a CAGR of 9.6%, and the per capita consumption expenditures of rural households increased from RMB1,834 to RMB2,829, representing a CAGR of 11.4%. The total retail sales of consumer goods in China increased from RMB4,814 billion in 2002 to RMB7,641 billion in 2006, representing a CAGR of 12.2%. The chart below sets forth the per capita consumption expenditures of urban and rural households and the total retail sales of consumer goods in China from 2002 to 2006.

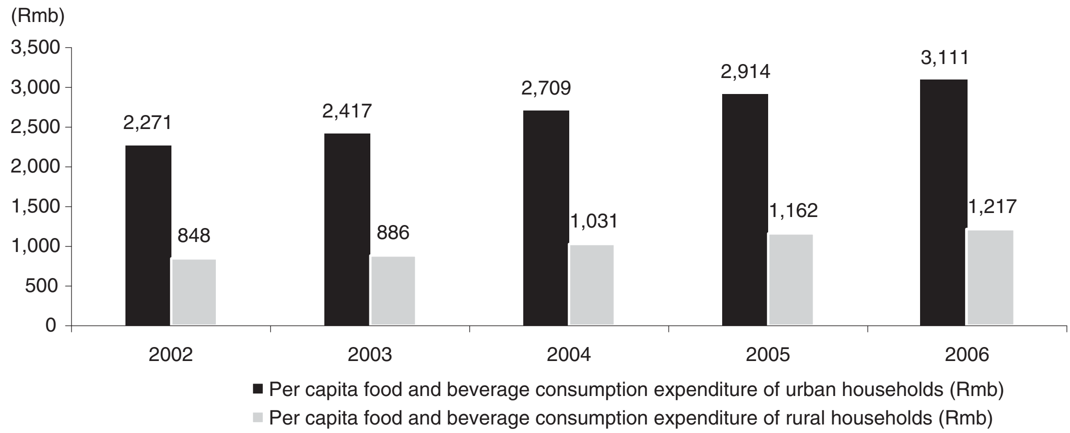


Source: National Bureau of Statistics of China 2007

FOOD AND BEVERAGE INDUSTRY IN CHINA

Overview

Food and beverages has been the single largest category of per capita consumption expenditures in both urban and rural households in China over other essential items such as housing and clothing. In 2006, food and beverages represented 35.8% and 43.0% of the per capita consumption expenditures in urban and rural households in China respectively. The growth in food consumption has been increasing along with total consumption in China. From 2002 to 2006, the per capita food and beverage consumption expenditures of urban households increased from RMB2,271 to RMB3,111 representing a CAGR of 8.2%, and the per capita food and beverage consumption expenditures of rural households increased from RMB848 to RMB1,217, representing a CAGR of 9.5%. The chart below sets forth the per capita food and beverages consumption expenditures of urban and rural households in China from 2002 to 2006.



Source: National Bureau of Statistics of China 2007

Increase in urban population and disposable income

Economic development and growing affluence have increased consumer spending power and driven the demand for food and beverage products in China. Urban consumers, due to busier lifestyles and increased average incomes, have increased their consumption of convenient forms of food and beverages.

Increased penetration of organized chains

The rapid development and increased penetration of modern chain stores in China have made food and beverage products more accessible to the mass market and have made food and beverage consumption more convenient and affordable. The development of organized chains has also promoted branded products. The increasing prevalence of chain stores is expected to continue to drive increased consumption of food and beverage products in both urban and rural areas.

Continuing dominance of traditional distribution channels

Traditional distribution channels, including small stores and stalls still play important roles in China's food and beverage distribution system. With China's strong economic growth, the consumption of food and beverage products in rural areas has been increasing rapidly. Traditional distribution channels make up a large percentage of total distribution points, particularly in rural areas, and sales through these channels continue to account for the majority of overall food and beverage sales in China.

Dynamic consumer preferences
Consumers of different age groups and socio-economic backgrounds have different tastes and product preferences. Within the same consumer segment, consumer tastes may also differ due to differences in locations and climates in the PRC. In addition, consumer preferences may change in response to the changing seasons. Packaging is generally considered an important factor affecting consumer preference as attractive packaging in bright colours and professional designs are more likely to attract consumers.

Innovative product launches
Food and beverage manufacturers have generally realised the importance of developing new product categories. Through continuous investment in research and development and technical cooperation with foreign investors, Chinese companies have launched various products containing innovative ingredients and flavours to help them expand their customer base and strengthen brand loyalty.

Increasing food safety awareness
According to Euromonitor, consumers in China are increasingly concerned with food safety. With a growing demand for safe food, consumers are expected to pay more attention to product quality and branding, rather than unit price, as their main selection criteria. The Chinese government is also beginning to focus on food safety, and legislation on food is expected to be further improved. These factors are likely to result in strong growth for large players, especially those entering markets in less developed regions.

CHINA'S CRISP SNACK FOOD MARKET
According to the ACNielsen Report (a report commissioned by the Company), the crisp snack food market in China experienced a volume CAGR and a value CAGR of 7.5% and 8.4% respectively from July 1, 2004 to June 30, 2007 and reached 232,953,000 kilograms in volume and RMB7.3 billion in value respectively in 2006. The following table sets forth the volume and value of the crisp snack food market in China for 2006.

	Sales volume for 2006 (kilograms)	Sales value for 2006 (RMB'000)
Crisp Snack Food	232,953,000	7,299,349

Source: Statistics based on ACNielsen's market data on crisp snack food, liquid milk and sugar confectionery market up to June 30, 2007 (Copyright © 2007, ACNielsen).
Note: Data for 2004 and 2005 is not available.

Rice snacks, extruded pellets (all crisp snack food not made of rice and excluding potato chips) and potato chips accounted for 21.5%, 37.2% and 41.3% respectively of total sales of the crisp snack food market in China in 2006. Although potato chips occupied the highest market share in terms of sales in 2006, from July 2004 to June 2007, rice snacks recorded the highest value CAGR with 15.0%. We believe the higher growth in sales in rice snacks over potato chips were mainly caused by the increasing concern over obesity levels in China as consumers chose rice snacks over potato chips since they are perceived to be healthier alternatives.

According to the ACNielsen Report (a report commissioned by the Company), we are the market leader for rice snacks in China, with a market share in terms of sales increasing from 59.3% for the years ended December 31, 2005 to 68.6% for the six months ended June 30, 2007, while our nearest competitor had a market share of only 3.2% for the six months ended June 30, 2007. The aggregate market share of the other four top brands of rice snacks increased from 9.1% to 9.8% over the period. The following table sets forth the top five brands' market share in rice snacks in terms of sales for the periods indicated.

		Market share (%)		
		Year ended December 31,		Six months ended June 30,
	Brand name	**2005**	**2006**	**2007**
1	**Want Want**	59.3	61.9	68.6
2	**Uncle Pop**	2.5	2.7	3.2
3	**Miduoqi**	1.7	2.4	2.8
4	**Yunkang**	3.6	3.1	2.7
5	**Taiyang**	1.3	1.1	1.1
	Total	68.4	71.2	78.4

Source: Statistics based on ACNielsen's market data on crisp snack food, liquid milk and sugar confectionery market up to June 30, 2007 (Copyright © 2007, ACNielsen).
Note: Data for 2004 is not available.

According to the ACNielsen Report (a report commissioned by the Company), we are the market leader for extruded pellets in China, with a market share in terms of sales of 22.9% for the six months ended June 30, 2007. During the years ended December 31, 2005 and 2006 and six months ended June 30, 2007, our market share increased substantially from 12.2% to 22.9%, while our nearest competitor experienced consistent decreases in market share. Our products in the extruded pellets sector include ball cakes, potato twists and krispy bites. The following table sets forth the top five brands' market share in extruded pellets in terms of sales for the periods indicated.

		Market share (%)		
		Year ended December 31,		Six months ended June 30,
	Brand name	**2005**	**2006**	**2007**
1	**Want Want**	12.2	16.9	22.9
2	**Oishi**	20.7	19.8	19.4
3	**Bugles**	8.4	8.5	8.6
4	**Qinqin**	5.9	4.5	4.1
5	**Robust**	3.0	3.1	3.5
	Total	50.2	52.8	58.5

Source: Statistics based on ACNielsen's market data on crisp snack food, liquid milk and sugar confectionery market up to June 30, 2007 (Copyright © 2007, ACNielsen).
Note: Data for 2004 is not available.

CHINA'S LIQUID MILK MARKET

According to the Dairy Association of China, China's per capita milk consumption was 25 kilograms, a fourth of the world average, and China's total output of milk was 33 million tons in 2006. Furthermore, in 2010, China is expected to become the third largest milk producer in the world with more than 50 million tons, or 40 kilograms per capita. According to the ACNielsen Report (a report commissioned by the Company), the liquid milk market in China experienced a volume CAGR and a value CAGR of 13.9% and 18.3% respectively from July 1, 2004 to June 30, 2007 and reached 2.7 billion kilograms in volume and RMB18.2 billion in value respectively in 2006. The following table sets forth the volume and value of the liquid milk market in China for 2006.

	Sales volume for 2006 (kilograms)	Sales value for 2006 (RMB'000)
Liquid milk	2,708,373,000	18,235,558

Source: Statistics based on ACNielsen's market data on crisp snack food, liquid milk and sugar confectionery market up to June 30, 2007 (Copyright © 2007, ACNielsen).

Note: Data for 2004 and 2005 is not available.

Flavoured milk, white milk, milk drinks and others accounted for 15.9%, 74.4%, 5.9% and 3.8% respectively of total sales of the liquid milk market in China for 2006. As defined by the relevant national standards of the PRC, white milk has a protein content of over 2.9%, flavoured milk has a protein content between 2.3% to 2.9% while milk drinks have a protein content of between 1.0% to 2.3%. The growth in the liquid milk market was mainly driven by sales of flavoured milk, which recorded a value CAGR of 69.7% from July 1, 2004 to June 30, 2007. White milk, milk drinks and others also recorded value CAGR of 13.0%, 5.0% and 7.9% respectively from July 1, 2004 to June 30, 2007. The following table sets forth a breakdown of the liquid milk market in China for 2006.

	Market share in terms of sales in 2006 (%)
Flavoured milk	15.9
White milk	74.4
Milk drinks	5.9
Others	3.8
Total liquid milk	100.0

Source: Statistics based on ACNielsen's market data on crisp snack food, liquid milk and sugar confectionery market up to June 30, 2007 (Copyright © 2007, ACNielsen).

Note: Data for 2004 and 2005 is not available.

According to the ACNielsen Report (a report commissioned by the Company), we are one of the market leaders in China's flavoured milk market. We held the leading market position, with a market share of 40.6% in terms of sales, for the six months ended June 30, 2007. According to Euromonitor, China's liquid milk market is becoming more consolidated with leading players attaining higher value shares. This trend was also evident in the flavoured milk sector as the market share of the top five brands continued to increase from 2005 to the first six months of 2007 from 91.9% to 94.9%. The following table sets forth the top five brands' market share in flavoured milk in terms of sales for the periods indicated.

		Market share (%)		
		Year ended December 31,		Six months ended
	Brand name	2005	2006	June 30, 2007
1	**Want Want**	48.9	35.3	40.6
2	**Mengniu**	32.7	40.9	37.8
3	**Yili**	6.9	15.1	12.3
4	**Sanlu**	2.3	2.4	2.7
5	**Sanyuan**	1.1	1.0	1.5
	Total	91.9	94.7	94.9

Source: Statistics based on ACNielsen's market data on crisp snack food, liquid milk and sugar confectionery market up to June 30, 2007 (Copyright © 2007, ACNielsen).

Note: Data for 2004 is not available.

CHINA'S SUGAR CONFECTIONERY MARKET

According to Euromonitor, growth in sales of sugar confectionery can be attributed mainly to the increased levels of purchasing power of consumers in China, as a result of which consumers are able to afford to buy more and are willing to upgrade to more expensive premium products. According to the ACNielsen Report (a report commissioned by the Company), from January 2005 to June 2007, the sugar confectionery market in China experienced a volume compound semi-annual growth rate and a value compound semi-annual growth rate of 7.4% and 10.5% respectively and reached 79.9 billion kilograms in volume sales and RMB2.8 billion in value sales respectively in 2006. According to Euromonitor, value of sugar confectionery is expected to grow at a CAGR of 5% from 2006 to 2011. The following table sets forth the volume and value of the sugar confectionery market in China for 2006.

	Sales volume for 2006 (kilograms)	Sales value for 2006 (RMB'000)
Sugar confectionery	79,931,142,000	2,780,918

Source: Statistics based on ACNielsen's market data on crisp snack food, liquid milk and sugar confectionery market up to June 30, 2007 (Copyright © 2007, ACNielsen).

Note: Data for 2004 and 2005 is not available.

Soft candy and hard candy accounted for 54.0% and 46.0% respectively of total sales of the sugar confectionery market in China in 2006, and had a compound semi-annual growth rate of 15.9% and 4.9%, respectively, from January 2005 to June 2006. The following table sets forth a breakdown of the sugar confectionery market in China for 2006.

	Market share in terms of sales in 2006 (%)
Soft candy	54.0
Hard candy	46.0
	100.0

Source: Statistics based on ACNielsen's market data on crisp snack food, liquid milk and sugar confectionery market up to June 30, 2007 (Copyright © 2007, ACNielsen)

Note: Data for 2004 and 2005 is not available.

For 2006 and for the first six months of 2007, we were the market leader in soft candy with market share of 29.0% and 28.5% respectively. Our next-closest competitor had approximately half of our market share for the first six months of 2007 and the remaining three of the top five brands had market share of less than 5% each during the period. The following table sets forth the top five brands' market share in soft candy in terms of sales for the periods indicated.

		Market share (%)	
	Brand name	**Year ended December 31, 2006**	**Six months ended June 30, 2007**
1	**Want Want**	29.0	28.5
2	**White Rabbit**	12.0	14.3
3	**Golden Monkey**	4.5	4.9
4	**Alps**	4.3	4.5
5	**Mentos**	4.4	4.3
	Total	54.2	56.6

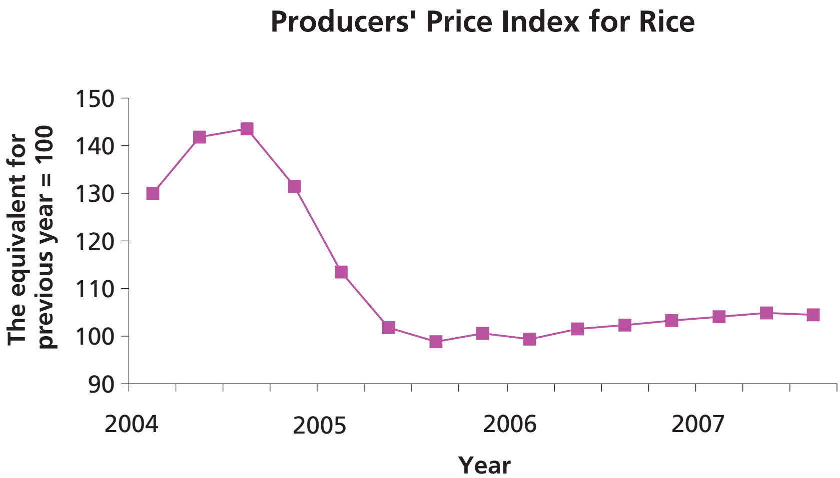
Source: Statistics based on ACNielsen's market data on crisp snack food, liquid milk and sugar confectionery market up to June 30, 2007 (Copyright © 2007, ACNielsen).

Note: Data for 2004 and 2005 is not available.

PRICES OF RAW MATERIALS IN CHINA

Rice

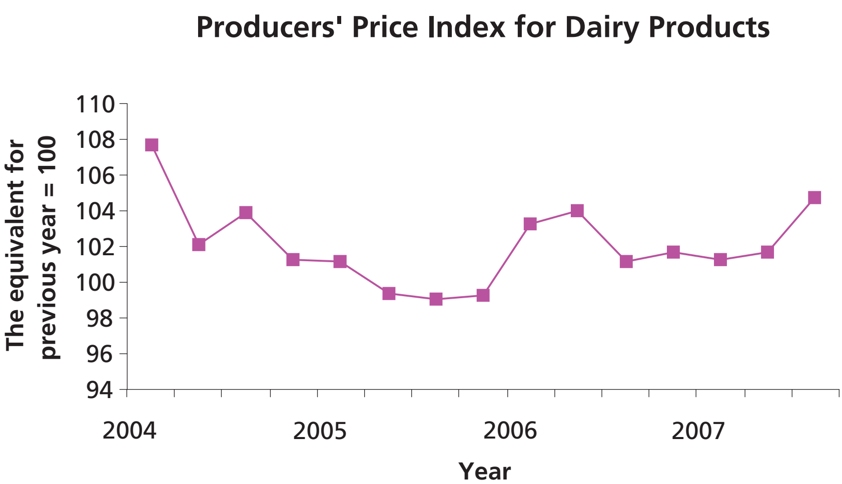
According to the National Bureau of Statistics of China, the price of rice in the PRC fell slightly during the second half of the year ended December 31, 2004 and first quarter of the year ended December 31, 2005, and remained relatively stable through the years ended December 31, 2005 and 2006 and the nine months ended September 30, 2007. The producers' price index (which reflects fluctuations in the price at which producers directly sell their products) for rice as at December 31, 2004, 2005 and 2006 and September 30, 2007 was 136.3, 101.6, 102.0 and 104.0, respectively. The chart below sets forth the producers' price index for rice for the three years ended December 31, 2004, 2005 and 2006 and the nine months ended September 30, 2007.



Source: National Bureau of Statistics of China.

Milk

According to the National Bureau of Statistics of China, the prices of dairy products in the PRC fell during the years ended December 31, 2004 and 2005, and recovered to some extent during the year ended December 31, 2006 and nine months ended September 30, 2007. The producers' price index for dairy products as at December 31, 2004, 2005 and 2006 and September 30, 2007 was 103.7, 99.6, 102.9 and 102.4, respectively. The chart below sets forth the producers' price index for dairy products for the three years ended December 31, 2004, 2005 and 2006 and the nine months ended September 30, 2007.

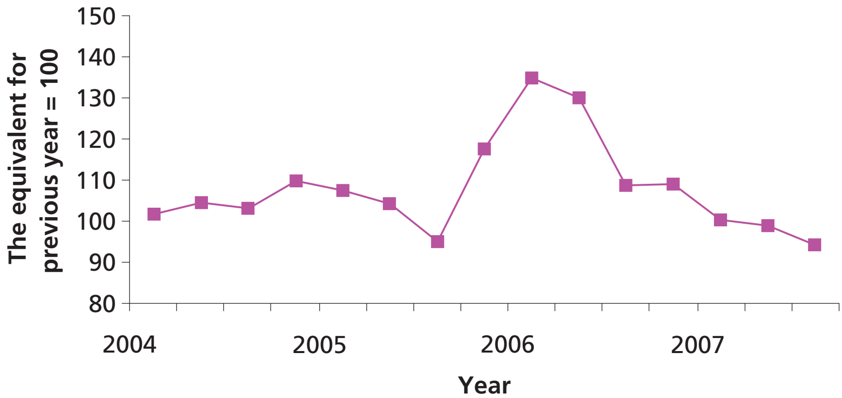


Source: National Bureau of Statistics of China.

Sugar

According to the National Bureau of Statistics of China, the price of sugar increased during the year ended December 31, 2006, but has otherwise remained relatively stable during the three years ended December 31, 2004, 2005 and 2006 and the nine months ended September 30, 2007. The producers' price index for sugar as at December 31, 2004, 2005 and 2006 and September 30, 2007 was 104.9, 111.6, 121.1 and 99.7, respectively. The chart below sets forth the producers' price index for sugar from 2004 to the third quarter of 2007.

Producers' Price Index for Sugar



Source: National Bureau of Statistics of China.

SOURCES OF INFORMATION

ACNielsen

The ACNielsen Report was commissioned by the Company. ACNielsen is a global provider of market research information services, analytical systems and tools, and professional client service.

For the market data disclosed in this prospectus, the area in which ACNielsen conducted their research represents over 50% of China's population and nearly 80% of China's retail activities. Within this area, ACNielsen surveyed almost 6,000 fast-moving consumer goods retail stores, including hypermarkets, supermarkets, convenience stores, food stalls, kiosks and others. The information quoted from ACNielsen is not official government information, and was prepared in the ordinary course of business of ACNielsen. We have paid RMB1.13 million for the commissioned report.

Euromonitor

Euromonitor International is an independent provider of business intelligence on industries, countries and consumers. Euromonitor is an independent third-party of the Company. The information disclosed in this prospectus from Euromonitor is extracted from reports not commissioned by the Company or the Joint Sponsors and was prepared in the ordinary course of business of Euromonitor.

The National Bureau of Statistics of China

The National Bureau of Statistics is an agency directly under the State Council in charge of statistics and economic accounting in China. The National Bureau of Statistics is an independent third-party of the Company. The information disclosed in this prospectus from the National Bureau of Statistics is official public information and was prepared in the ordinary course of the National Bureau of Statistics' activities.

The Dairy Association of China

The Dairy Association of China is non-profit organization formed by milk cow breeders, dairy producers and producers of related services. It promotes State agricultural and dairy policies and the healthy development of the dairy industry in China. The Dairy Association of China is an independent third-party of the Company. The information disclosed in this prospectus from Dairy Association of China is not commissioned by the Company or the Joint Sponsors and was prepared in the ordinary course of business of the Dairy Association of China.