You should read the following discussion and analysis of our financial condition and results of operations together with our combined audited financial statements as at and for the three years ended December 31, 2004, 2005 and 2006 and as at and for the nine months ended September 30, 2007, as well as our combined unaudited financial information for the nine months ended September 30, 2006, and the accompanying notes included in the accountant's report set out in Appendix I to this prospectus. The accountant's report has been prepared in accordance with Hong Kong Financial Reporting Standards.

According to paragraph 27 of the Third Schedule to the Hong Kong Companies Ordinance, we are required to include in this prospectus a statement as to the gross trading income or sales turnover (as the case may be) of our Group during each of the three financial years immediately preceding the issue of this prospectus.

According to paragraph 31 of the Third Schedule to the Hong Kong Companies Ordinance, we are required to include in this prospectus a report by our auditor with respect to profits and losses and assets and liabilities of our Group in respect of each of the three financial years immediately preceding the issue of this prospectus.

Pursuant to Rule 4.04(1) of the Hong Kong Listing Rules, we are required to include in this prospectus the accountant's report covering the results of our Group in respect of each of the three financial years immediately preceding the issue of this prospectus.

The accountant's report for each of the three years ended December 31, 2004, 2005 and 2006 and the nine months ended September 30, 2006 and 2007 has been prepared and is set out in Appendix I to this prospectus.

An application has been made to the SFC for a certificate of exemption from strict compliance with paragraphs 27 and 31 of the Third Schedule to the Hong Kong Companies Ordinance in relation to the inclusion of the accountant's report for the full year ended December 31, 2007 in this prospectus on the grounds that it would be unduly burdensome for us to do so within a short period of time after December 31, 2007. A certificate of exemption has been granted by the SFC under section 342A(1) of the Hong Kong Companies Ordinance.

An application has also been made to the Hong Kong Stock Exchange for a waiver from strict compliance with Rule 4.04(1) of the Hong Kong Listing Rules on the ground that it would be unduly burdensome for us to do so within a short period of time after December 31, 2007, and such waiver has been granted by the Hong Kong Stock Exchange on the condition that listing of the shares of our Company on the Hong Kong Stock Exchange will commence on or before March 31, 2008.

Our Directors confirm that they have performed sufficient due diligence to ensure that, up to the date of this prospectus, there has been no material adverse change in our financial position or prospects since September 30, 2007 and there is no event since September 30, 2007 which would materially affect the information shown in the accountant's report set out in Appendix I to this prospectus. Our Directors consider that all information necessary for the public to make an informed assessment of the activities and financial position of the Group has been included in this prospectus.

RESULTS OF OPERATIONS

The following tables set forth, for the periods indicated, selected financial data from our combined financial information. For more detailed information, please see the accountant's report set out in Appendix I to this prospectus.

Combined Income Statements

	Year ended December 31,			Nine months ended September 30,	
	2004	2005	2006	2006	2007
	US$'000	US$'000	US$'000	US$'000 (unaudited)	US$'000
Sales	518,529	681,856	861,656	602,864	765,477
Cost of sales	(317,569)	(419,301)	(534,339)	(375,874)	(462,984)
Gross profit	200,960	262,555	327,317	226,990	302,493
Other gains/(losses), net	(2,221)	(530)	899	1,055	5,863
Other income	11,054	15,432	28,427	19,805	16,673
Selling and distribution expenses	(71,631)	(82,960)	(111,234)	(79,693)	(97,238)
Administrative expenses	(57,253)	(69,890)	(96,488)	(67,744)	(82,282)
Operating profit	80,909	124,607	148,921	100,413	145,509
Finance income	1,961	1,869	1,866	1,247	999
Finance costs	(1,459)	(4,160)	(11,096)	(7,574)	(10,932)
Finance income/(costs), net	502	(2,291)	(9,230)	(6,327)	(9,933)
Share of results of associated companies	75	(50)	(159)	(44)	(62)
Profit before income tax	81,486	122,266	139,532	94,042	135,514
Income tax expense	(9,635)	(12,516)	(15,884)	(10,142)	(13,353)
Profit for the year/period	71,851	109,750	123,648	83,900	122,161
Attributable to:					
Equity holders of the Company	72,625	110,774	126,826	85,791	124,205
Minority interests	(774)	(1,024)	(3,178)	(1,891)	(2,044)
	71,851	109,750	123,648	83,900	122,161
Dividends(1)	38,665	25,777	25,775	—	—
Weighted average number of ordinary shares in issue (thousands)	1,282,689	1,288,841	1,288,838	1,288,841	1,287,398
Basic earnings per share (US$ per share)(2)	0.057	0.086	0.098	0.067	0.096

Notes:

(1) Dividends for the years ended December 31, 2004, 2005 and 2006 represents dividends declared and paid by WWHL to its then shareholders and such dividends had all been settled.

Subject to the factors stated in the section headed "Financial Information - Dividend Policy" in this prospectus, we plan to distribute regular dividends after listing on the Hong Kong Stock Exchange, and currently intend to distribute as dividend to our shareholders approximately 30% of our total distributable profits in respect of the year ended December 31, 2007. For details of our dividend policy, please refer to the section headed "Financial Information - Dividend Policy" in this prospectus.

(2) Basic earnings per share is calculated by dividing the profit attributable to equity holders of our Company by the weighted average number of ordinary shares of WWHL in issue, excluding ordinary shares purchased by WWHL and held as treasury shares, during the year/period.

Combined Balance Sheets

	As at December 31,			As at September 30,
	2004	2005	2006	2007
	US$'000	US$'000	US$'000	US$'000
ASSETS				
Non-current assets				
Property, plant and equipment	315,104	446,137	521,924	570,104
Leasehold land and land use rights	30,592	61,136	74,563	81,704
Investment properties	15,218	19,542	26,347	34,948
Intangible assets	1,138	7,848	7,947	7,943
Associated companies	519	407	239	1,425
Available-for-sale financial assets	830	652	652	652
Deferred income tax assets	516	582	648	522
	363,917	536,304	632,320	697,298
Current assets				
Inventories	103,026	143,484	170,904	164,396
Properties under development for sale	7,101	53,397	110,253	141,251
Trade receivables	43,744	49,392	54,974	53,215
Prepayments, deposits and other receivables	59,603	39,583	55,634	67,836
Financial assets at fair value through profit or loss	3,959	1,279	1,087	1,129
Cash and cash equivalents	144,285	163,434	185,114	304,428
	361,718	450,569	577,966	732,255
Total assets	725,635	986,873	1,210,286	1,429,553
EQUITY				
Owners' equity attributable to equity holders of the Company	544,308	626,651	751,617	877,190
Minority interests	10,234	8,741	7,049	5,158
	554,542	635,392	758,666	882,348
LIABILITIES				
Non-current liabilities				
Borrowings	55,000	145,829	56,433	305,917
Deferred tax liability	—	8,175	7,696	5,559
	55,000	154,004	64,129	311,476
Current liabilities				
Trade payables	35,435	71,603	94,044	69,851
Accruals and other payables	58,643	95,915	101,526	97,755
Borrowings	19,864	27,565	189,385	65,690
Current income tax liabilities	2,151	2,394	2,536	2,433
	116,093	197,477	387,491	235,729
Total liabilities	171,093	351,481	451,620	547,205
Total equity and liabilities	725,635	986,873	1,210,286	1,429,553
Net current assets	245,625	253,092	190,475	496,526
Total assets less current liabilities	609,542	789,396	822,795	1,193,824

OVERVIEW OF OUR OPERATIONS

We are one of the leading food and beverage manufacturers in China. We are the market leader in China for several of our key products, including a market share of 68.6%, 40.6% and 28.5% in rice crackers, flavoured milk and soft candy, respectively, for the six months ended June 30, 2007 according to the ACNielsen Report (a report commissioned by the Company). We believe we are also a market leader in a number of our other key product categories in China, including popsicles, ball cakes and gift packs. Our core brand, "Want Want", which symbolizes prosperity and good fortune in Chinese, is, we believe, the most widely recognized food and beverage brand in China.

We are principally engaged in the manufacture, distribution and sale of rice crackers, dairy products and beverages, snack foods and other products, collectively referred to in this prospectus as our Core Operations. We have a well-diversified product mix, manufacturing and marketing our products in our Core Operations in the following key segments:

- rice crackers;
- dairy products and beverages, including flavoured milk, yoghurt drinks, ready-to-drink coffee, carbonated drinks, herbal tea and milk powder;
- snack foods, including candies, popsicles and jellies, ball cakes, and beans and nuts; and
- other products, primarily wine.

Most of our Core Operations are in China, and 90.8% and 91.0% of our sales for the year ended December 31, 2006 and the nine months ended September 30, 2007, respectively, were generated in China. We also have operations in Taiwan, Hong Kong, Singapore and Japan, and export our products to other markets.

For further information on our Core Operations, please refer to the section headed "Business" in this prospectus.

Our Non-core Operations include the hospital, hotel and property businesses and other investments, collectively referred to in this prospectus as our Non-core Operations.

The following table summarises certain of our financial information, including both Core and Non-core Operations, for the periods indicated:

	Year ended December 31,			Nine months ended September 30,	
	2004	**2005**	**2006**	**2006**	**2007**
				(Unaudited)	
	US$'000 (except for %)				
Sales	518,529	681,856	861,656	602,864	765,477
Gross profit	200,960	262,555	327,317	226,990	302,493
Net income attributable to equity holders	72,625	110,774	126,826	85,791	124,205
Gross Margin	38.8%	38.5%	38.0%	37.7%	39.5%
Net margin (attributable to equity holders)	14.0%	16.2%	14.7%	14.2%	16.2%

Pursuant to a reorganization commenced in September 2007, we divested our interests in companies engaged in Non-core Operations. For further information on our reorganization, please see the section headed "Our History and Reorganization" in this prospectus.

Our combined financial statements for the three years ended December 31, 2006 and the nine months ended September 30, 2007 reflect the contributions of our Non-core Operations. However, following our reorganization the results of operations of our Non-core Operations will not be reflected in our combined financial statements. For this reason, our results of operations for subsequent periods after our reorganization will not be comparable to prior periods as they will only reflect our Core Operations. References in this prospectus to the results of our Core Operations includes results attributable to minority interests.

BASIS OF PRESENTATION

Our financial information is prepared on a combined basis as prescribed by the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA. The financial information presents the combined financial positions, results and cashflows of the companies now comprising the Group which are engaged in the Core Operations, as well as the companies engaged in the Non-core Operations, and as if the group structure had been in existence throughout the years ended December 31, 2004, 2005 and 2006 and the nine months ended September 30, 2007 or since the respective dates of incorporation, establishment or acquisition, whichever is the shorter period, or up to the respective dates of winding up, liquidation, disposal by way of sales or distribution of dividend in specie. The transfer of the companies engaged in the Non-core Operations to the shareholders of the Company and the 0.13% minority shareholders of WWHL prior to the Listing has been effected by way of distribution of dividends in specie to equity holders. The financial statements of the subsidiaries engaged in the Non-core Operations have been included in the financial information throughout the years ended December 31, 2004, 2005 and 2006 and the nine months ended September 30, 2007 as they formed an integral part of the businesses of the Group prior to the distribution.

All significant intra-group transactions and balances have been eliminated on combination.

FINANCIAL INFORMATION FOR OUR CORE OPERATIONS

The following tables set forth, for the periods indicated, the selected financial data in respect of our Core Operations. For more detailed information, please refer to the accountant's report set out in Appendix I to this prospectus.

Combined Income Statements for our Core Operations

	Year ended December 31,			Nine months ended September 30,	
	2004	2005	2006	2006	2007
	US$'000	US$'000	US$'000	US$'000 (Unaudited)	US$'000
Sales	512,516	672,348	849,948	594,261	756,346
Cost of sales	(315,520)	(414,943)	(529,349)	(371,457)	(457,649)
Gross profit	196,996	257,405	320,599	222,804	298,697
Other gains/(losses), net	(2,158)	(285)	1,006	1,135	6,362
Other operating income	11,053	15,696	29,806	20,696	18,073
Selling and distribution expenses	(69,118)	(79,454)	(105,315)	(75,193)	(92,173)
Administrative expenses	(54,032)	(63,093)	(85,854)	(60,425)	(72,234)
Operating profit	82,741	130,269	160,242	109,017	158,725
Finance income	1,680	1,607	1,701	1,127	823
Finance costs	(543)	(2,285)	(4,965)	(3,589)	(3,270)
Finance income/(cost), net	1,137	(678)	(3,264)	(2,462)	(2,447)
Share of results of associated companies	75	(50)	(159)	(44)	(62)
Profit before income tax	83,953	129,541	156,819	106,511	156,216
Income tax expense	(9,533)	(12,897)	(16,292)	(10,489)	(15,483)
Profit for the year/period	74,420	116,644	140,527	96,022	140,733
Attributable to:					
Equity holders of the company	74,891	116,814	141,192	96,279	141,044
Minority interests	(471)	(170)	(665)	(257)	(311)
	74,420	116,644	140,527	96,022	140,733

Combined Balance Sheets for our Core Operations

	As at December 31,			As at September 30,
	2004	2005	2006	2007
	US$'000	US$'000	US$'000	US$'000
ASSETS				
Non-current assets				
Property, plant and equipment	283,429	338,958	398,333	425,718
Leasehold land and land use rights	21,386	28,207	34,647	41,707
Investment properties	3,059	2,992	2,829	2,806
Intangible assets	1,138	1,416	1,515	1,511
Associated companies	519	407	239	1,425
Available-for-sale financial assets	830	652	652	652
Deferred income tax assets	516	582	648	522
	310,877	373,214	438,863	474,341
Current assets				
Inventories	102,775	142,628	169,948	162,638
Properties under development for sale	—	—	22,751	23,230
Trade receivables	43,334	48,205	54,445	52,718
Prepayments, deposits and other receivables	65,283	69,819	146,448	65,265
Financial assets at fair value through profit or loss	3,959	914	1,052	1,092
Cash and cash equivalents	117,098	140,268	167,419	276,807
	332,449	401,834	562,063	581,750
Total assets	643,326	775,048	1,000,926	1,056,091
EQUITY				
Owners' equity attributable to equity holders of the Company	463,952	491,696	593,332	620,172
Minority interests	5,034	4,545	5,312	5,038
	468,986	496,241	598,644	625,210
LIABILITIES				
Non-current liabilities				
Borrowings	55,000	105,000	9,173	209,139
Current liabilities				
Trade payables	34,789	70,464	92,136	66,355
Accruals and other payables	62,536	73,384	109,107	109,625
Borrowings	19,864	27,565	189,385	43,329
Current income tax liabilities	2,151	2,394	2,481	2,433
	119,340	173,807	393,109	221,742
Total liabilities	174,340	278,807	402,282	430,881
Total equity and liabilities	643,326	775,048	1,000,926	1,056,091

FINANCIAL INFORMATION FOR OUR NON-CORE OPERATIONS

The following tables set forth, for the periods indicated, the selected financial data in respect of our Non-core Operations. For more detailed information, please refer to the accountant's report set out in Appendix I to this prospectus.

Combined Income Statements for our Non-core Operations

	Year ended December 31,			Nine months ended September 30,	
	2004	2005	2006	2006	2007
	US$'000	US$'000	US$'000	US$'000 (Unaudited)	US$'000
Sales	6,027	11,801	13,655	10,507	9,187
Cost of sales	(2,063)	(6,651)	(6,937)	(6,321)	(5,391)
Gross profit	3,964	5,150	6,718	4,186	3,796
Other losses, net	(63)	(245)	(107)	(80)	(499)
Other operating income	1	—	44	3	—
Selling and distribution expenses	(2,513)	(3,506)	(5,919)	(4,500)	(5,065)
Administrative expenses	(3,221)	(6,797)	(10,634)	(7,319)	(10,048)
Operating loss	(1,832)	(5,398)	(9,898)	(7,710)	(11,816)
Finance income	281	262	165	120	176
Finance costs	(916)	(2,139)	(7,554)	(4,879)	(9,062)
Finance income/(cost), net	(635)	(1,877)	(7,389)	(4,759)	(8,886)
Share of results of associated companies	—	—	—	—	—
Loss before income tax	(2,467)	(7,275)	(17,287)	(12,469)	(20,702)
Income tax expense	(102)	381	408	347	2,130
Loss for the year/period	(2,569)	(6,894)	(16,879)	(12,122)	(18,572)
Attributable to:					
Equity holders of the company	(2,266)	(6,040)	(14,366)	(10,488)	(16,839)
Minority interests	(303)	(854)	(2,513)	(1,634)	(1,733)
	(2,569)	(6,894)	(16,879)	(12,122)	(18,572)

Combined Balance Sheets for our Non-core Operations

	As at December 31,			As at September 30,
	2004	2005	2006	2007
	US$'000	US$'000	US$'000	US$'000
ASSETS				
Non-current assets				
Property, plant and equipment	31,675	107,179	123,591	144,386
Leasehold land and land use rights	9,206	32,929	39,916	39,997
Investment properties	12,159	16,550	23,518	32,142
Intangible assets	—	6,432	6,432	6,432
	53,040	163,090	193,457	222,957
Current assets				
Inventories	251	856	956	1,758
Properties under development for sale	7,101	53,397	87,502	118,021
Trade receivables	410	1,187	529	497
Prepayments, deposits and other receivables	28,519	12,319	22,701	31,191
Financial assets at fair value through profit or loss	—	365	35	37
Cash and cash equivalents	27,187	23,166	17,695	27,621
	63,468	91,290	129,418	179,125
Total assets	116,508	254,380	322,875	402,082
EQUITY				
Owners' equity attributable to Equity holders of the Company	80,356	134,955	158,285	257,018
Minority interests	5,200	4,196	1,737	120
	85,556	139,151	160,022	257,138
LIABILITIES				
Non-current liabilities				
Borrowings	—	40,829	47,260	96,778
Deferred tax liability	—	8,175	7,696	5,559
	—	49,004	54,956	102,337
Current liabilities				
Trade payables	646	1,139	1,908	3,496
Accruals and other payables	30,306	65,086	105,934	16,750
Borrowings	—	—	—	22,361
Current income tax liabilities	—	—	55	—
	30,952	66,225	107,897	42,607
Total liabilities	30,952	115,229	162,853	144,944
Total equity and liabilities	116,508	254,380	322,875	402,082

FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Our results of operations and financial condition have been and will continue to be affected by a number of factors, including those set out below.

Sales volume and pricing of our products

Our sales revenues are determined by our sales volume and the prices at which we sell our products.

Our sales volume has increased consistently across our product segments in 2004, 2005 and 2006 and the nine months ended September 30, 2007 due primarily to improvements in our marketing and distribution strategy, and the continuous introduction of new products which have been well-received by the market.

The following table sets forth the sales volume of our major products for the periods indicated:

	Year ended December 31,			Nine months ended September 30,	
	2004	**2005**	**2006**	**2006**	**2007**
Sales Volume			**Tons**		
Rice crackers	117,679	119,978	132,292	86,575	85,126
Dairy products and beverages	134,296	196,311	268,168	192,454	257,587
Snack foods	105,639	149,110	199,885	176,060	214,959

The growth in sales volume of our rice cracker products has been driven primarily by improvements in our marketing and distribution strategy, and increased sales of our core brand and gift pack products. The slight decrease in sales volume in our rice crackers from 86,575 tons for the nine months ended September 30, 2006 to 85,126 tons for the nine months ended September 30, 2007 was a result of reduced sales volume for our sub-brand rice crackers due to an increase in prices. Growth in sales volume of our dairy products and beverages has been driven primarily by sales of Hot-Kid milk which has been increasingly well-received by the market. The growth in sales volume of our snack food products has been driven primarily by improvement in our distribution and the introduction of new products as well as new flavours of popsicles, milk candies and jellies.

The table below sets forth our average selling price by major product category for the periods indicated:

	Year ended December 31,			Nine months ended September 30,	
	2004	**2005**	**2006**	**2006**	**2007**
Average Selling Price			**US$/Ton**		
Rice crackers	1,847	2,228	2,324	2,207	2,702
Dairy products and beverage	1,009	1,011	1,032	1,015	1,068
Snack foods	1,410	1,314	1,287	1,146	1,138

We price our products differently depending on the product category. Generally, our pricing is based on a combination of different factors, including our marketing strategy, the cost of raw materials, consumer preferences, our multi-brand strategy and competition.

The average selling prices of our rice cracker products have risen consistently over the three years ended December 31, 2006 and nine months ended September 30, 2007, due to changes in our sales mix and our ability to increase prices due to our strong market position. The average selling prices of our dairy products and beverages have remained relatively stable. The average selling prices of our snack food products decreased during the same period due to higher sales of relatively lower unit price products such as popsicles.

Costs of raw materials

Our primary raw materials are rice, milk powder and sugar as well as packaging materials. For the three years ended December 31, 2004, 2005 and 2006 and the nine months ended September 30, 2007, raw materials (including packaging materials and consumables) used represented 42.4%, 47.5%, 49.5% and 47.5%, respectively, of the sales of our Core Operations, and constituted 68.9%, 77.0%, 79.5% and 78.5%, respectively, of the cost of goods sold of our Core Operations.

We procure a majority of our raw materials in domestic markets, with the remaining raw materials being procured from overseas suppliers in locations such as New Zealand.

We procure all of our rice from various domestic suppliers, principally from the north-eastern region of China.

We enter into annual supply contracts with a supplier in New Zealand for the supply of milk powder. For the nine months ended September 30, 2007, approximately 50% of our milk powder was imported from this supplier, with the remainder sourced domestically. We have established subsidiaries in the Xinjiang and Inner Mongolia provinces of China in 2004 and 2005, respectively, for the production of milk powder, and are currently establishing additional milk powder manufacturing subsidiaries in the Ningxia and Hebei provinces of China. These subsidiaries will help to diversify our supply sources for milk powder.

Sugar is a commodity generally available from numerous suppliers, and we generally procure our sugar from domestic suppliers, principally from Guangxi province, on the spot market.

Apart from rice, milk powder and sugar, the other primary ingredients in our products include palm oil, potato-starch, flour and gelatine. These raw materials are available from numerous suppliers. We generally procure these raw materials from domestic suppliers to reduce transportation costs, although we do source some raw materials from overseas suppliers. We continuously monitor supply and cost trends of these raw materials to manage our costs and ensure an adequate supply of raw materials.

We produce a substantial proportion of our own packaging materials to minimise the packaging costs of our products through vertical integration.

Our raw materials are commodities and are subject to fluctuations in market prices. Over the three years ended December 31, 2006 and nine months ended September 30, 2007, we have generally experienced rising raw material costs, consistent with a general trend of rising domestic prices in China. We expect that our raw material prices will continue to fluctuate and be affected by inflation in the future.

Product portfolio

We have a diverse product portfolio, comprising numerous varieties of products across our four key segments of rice crackers, dairy products and beverages, snack foods and other products. In addition, we have adopted a multi-brand strategy to market our products across a broader range of product segments and consumer groups.

Different products in each segment, and different brands, have different gross profit margins, depending on a variety of factors including production cost, sales volume, pricing and our marketing and branding strategy. Therefore, our aggregate gross margin will vary depending on product mix across segments.

The table below sets forth our gross margin by our three principal segments for the periods indicated:

	Year ended December 31,			Nine months ended September 30,	
	2004	**2005**	**2006**	**2006**	**2007**
				(Unaudited)	
Gross Margin			**%**		
Segment					
Rice crackers	31.3	35.9	34.7	32.6	37.1
Dairy products and beverages	42.6	35.3	34.7	34.5	39.2
Snack foods	47.5	46.1	45.4	45.8	43.2

Selling and distribution expenses

Our selling expenses consist primarily of advertising, promotion and product display expenses as well as salaries of sales personnel.

We increase consumer awareness of our brands and products through our advertising and promotional activities. We focus in particular on television advertising that allows us to reach a wide consumer audience. In order to deliver our marketing message effectively to consumers, we purchase leading prime time advertising slots on television networks, including China Central Television (CCTV), as well as national and provincial satellite and cable channels. We also purchase off-prime time television advertising slots, such as during daytime children's programmes, on national and local television networks to target specific consumer groups.

We vary the frequency of our television advertising depending on whether the product is a new or established product, to build and maintain our market presence. In addition, we launch advertising campaigns for our seasonal products, such as popsicles and Chinese New Year gift packs, during the relevant seasons to increase sales.

Our distribution expenses consist primarily of logistics and transportation fees. We outsource substantially all of our product transportation to third party logistics companies. These outsourcing arrangements allow us to reduce our capital investment and the risk of liability for transportation accidents, delivery delays or loss. We also maintain a small number of vehicles for delivery of goods that are required on an urgent basis.

Our selling and distribution expenses accounted for 13.5%, 11.8%, 12.4% and 12.2% of our sales of our Core Operations in the three years ended December 31, 2004, 2005 and 2006 and the nine months ended September 30, 2007, respectively.

Administrative expenses

Our administrative expenses comprise primarily salaries of administrative personnel, depreciation, loss for obsolete inventories, office expenses and utility expenses.

Our administrative expenses accounted for 10.5%, 9.4%, 10.1% and 9.6% of our sales of our Core Operations in the three years ended December 31, 2004, 2005 and 2006 and the nine months ended September 30, 2007, respectively.

Taxation

Our PRC subsidiaries are subject to PRC income tax on an individual basis. Before the new PRC Enterprise Income Tax Law came into effect on January 1, 2008, the normal statutory PRC foreign-invested enterprise income tax rate was 33% of the assessable income as determined in accordance with the relevant PRC income tax rules and regulations. However, PRC national and local tax laws provide for various types of preferential tax treatment applicable to different enterprises. As at December 31, 2006, 60 subsidiaries of our Group were entitled to concessionary tax rates. For example, certain of our PRC subsidiaries have been exempt from PRC national foreign-invested enterprise income tax for two years starting from the first year they make assessable profits and were granted a 50% reduction in tax for three years thereafter. However, following the introduction of the PRC Enterprise Income Tax Law, effective from January 1, 2008, the preferential tax treatment enjoyed by our subsidiaries will be gradually terminated within the following five years. Termination of the preferential tax treatment that we currently enjoy may have a negative impact on our results of operations and financial condition. See "Risk Factors —We may be deemed a Chinese resident enterprise under the new PRC Enterprise Income Tax Law and be subject to the PRC taxation on our worldwide income".

For the nine months ended September 30, 2007, we recorded a reduction in tax expense of US$1.9 million in respect of "change of tax rate". This represented the reduction in deferred tax liabilities in relation to the fair value adjustment of the hotel property of Shanghai Sun-Want Hotel Co. Ltd. (formerly known as Shanghai Qianhe Hotel Ltd.), as the applicable income tax rate in 2008 will be reduced from 33% to 25% in accordance with the new PRC taxation laws.

Our income tax expenses also include "expenses not deductible for tax purpose", which represent the expenses that were not allowed to be deducted for tax purposes under PRC law, including items such as penalty and donation expenses, and "under provision of prior year taxation", which represents the additional income tax liabilities of our companies subsequent to the annual tax examinations.

Share options

We expect to recognise expenses in relation to our Pre-IPO Share Option Scheme and, to the extent options are granted, under our Share Option Scheme. We expect to recognise an expense of approximately US$3.0 million for the year ending December 31, 2008 in respect of options granted under our Pre-IPO Share Option Scheme. For further information on the terms of our Pre-IPO Share Option Scheme and Share Option Scheme, and grants made under our Pre-IPO Share Option Scheme, please see the sections headed "D. Pre-IPO Share Option Scheme" and "E. Share Option Scheme" in Appendix VI to this prospectus.

FACTORS AFFECTING COMPARABILITY

Government grants and incentives

Our other income for the three years ended December 31, 2004, 2005 and 2006 and the nine months ended September 30, 2007 included government grants of US$8.69 million, US$11.42 million, US$23.23 million and US$10.31 million, respectively. These government grants represented subsidy income received from various government organizations as incentives to certain of our subsidiaries in the PRC. The granting of government grants is approved by local governments on a case-by-case basis. The government grants are without conditions and are not of a recurring nature. There is no assurance that we will continue to receive such grants and incentives in future.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that are significant to the preparation of our financial statements. Our significant accounting policies, which are important for an understanding of our results of operations and financial condition, are set forth in detail in

Note 3 to the accountant's report set out in Appendix I to this prospectus. Critical accounting policies are those that are both most important to the portrayal of our results of operations and financial condition and require management's most difficult, subjective, or complex judgment, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and may change in subsequent periods. Certain accounting estimates are particularly sensitive because of their significance to financial statements and because of the possibility that future events affecting the estimate may differ significantly from management's current judgments. We believe the following critical accounting policies involve the most significant estimates and judgments used in the preparation of our financial statements.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Construction-in-progress, or CIP, represents buildings, plant and machinery under construction or pending installation and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction and acquisition and capitalised borrowing costs. No depreciation is made on CIP until such time as the relevant assets are completed and ready for intended use. When the assets concerned are available for use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated below.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are expensed in the income statements during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the costs less impairment loss (if any) of the assets, other than freehold land and construction in progress, to their residual values over their estimated useful lives, as follows:

Buildings	20 to 60 years
Furniture, machinery and equipment	2 to 15 years
Vehicles, aircraft and transportation	5 to 20 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are recognised within other gains/(losses), net, in the income statements.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods comprises raw materials, labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling and distribution expenses.

The slow-moving inventories are categorized according to the nature of the inventories, and provision is made to the extent that the net realizable value is lower than the cost.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within administrative expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the income statement.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities, net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group. Revenue is recognised as follows:

(a) Sales of goods

Revenue from the sales of goods is recognised when the risk and reward of the goods has been transferred to the customer, which is usually at the date when a group entity has delivered products to the customer, the customer has accepted the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

(b) Revenue from hotel operations

Hotel room revenue, which forms part of our Non-core Operations, is recognised based on room occupancy, while other hotel revenues are recognised when the goods are delivered or when the services are rendered to the customers.

(c) Service revenue from hospital

Service revenue from hospital, which forms part of our Non-core Operations, is recognised upon provision of hospital services.

(d) Rental income

Rental income is recognised on a straight line basis over the period of the relevant leases.

(e) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

(f) Dividend income

Dividend income is recognised when the right to receive payment is established.

Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

Income taxes

We are mainly subject to income taxes in the PRC. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. We recognize liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

PRINCIPAL INCOME STATEMENT COMPONENTS

Sales

The revenue of our Core Operations consists of proceeds from the sale of our rice crackers, dairy products and beverages, snack foods and other products.

The table below sets forth our total turnover of our Core Operations by main product lines for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2004		2005		2006		2006		2007	
							(unaudited)			
	US$'000	%	US$'000	%	US$'000	%	US$'000	%	US$'000	%
Core operations										
Rice crackers	217,389	42.4	267,267	39.8	307,511	36.2	191,053	32.1	230,031	30.4
Dairy products and beverages	135,544	26.4	198,487	29.5	276,754	32.5	195,303	32.9	275,144	36.4
Snack foods	148,924	29.1	195,962	29.1	257,314	30.3	201,827	34.0	244,666	32.3
Others	10,659	2.1	10,632	1.6	8,369	1.0	6,078	1.0	6,505	0.9
Total	512,516	100.0	672,348	100.0	849,948	100.0	594,261	100.0	756,346	100.0

Rice crackers have contributed approximately 42.4%, 39.8%, 36.2%, and 30.4% of sales of our Core Operations for the three years ended December 31, 2004, 2005 and 2006 and the nine months ended September 30, 2007, respectively. Dairy products and beverages represented approximately 26.4%, 29.5%, 32.5%, and 36.4%, while snack foods represented approximately 29.1%, 29.1%, 30.3%, and 32.3%, for the three years ended December 31, 2004, 2005 and 2006 and the nine months ended September 30, 2007, respectively.

Our sales of rice crackers, dairy products and beverages and snack foods have increased steadily during 2004, 2005 and 2006. In particular, sales of rice crackers increased from US$217.39 million in 2004 to US$307.51 million in 2006, representing a CAGR of 18.9%. Sales of dairy products and beverages increased from US$135.54 million in 2004 to US$276.75 million in 2006, representing a CAGR of 42.9%. Sales of snack foods increased from US$148.92 million in 2004 to US$257.31 million in 2006, representing a CAGR of 31.4%.

Cost of sales

Our cost of sales for our Core Operations mainly comprise costs of raw materials, including principally rice, milk powder, sugar, palm oil and packaging materials; water and electricity expenses; depreciation of property, plant and equipment related to production; salaries and benefits for employees involved in production; machinery parts and maintenance expenses; and other manufacturing costs. Raw materials, packaging and consumables used comprised 68.9%, 77.0%, 79.5% and 78.5% of our cost of sales of our Core Operations for the three years ended December 31, 2006 and the nine months ended September 30, 2007, respectively. Depreciation relates primarily to property, plant and equipment we own and is calculated on a straight-line basis over the estimated useful lives of the assets.

The table below sets forth a breakdown of our cost of sales for our Core Operations for the periods indicated:

	Year ended December 31,			Nine months ended September 30,	
	2004	2005	2006	2006	2007
				(Unaudited)	
Cost of sales	US$'000				
Raw materials, packaging and consumables used	217,361	319,529	420,715	293,249	359,060
Depreciation	27,705	30,522	31,410	24,837	27,387
Salary and employee benefits	25,022	30,647	38,571	26,218	27,923
Utilities expense	28,135	36,567	44,756	31,269	33,668
Others (lease, maintenance and others)	7,351	7,653	9,763	6,064	10,724
Changes in inventories of finished goods and work in progress	9,946	(9,975)	(15,866)	(10,180)	(1,113)
Total	315,520	414,943	529,349	371,457	457,649

Other income

Our other income for our Core Operations consists primarily of government grants representing subsidy income received from various government organizations as incentives to certain of our subsidiaries in the PRC. These government grants include incentives for contributing to employment and economic development in particular localities, value-added tax and other tax rebates and other incentives. Such grants are generally of a non-recurring nature. We also receive other income from sale of scrap materials, and rental income.

Selling and distribution expenses

Our selling and distribution expenses for our Core Operations primarily consist of advertising, promotional and product display costs, transportation expenses, travelling expenses, and salaries and benefits for our sales employees.

Administrative expenses

Our administrative expenses for our Core Operations mainly consist of salaries and benefits for our management and administrative staff, depreciation of property, loss on obsolete inventories, plant and equipment used for administrative purposes, office expenses, lease expenses, technical know-how fees and other miscellaneous expenses. Losses on obsolete inventories arose from the provision/write-off of long aged obsolete raw materials which could not be used for production and finished goods which were not expected to be sold in the future. Our other miscellaneous expenses include provisions/(reversal of provisions) for impairment of trade receivables, which were related to long aged trade receivables balances in doubt of collection.

Finance income/(costs)

Our finance income mainly consists of interest income on cash and cash equivalents. Our finance costs mainly consist of interest payments for our loans with banks and other financial institutions. Net finance income/(costs) equals our finance income less finance costs.

Tax

We are not taxed on a consolidated basis. Pursuant to the rules and regulations of the Cayman Islands we are not subject to any income tax in the Cayman Islands.

Before the new PRC Enterprise Income Tax Law came into effect on January 1, 2008, enterprises incorporated in the PRC were normally subject to enterprise income tax at 33%. Certain of our PRC subsidiaries enjoyed preferential income tax rates lower than 33%. In addition, certain of our subsidiaries in the PRC incorporated as foreign investment production enterprises were exempted from enterprise income tax in the first and second profit-making years and enjoyed a 50% reduction in income tax liability for the third to fifth profit-making years, commencing from the first profit-making year after offsetting any tax losses incurred in prior years, if any.

On March 16, 2007, the National People's Congress approved the PRC Enterprise Income Tax Law, which become effective from January 1, 2008. According to the new law, the enterprise income tax for both domestic and foreign investment enterprises was unified at 25% effective from January 1, 2008. However, there will be a transition period for enterprises that currently receive preferential tax treatment granted by relevant tax authorities. Enterprises that are subject to an income tax rate lower than 25% may continue to enjoy the lower rate and gradually transfer to the new rate within five years after the effective date of the new law. Enterprises that are currently entitled to exemptions or reductions from the standard income tax rate for a fixed term may continue to enjoy such treatment until the fixed term expires.

Our subsidiaries incorporated in Taiwan, Hong Kong and other jurisdictions are subject to the income tax rates prevailing in the places in which they operate. During the years ended December 31, 2004, 2005 and 2006 and the nine months ended September 30, 2007, our subsidiaries in Taiwan and Hong Kong were subject to income tax rate of 25% and 16.5%, respectively, while our subsidiaries in other jurisdictions were subject to income tax at rates ranging from 0% to 30%.

Please refer to Note 30 of the accountant's report in Appendix I to this prospectus for further information on our income tax expenses.

Income statement items as a percentage of sales

	Year ended December 31,			Nine months ended September 30,	
	2004	2005	2006	2006 (Unaudited)	2007
	% of Sales				
Sales	100.0	100.0	100.0	100.0	100.0
Rice crackers	42.4	39.8	36.2	32.1	30.4
Dairy products and beverages	26.4	29.5	32.5	32.9	36.4
Snack foods	29.1	29.1	30.3	34.0	32.3
Others	2.1	1.6	1.0	1.0	0.9
Cost of sales	(61.6)	(61.7)	(62.3)	(62.5)	(60.5)
Gross profit	38.4	38.3	37.7	37.5	39.5
Other gains/(losses), net	(0.4)	(0.0)	0.1	0.2	0.8
Other operating income	2.2	2.3	3.5	3.5	2.4
Selling and distribution expenses	(13.5)	(11.8)	(12.4)	(12.7)	(12.2)
Administrative expenses	(10.5)	(9.4)	(10.1)	(10.2)	(9.6)
Operating profit	16.1	19.4	18.9	18.3	21.0
Share of results of associates	0.0	0.0	0.0	0.0	0.0
Finance income/(costs),net	0.2	(0.1)	(0.4)	(0.4)	(0.3)
Profit before income tax	16.4	19.3	18.5	17.9	20.6
Income tax expense	(1.9)	(1.9)	(1.9)	(1.8)	(2.0)
Profit for the year/period	14.5	17.3	16.5	16.2	18.6
Attributable to:					
Equity holders of the Company	14.6	17.4	16.6	16.2	18.6
Minority interests	(0.1)	(0.1)	(0.1)	(0.0)	(0.0)
	14.5	17.3	16.5	16.2	18.6

REVIEW OF HISTORICAL OPERATING RESULTS

The following discussion is based on the historical results of our Core Operations only. Due to the factors affecting our results of operations described above, our historical results of operations may not be indicative of our future operating performance. In particular, our future financial results will not reflect our Non-core Operations, which were divested in the course of our reorganization commenced in September 2007. Accordingly, the following discussion does not reflect the historical results of our Non-core Operations.

Nine months ended September 30, 2006 compared to nine months ended September 30, 2007

Sales

The turnover of our Core Operations increased by 27.3% from US$594.26 million in the nine months ended September 30, 2006 to US$756.35 million for the same period in 2007, primarily as a result of an increase in sales volume of our products, in particular Hot-Kid milk, popsicles and candies, and an increase in average selling prices of our rice crackers and dairy products and beverages.

Cost of sales

Cost of sales of our Core Operations increased by 23.2% from US$371.46 million in the nine months ended September 30, 2006 to US$457.65 million in the nine months ended September 30, 2007.

The increase in our costs of sales of our Core Operations was primarily a result of our increase in sales and an increase of 22.4% of our cost in raw materials, packaging and consumables used from US$293.25 million in the nine months ended September 30, 2006 to US$359.06 million in the same period in 2007.

Gross profit

The gross profit of our Core Operations increased by 34.1% from US$222.80 million in the nine months ended September 30, 2006 to US$298.70 million for the same period in 2007 due to our increased sales volume and turnover. The gross profit margin for our Core Operations was 37.5% in the nine months ended September 30, 2006 and 39.5% in the same period in 2007.

Gross margin for our rice crackers increased from 32.6% for the nine months ended September 30, 2006 to 37.1% for the same period in 2007, primarily due to an increase in the proportion of core brands in our sales mix and an increase in prices for our rice crackers. Gross margin for our dairy products and beverages increased from 34.5% for the nine months ended September 30, 2006 to 39.2% from the same period in 2007 due to an increase in sales volume and prices for Hot-Kid milk, as well as increased sales of higher-margin "0-Bubble Fruit Milk". Gross margin for our snack foods decreased from 45.8% to 43.2% over the same period due to an increase in raw material costs for ball cakes and popsicles, and introduction of new products.

Other income

Other income for our Core Operations decreased by 12.7% from US$20.70 million in the nine months ended September 30, 2006 to US$18.07 million in the same period in 2007, primarily as a result of a decrease in government subsidies.

Selling and distribution expenses

Selling expenses for our Core Operations increased by 22.6% from US$75.19 million in the nine months ended September 30, 2006 to US$92.17 million in the same period in 2007, primarily as a result of an increase in distribution expenses, salaries and benefits relating to our sales staff, promotion and advertising expenses and lease expenses.

Administrative expenses

Administrative expenses for our Core Operations increased by 19.5% from US$60.43 million in the nine months ended September 30, 2006 to US$72.23 million in the same period in 2007, primarily as a result of an increase in salaries and benefits relating to management and administrative staff, utility expenses, lease and depreciation expenses.

Finance income/(costs)

Net finance costs of our Core Operations decreased by 0.6% from US$2.46 million in the nine months ended September 30, 2006 to US$2.45 million in the same period in 2007.

Income tax expenses

Income tax expenses for our Core Operations increased by 47.6% from US$10.49 million in the nine months ended September 30, 2006 to US$15.48 million for the same period in 2007, primarily as a result of an increase in profit before tax, as well as a slight increase in our effective tax rate, from 9.8% for the nine months ended September 30, 2006 to 9.9% for the nine months ended September 30, 2007.

Profit attributable to minority interests

The loss of our Core Operations attributable to minority interests was US$0.26 million in the nine months ended September 30, 2006 compared to US$0.31 million in the same period in 2007.

Profit attributable to our equity holders

As a result of the above, the profit of our Core Operations attributable to our equity holders increased by 46.5% from US$96.28 million in the nine months ended September 30, 2006 to US$141.04 million in the same period in 2007. The profit margin for profit of our Core Operations attributable to our equity holders increased from 16.2% in the nine months ended September 30, 2006 to 18.6% in the nine months ended September 30, 2007.

Year ended December 31, 2005 compared to year ended December 31, 2006

Sales
The turnover of our Core Operations increased by 26.4% from US$672.35 million in 2005 to US$849.95 million in 2006, primarily as a result of an increase in sales volume of Hot-Kid milk, jellies and popsicles and introduction of new snack food products including milk candies.

Cost of sales
Cost of sales of our Core Operations increased by 27.6% from US$414.94 million in 2005 to US$529.35 million in 2006.

The increase in our costs of sales of our Core Operations was primarily a result of our increase in sales volume, and an increase of 31.7% in our cost of raw materials, packaging and consumables used, from US$319.53 million in the year ended December 31, 2005 to US$420.72 million in the year ended December 31, 2006.

Gross profit
Gross profit of our Core Operations increased by 24.6% from US$257.40 million in 2005 to US$320.60 million in 2006 due to our increased turnover and stable gross profit margin. Our gross profit margin of our Core Operations was 38.3% in 2005 and 37.7% in 2006.

For the year ended December 31, 2006 compared to the year ended December 31, 2005, gross margin for our rice crackers, dairy products and beverages and snack foods segments decreased slightly due to increases in raw material costs for sugar and milk powder.

Other income
Other income of our Core Operations increased by 89.9% from US$15.70 million in 2005 to US$29.81 million in 2006, primarily as a result of an increase in government grants for the establishment of new factories.

Selling and distribution expenses
Selling and distribution expenses of our Core Operations increased by 32.5% from US$79.45 million in 2005 to US$105.32 million in 2006, primarily as a result of an increase in salaries and benefits, distribution costs expenses and sales promotion.

Administrative expenses
Administrative expenses of our Core Operations increased by 36.1% from US$63.09 million in 2005 to US$85.85 million in 2006, primarily as a result of an increase in staff and administration costs, office expenses, depreciation and utility expenses.

Finance income/(costs)
Net finance costs of our Core Operations increased from US$0.68 million in 2005 to US$3.26 million in 2006.

Income tax expenses
Income tax expenses of our Core Operations increased by 26.3% from US$12.90 million in 2005 to US$16.29 million in 2006, primarily as a result of our increased profit before income tax.

Profit attributable to minority interests
The loss of our Core Operations attributable to minority interests increased from US$0.17 million in 2005 to US$0.67 million in 2006.

Profit attributable to our equity holders

As a result of the above, the profit for the year of our Core Operations attributable to our equity holders increased by 20.9% from US$116.81 million in 2005 to US$141.19 million in 2006. Our profit margin for profit of our Core Operations attributable to our equity holders decreased from 17.4% in 2005 to 16.6% in 2006.

Year ended December 31, 2004 compared to year ended December 31, 2005

Sales

Sales of our Core Operations increased by 31.2% from US$512.52 million in 2004 to US$672.35 million in 2005, primarily as a result of a shift of sales mix towards higher margin products in our rice crackers product line and an increase in sales volume of Hot-Kid milk.

Cost of sales

Cost of sales of our Core Operations increased by 31.5% from US$315.52 million in 2004 to US$414.94 million in 2005.

The increase in our costs of sales of our Core Operations was primarily a result of an increase of 47.0% in our cost of raw materials, packaging and consumables used, from US$217.36 million in the year ended December 31, 2004 to US$319.53 million in the year ended December 31, 2005.

Gross profit

Gross profit of our Core Operations increased by 30.7% from US$197.00 million in 2004 to US$257.40 million in 2005 due to our increased turnover and stable gross profit margin. Our gross profit margin for our Core Operations was 38.4% in 2004 and 38.3% in 2005.

The gross margin of our rice crackers increased from 31.3% in the year ended December 31, 2004 to 35.9% in the year ended December 31, 2005 due to an increase in the sales volume and gross margin of gift packs and our core brand products. The gross margin of our dairy products and beverages decreased from 42.6% to 35.3% over the same period due to an increase in raw material costs, including for milk powder and packaging materials, and introduction of lower margin products. The gross margin of our snack foods products remained relatively stable, from 47.5% in the year ended December 31, 2004 to 46.1% in the year ended December 31, 2005.

Other income

Other revenue of our Core Operations increased by 42.0% from US$11.05 million in 2004 to US$15.70 million in 2005, primarily as a result of an increase in government grants for the establishment of new factories.

Associated companies

The primary reason for our associates turning from a profit-making entity in 2004 to loss-making entity from 2005 and onwards was that the majority of these associates were related to trading and manufacturing of watches and had lower margins from 2005 and onwards and therefore the overall net income of these associates were at a loss.

Selling and distribution expenses

Selling expenses of our Core Operations increased by 15.0% from US$69.12 million in 2004 to US$79.45 million in 2005, primarily as a result of an increase in our transportation and promotion expenses.

Administrative expenses

Administrative expenses of our Core Operations increased by 16.8% from US$54.03 million in 2004 to US$63.09 million in 2005, primarily as a result of an increase in staff costs, depreciation and utilities expenses.

Finance income/(costs)

Net finance costs of our Core Operations decreased by 159.6% from a net income of US$1.14 million in 2004 to a net cost of US$0.68 million in 2005.

Income tax expenses

Income tax expenses of our Core Operations increased by 35.3% from US$9.53 million in 2004 to US$12.90 million in 2005, primarily as a result of our increased profit before income tax.

Profit attributable to minority interests

The loss of our Core Operations attributable to minority interest decreased from US$0.47 million in 2004 to US$0.17 million in 2005.

Profit attributable to our equity holders

As a result of the above, the profit for the year of our Core Operations attributable to our equity holders increased by 56.0% from US$74.89 million in 2004 to US$116.81 million in 2005. Our profit margin for profit of our Core Operations attributable to our equity holders increased from 14.6% in 2004 to 17.4% in 2005.

LIQUIDITY AND CAPITAL RESOURCES

We have historically met our working capital and other capital requirements principally from cash provided by operations and cash at hand, while raising the remainder of our requirements primarily through short-term and long-term debt and borrowings from banks.

Cash flow data

The following table presents selected cash flow data from our combined cash flow statements for our Core Operations only for the periods indicated:

	Year ended December 31,			Nine months ended September 30,	
	2004	2005	2006	2006	2007
				(Unaudited)	
	US$'000				
Net cash generated from operating activities	73,360	151,821	128,776	74,676	239,979
Net cash used in investing activities	(78,397)	(148,953)	(146,960)	(109,200)	(160,766)
Net cash from/(used in) financing activities	(13,297)	18,345	40,960	25,715	25,589
Net effect of exchange rate changes in consolidating subsidiaries	411	1,957	4,375	3,557	4,586
Net increase/(decrease) in cash and cash equivalents	(17,923)	23,170	27,151	(5,252)	109,388
Cash and cash equivalents at year/period end	117,098	140,268	167,419	135,016	276,807

Cash flow from operating activities

Net cash generated from operating activities of our Core Operations for the nine months ended September 30, 2007 was US$239.98 million, while we had a net profit before tax of our Core

Operations for the same period in 2007 of US$156.22 million. The difference of US$83.76 million was primarily a result of US$34.32 million depreciation of property, plant and equipment, a US$81.18 million decrease in prepayments, deposits and other receivables as a result of a reduction in receivables from our Non-core Operations which were related to intra-group funding arrangements before the divestment of our Non-core Operations, and US$7.31 million decrease in inventory as a result of a decrease in our inventory of raw materials and packaging, offset by a US$25.78 million decrease in trade payables as a result of a reduction in payments for purchases of raw materials, and income tax paid of US$15.41 million.

Net cash generated from operating activities of our Core Operations in 2006 was US$128.78 million, while our net profit before tax for our Core Operations for the same period in 2006 was US$156.82 million. The difference of US$28.04 million was primarily as a result of US$38.84 million depreciation of property, plant and equipment, a US$35.72million increase in accruals and other payables due to an increase in payables to our Non-core Operations which were related to intra-group funding arrangements before the divestment of our Non-core Operations and salaries and bonuses payables, and a US$21.67 million increase in trade payables due to an increase in payments for purchases of raw materials, offset by a US$76.63 million increase in prepayments, deposits and other receivables due to an increase in receivables from our Non-core Operations, a US$27.32 million increase in inventory due to an increase in inventory of our finished products and raw materials and packaging, and income tax paid of US$16.27 million.

Net cash generated from operating activities of our Core Operations in 2005 was US$151.82 million, while our net profit before tax of our Core Operations for the same period in 2005 was US$129.54 million. The difference of US$22.28 million was primarily as a result of US$36.40 million depreciation of fixed assets, a US$35.68 million increase in trade payables as a result of an increase in payments for purchases of raw materials and a US$10.81 million increase in accruals and other payables as a result of an increase in salaries and bonuses, transportation fees and advertising fees payable, offset by a US$39.85 million increase in inventory primarily as a result of an increase in our inventories of raw materials and packaging, and income tax paid of US$12.72 million.

Net cash generated from operating activities of our Core Operations in 2004 was US$73.36 million, while our net profit before tax of our Core Operations for the same period in 2004 was US$83.95 million. The difference of US$10.59 million was primarily as a result of US$32.34 million depreciation of fixed assets, offset by an increase in prepayments, deposits and other receivables of US$40.31 million.

Cash flow from investing activities

Our net cash used in investing activities for our Core Operations in 2004, 2005 and 2006 and for the nine months ended September 30, 2007 was US$78.40 million, US$148.95 million, US$146.96 million and US$160.77 million, respectively. Our expenditures for investing activities in our Core Operations primarily relate to our expansion of production facilities and the related purchase of land use rights and property, plant and equipment. See "Capital Expenditures and Investment" below for more details on our uses of capital.

Cash flow from financing activities

We had net cash generated from financing activities for our Core Operations of US$25.59 million in the nine months ended September 30, 2007, primarily as a result of US$263.92 million proceeds from bank borrowings, offset by US$210.01 million repayments of bank borrowings and US$25.78 million in dividends paid.

Our net cash generated from financing activities for our Core Operations in 2006 was US$40.96 million, primarily as a result of US$188.79 million proceeds from bank borrowings, offset by US$122.79 million repayments of bank borrowings and US$25.78 million in dividends paid.

Our net cash generated from financing activities for our Core Operations in 2005 was US$18.35 million, primarily as a result of US$71.16 million proceeds from bank borrowings, offset by US$13.46 million repayments of bank borrowings and US$38.67 million in dividends paid.

Our net cash used in financing activities for our Core Operations in 2004 was US$13.30 million, primarily as a result of US$44.91 million dividends paid, offset by US$25.50 million proceeds from bank borrowings.

NET CURRENT ASSETS

We had net current assets for our Core Operations of US$213.11 million, US$228.03 million, US$168.96 million, US$360.01 million and US$369.29 million as at December 31, 2004, 2005 and 2006, September 30, 2007 and December 31, 2007, respectively. We finance our working capital needs principally from cash provided by operations and cash at hand, while raising the remainder of our requirements primarily through short-term and long-term debt and borrowings.

The table below sets forth the breakdown of our current assets and liabilities for our Core Operations as at September 30, 2007 and at December 31, 2007:

	As of September 30, 2007	As of December 31, 2007
	US$'000	US$'000 (unaudited)
Current assets		
Inventories	162,638	204,243
Properties under development for sale	23,230	23,373
Non-current asset held for sale	—	6,244
Trade receivables	52,718	67,232
Prepayments, deposits and other receivables	65,265	65,826
Financial assets at fair value through profit or loss	1,092	680
Cash and cash equivalents	276,807	270,466
	581,750	638,064
Current liabilities		
Trade payables	66,355	79,033
Accruals and other payables	109,625	163,208
Borrowings	43,329	15,279
Current income tax liabilities	2,433	11,251
	221,742	268,771
Net current assets	360,008	369,293

CAPITAL EXPENDITURES AND INVESTMENT

Capital expenditures for our Core Operations principally comprise capital commitments for acquisition and construction of land and buildings, machinery and equipment, vehicles and transportation and construction in progress.

During the three years ended December 31, 2006 and the nine months ended September 30, 2007, we have increased our annual total capital expenditures.

The following table sets forth our capital expenditures for our Core Operations for the periods indicated.

Capital expenditures	Year ended December 31, 2004	2005	2006	Nine months ended September 30, 2007
		US$'000		
Rice crackers	19,645	36,645	19,123	20,452
Dairy products and beverages	14,951	15,416	37,496	21,891
Snack foods	20,938	49,305	47,553	17,097
Others	4,776	3,315	5,876	2,120
Unallocated	62	97	13,265	130
Total capital expenditures	60,372	104,778	123,313	61,690

As at September 30, 2007, we had capital commitments of US$7.41 million for the purchase of property, plant and equipment.

We financed our capital expenditure requirements primarily through cash from operations, cash at hand and bank and other borrowings. We expect that our capital expenditure will amount to approximately US$123 million in 2007 and US$208 million in 2008. The capital expenditure for 2007 and 2008 are currently planned to be used primarily to expand our production facilities for our dairy products and beverages products, as well as to invest further in our production facilities for our rice cracker, snack foods and wine products. We plan to finance our 2007 and our 2008 capital expenditure requirements primarily with part of the net proceeds from the Global Offering and cash generated from our operations.

WORKING CAPITAL

Taking into account our internal resources, our cash flow from operations, present available banking facilities and estimated net proceeds from the Global Offering, our Directors confirm that we have sufficient working capital for our present requirements and for at least the next 12 months from the date of this prospectus.

INVENTORY ANALYSIS

The inventory of our Core Operations primarily consists of finished goods, goods in transit, work in progress for rice crackers, dairy products and beverages, snack foods and other products, as well as raw materials and packaging materials. The goods in transit mainly represented the imported raw materials which were on the way to be delivered to our warehouses. Most of our purchases of raw materials from overseas are on free on board (FOB) terms, therefore there exist significant amount of goods in transit as at the balance sheet dates.

The following table sets forth a summary of our inventory turnover and total inventories for our Core Operations for the periods indicated:

	Year ended December 31, 2004	2005	2006	Nine months ended September 30, 2007
Turnover of inventory (days)	119	125	117	96
Total inventories (US$'000)	102,775	142,628	169,948	162,638

The following table sets forth an inventory day analysis with further breakdown of the inventory balance for finished goods versus raw materials:

	Year ended December 31,			Nine months ended
	2004	2005	2006	September 30, 2007
Inventory turnover days				
Work in progress and finished goods balance (in US$'000)	23,580	32,950	48,716	49,829
Cost of sales (in US$'000)	315,520	414,943	529,349	457,649
Turnover days	27	29	34	29
Raw materials and packaging materials balance (in US$'000)	79,195	109,678	121,232	112,809
Raw materials, packaging and consumables used (in US$'000)	217,361	319,529	420,715	359,060
Turnover days	132	125	105	85

Inventory turnover days increased slightly from 2004 to 2005 because of the increase in the cost of raw materials and packaging, in particular, the increase in cost of milk powder. There was also a slight increase in semi and finished goods turnover days due to the increase of gift packs in our sales mix. Inventory days decreased in 2006 because we have been building our own production facilities for milk powder and packaging, which decreased our cost of raw materials and packaging and also decreased our need to purchase in bulk.

The inventory turnover days for the nine months ending September 30, 2007 is not a year end number and thus is not directly comparable to the turnover days for the year ended December 31, 2006. This period had lower inventory days as it did not reflect the seasonality of some products, for instance, the stocking up of gift packs at the end of the year in preparation for Chinese New Year.

We record a write-down of inventories in relation to damaged finished goods upon delivery to customers. The amounts of write-down of inventories to their net value for each of the three years ended December 31, 2004, 2005 and 2006 and the nine months ended September 30, 2007 are approximately US$804,000, US$300,000, US$1,264,000 and US$960,000, respectively.

TRADE RECEIVABLES

Turnover of trade receivables

Our trade receivables for our Core Operations represent the receivables from our customers. The terms of credit we grant to our customers are usually 60 days. We only grant credit to customers in our direct sales channel, pursuant to which we sell our products directly to modern retailers, mainly supermarkets, hypermarkets, chain stores and convenience stores, who then on-sell our products to end-customers. We do not grant credit to our wholesalers in China, and all our products are sold to wholesalers in China on a cash-on-delivery basis. For further information on our direct sales and wholesale distribution channels, see the section headed "Business—Sales and Marketing—Sales and Distribution Network".

During the three years ended December 31, 2004, 2005 and 2006, and the nine months ended September 30, 2007, we were able to reduce the turnover days of our trade receivables for our Core Operations as a result of improved receivables collection methods.

The following table sets forth the turnover of our trade receivables for our Core Operations for the periods indicated:

	Year ended December 31,			Nine months ended
	2004	2005	2006	September 30, 2007
Turnover of trade receivables (days)	31	26	23	19

Trade receivables turnover days have decreased steadily from 2004 to 2006 due to our improved ability to negotiate and achieve better credit terms from customers and improved debtor collection practices with our direct sales channel customers. Trade receivables turnover days for the nine months ended September 30, 2007 is not comparable to that for the year ended December 31, 2006 due to the effects of seasonality.

Age of trade receivables

The following table sets forth a summary of the age of our trade receivables for our Core Operations for the periods indicated:

	As at December 31,			As at September 30,
Age of trade receivables	**2004**	**2005**	**2006**	**2007**
0 to 60 days	91.9%	92.5%	90.6%	90.3%
61 days to 180 days	7.0%	5.9%	8.3%	8.9%
181 days to 365 days	0.5%	0.9%	0.4%	0.3%
Over one year	0.6%	0.7%	0.7%	0.5%
Total	100.0%	100.0%	100.0%	100.0%

As of December 31, 2006 and September 30, 2007, substantially all of the balances of our trade receivables for our Core Operations were due and receivable within a period of 12 months, for which we expect to fully recover the outstanding balance of trade receivables.

TRADE PAYABLES

Our trade payables for our Core Operations mainly relate to the purchase of equipment and raw materials from our suppliers with credit terms generally of 180 days for equipment and between 30 days and 60 days for raw materials after receipt of goods and invoices.

Turnover of trade payables

The table below sets forth the turnover of trade payables for our Core Operations for the periods indicated:

	Year ended December 31,			Nine months ended
	2004	2005	2006	September 30, 2007
Turnover of trade payables (days)	40	62	64	39

Trade payables turnover days increased from 2004 to 2006 due to our improved ability to achieve better credit terms from suppliers. Trade payables turnover days for the nine months ended September 30, 2007 is not comparable to that for the year ended December 31, 2006 due to the effects of seasonality.

Age of trade payables

The following table sets forth a summary of the age of our trade payables for our Core Operations for the periods indicated:

	As at December 31,			As at September 30,
	2004	2005	2006	2007
Age of trade payables				
0 to 60 days	92.5%	93.0%	92.9%	90.6%
61 to 180 days	6.1%	6.0%	6.1%	6.3%
181 days to 365 days	0.5%	0.2%	0.3%	2.0%
Over one year	0.9%	0.8%	0.7%	1.1%
Total	100.0%	100.0%	100.0%	100.0%

INDEBTEDNESS

Bank loans and other loans

Our borrowings including bank loans are set forth below for the periods presented:

	As at December 31,			As at September 30,	As at January 31,
	2004	2005	2006	2007	2008
	US$'000				
Core Operations					
Current					
Short term bank borrowings					
— secured	—	—	—	4,569	—
— unsecured	19,864	27,565	189,385	38,760	2,773
Non-current					
Long-term bank borrowings					
— unsecured	55,000	105,000	9,173	209,139	168,000
	74,864	132,565	198,558	252,468	170,773
Non-core Operations					
Current					
Short term bank borrowings					
— secured	—	—	—	19,699	—
— unsecured	—	—	—	2,662	—
Non-current					
Long-term bank borrowings					
— secured	—	—	4,962	28,895	—
— unsecured	—	40,829	42,298	67,883	—
	—	40,829	47,260	119,139	—
Total	74,864	173,394	245,818	371,607	170,773

The following table sets forth the maturities of our total borrowings as at the balance sheet dates indicated:

	As at December 31,			As at September 30,	As at January 31,
	2004	2005	2006	2007	2008
	US$'000				
On demand or within 1 year	19,864	27,565	189,385	65,690	2,773
Between 1 and 2 years	—	105,000	11,737	11,071	—
Between 2 and 5 years	55,000	2,475	3,781	251,713	168,000
Over 5 years	—	38,354	40,915	43,133	—
	74,864	173,394	245,818	371,607	170,773

As at January 31, 2008, our bank loans were pre-dominantly arranged at interest rates ranging from 1.4% to 5.5%. Our bank loans are predominantly denominated in US dollars, with a significant proportion also denominated in RMB.

Our Group has incurred indebtedness in the past, which we have historically utilised in both our Core and Non-core Operations. We intend to pay down our indebtedness for our Core Operations with operating cashflow over the next 12 months.

Contingent liabilities and guarantees

As at December 31, 2004, 2005 and 2006, September 30, 2007 and January 31, 2008, the Group had no material contingent liabilities.

Off-balance sheet transactions

As at January 31, 2008, we had not entered into any off-balance sheet transactions.

No other outstanding indebtedness

Save as disclosed in the section headed "Financial Information — Indebtedness" in this prospectus and apart from trade payables at the close of business on January 31, 2008, we did not have outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other contingent liabilities. We confirm that there has not been any material change in our indebtedness and contingent liabilities since January 31, 2008 until the date of this prospectus.

Capital leases

As at January 31, 2008, we did not have any capital leases.

BUSINESS COMBINATIONS

We acquired 100% equity interests in Shanghai Sun-Want Hotel Co., Ltd (or Shanghai Sun-Want Hotel, formerly known as Shanghai Qianhe Hotel Ltd.) on February 1, 2005 from third parties independent of the Company and our controlling shareholders. Shanghai Sun-Want Hotel is engaged in hotel operations and related services. Goodwill and premium were incurred on acquiring Shanghai Sun-Want Hotel as the purchase consideration was more than the fair value of net assets acquired. Although Shanghai Sun-Want Hotel was loss-making at the time of acquisition, our management were of the view that the company's prospects were favourable, given the hotel's location in Shanghai, being a major city in the PRC. Shanghai Sun-Want Hotel is part of our Non-core Operations and will not be retained within the Group after the completion of the reorganization.

We acquired 100% equity interests in Beijing Shang-Want Foods Ltd., or Beijing Shang-Want, on July 1, 2005, from third parties independent of the Company and our controlling shareholders. Beijing Shang-Want was engaged in the manufacturing and distribution of beverages. The reason for the acquisition was to expand our beverage business in North China. The operational results of Beijing Shang-Want prior to acquisition were not satisfactory and the purchase consideration was less than the fair value of the net assets acquired, which resulted in the incurrence of negative goodwill. Beijing Shang-Want was liquidated in 2005 following the acquisition and its major assets were transferred to Beijing Dairy-Want Foods Ltd., another subsidiary within the Group engaged in Core Operations.

Please also refer to Note 34 of the accountant's report set out in Appendix I to this prospectus for further details.

MARKET RISKS

We are exposed to various types of market risks, including credit risk, foreign currency exchange risk, liquidity risk and interest rate risk.

Foreign currency risk

Our functional currency is US dollars, and the functional currency of the majority of our subsidiaries is RMB. Foreign exchange risk arises from future commercial transactions of sales in mainland China and limited purchases from overseas, recognised assets or liabilities, such as available for sale financial assets, cash and cash equivalent and bank borrowings, which are mainly denominated in RMB and US dollars, and net investments in foreign operations. We have not hedged our foreign exchange rate risk because the exposure is not significant.

We have certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of our foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

As at December 31, 2004, 2005 and 2006 and September 30, 2007, if US dollar had strengthened/weakened by 10% against RMB with all other variables held constant, the post-tax profit for each year/period would have changed mainly as a result of foreign exchange gains/losses on translation of RMB and US dollar denominated cash and cash equivalent and borrowings. Details of the changes are as follows:

	December 31,			September 30,
	2004	2005	2006	2007
			US$'000	
Post-tax profit increase / (decrease)				
— Strengthened 10%	(7,949)	(6,019)	(9,818)	(13,853)
— Weakened 10%	7,949	6,019	9,818	13,853
Owners' equity increase / (decrease)				
— Strengthened 10%	(20,451)	(10,164)	(13,453)	(25,742)
— Weakened 10%	20,451	10,164	13,453	25,742

Price risk

We are exposed to equity securities price risk because investments held by us are classified on the combined balance sheets either as available-for-sale or at fair value through profit or loss. We have not hedged our price risk arising from investments in equity securities financial assets.

For our equity investments that are publicly traded, the fair value is determined with reference to quoted market prices. For our equity investments that are not publicly traded, we use our judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date.

Cash flow and fair value interest rate risk

Except for bank deposits, we have no significant interest-bearing assets. Our income and operating cash flows are substantially independent of changes in market interest rates.

Our interest-rate risk arises from borrowings. Borrowings obtained at variable rates expose us to cash flow interest-rate risk. Borrowings obtained at fixed rates expose us to fair value interest-rate risk. We have not hedged our cash flow and fair value interest rate risk. The interest rate and terms of repayments of borrowings are disclosed in Note 23 to the accountant's report, in Appendix I of this prospectus.

As at December 31, 2004, 2005 and 2006 and September 30, 2007, if interest rates on bank borrowings had been 10 basis points higher/lower with all other variables held constant, our post-tax profit for each year/period would have changed mainly as a result of higher/lower interest expenses on floating rate borrowings. Details of the changes are as follows:

	December 31,			September 30,
	2004	2005	2006	2007
	US$'000			
Post-tax profit increase / (decrease)				
— Higher 10%	(145)	(413)	(1,109)	(893)
— Lower 10%	145	413	1,109	893

PROPERTY VALUATION

CB Richard Ellis Limited, an independent property valuer, has valued the property interests of the Group, comprising our Core Operations, as at January 31, 2008. Texts of its letters, summary of valuation and valuation certificates issued by CB Richard Ellis Limited are included in Appendix IV to this prospectus.

The table below sets forth the reconciliation of the net book value of the Group's property interests as at September 30, 2007 with the valuation of such interests as at January 31, 2008 as stated in Appendix IV to this prospectus:

	(US$'000)
Net book value of property interests of our Core Operations as at September 30, 2007:	
Investment properties	2,806
Leasehold land and Land use rights	41,707
Buildings	139,456
Total as at September 30, 2007	183,969
Movements during the four months ended January 31, 2008:	
— Additions	13,736
— Depreciation/amortization	(1,729)
— Disposals and transfer to non-current assets	(6,810)
— Exchange differences	10,036
Net book value at January 31, 2008	199,202
Valuation surplus as at January 31, 2008	96,636
Valuation as at January 31, 2008 *(Note)*	295,838

Note: The property interests of the Group as indicated are comprised of the properties valued by CB Richard Ellis Limited and contained in Appendix IV to this prospectus. The exchange rate adopted for the conversion of Renminbi into US Dollar on January 31, 2008 is RMB1 = US$0.139241.

Properties under development for sale

We have properties characterised as "properties under development for sale" comprising six projects in the PRC and Taiwan, with a total carrying value as at September 30, 2007, of US$141.3 million. Of these six projects, one project was a hotel property under construction which was originally intended to be held by us for hotel operations and was subsequently determined to be sold, and was therefore transferred from "property, plant and equipment" to "properties under development for sale" in 2006. These six projects are all expected to be completed prior to December 2008. The Company estimates that the total costs expected to be incurred for completion of the properties under development for sale as at September 30, 2007 would be approximately US$38.9 million. The remaining construction costs will be financed by bank borrowings and internally generated funds. These properties were transferred out of the Group pursuant to our restructuring. For further information, please see note 15 of the accountant's report in Appendix I to this prospectus.

DISTRIBUTABLE RESERVES

As at September 30, 2007, the Company had not been incorporated and, accordingly, it had no assets, liabilities or distributable reserves as at that date.

DISCLOSURE REQUIRED UNDER THE HONG KONG LISTING RULES

Our Directors confirm that as at the Latest Practicable Date, there have been no circumstances that would give rise to the disclosure requirement under Rules 13.13 to Rule 13.19 of the Listing Rules had the Shares been listed on the Hong Kong Stock Exchange.

PROFIT ESTIMATE

We estimate that, on the bases set out in Appendix III to this prospectus and in the absence of unforeseen circumstances, the profit attributable to our equity holders for the year ended December 31, 2007 is as follows:

Unaudited estimated consolidated profit attributable to equity holders of the Company for the year ended December 31, 2007	Pro forma adjustments to exclude the loss of Non-core Operations	Unaudited pro forma adjusted estimated consolidated profit of the Group excluding Non-core Operations for the year ended December 31, 2007
(Note 1)	(Note 2)	
Not less than US$175 million (approximately HK$1,362 million)	US$24 million	US$199 million

Notes:

1. The bases on which the above profit estimate has been prepared are summarized in Appendix III to this prospectus. The Directors of the Company have prepared the estimated consolidated profit attributable to the equity holders of the Company for the year ended December 31, 2007 based on the audited combined results of the Group for the nine months ended September 30, 2007 and the unaudited consolidated results based on management accounts of the Group for the three months ended December 31, 2007. The estimate has been prepared on a basis consistent in all material respects with the accounting policies presently adopted by the Group as set out in Note 3 of Section II of the Accountant's Report, the text of which is set out in Appendix I to this prospectus.

2. The estimated consolidated profit attributable to the equity holders of the Group for the year ended December 31, 2007 included the estimated consolidated loss attributable to the equity holders of the Group arising from companies of the Group engaged in the Non-core Operations amounting to US$24 million as they formed an integral part of the Group's business prior to the distribution. Pursuant to the Reorganization, the companies engaged in the Non-core Operations were transferred to the shareholders of the Company and the 0.13% minority shareholders of WWHL by way of distribution of dividend in specie on December 31, 2007. The unaudited pro forma adjusted estimated consolidated profit of the Group attributable to equity holders of the Company has been reduced, after taking into account this distribution, by the amount of the estimated loss attributable to the Non-core Operations for the year ended December 31, 2007.

On a pro forma basis and on the assumption that the Global Offering had been completed on January 1, 2007 and a total of 13,252,722,750 Shares were in issue throughout the year ended December 31, 2007, and after making the adjustments to exclude the estimated consolidated loss attributable to our equity holders of the Group arising from companies engaged in the Non-core Operations amounting to US$24 million as referred to in the section headed "Unaudited Pro Forma Financial Information" Appendix II to this prospectus, our pro forma adjusted estimated earnings per Share is not less than US$0.0150 (HK$0.1169).

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The unaudited pro forma statement of our net tangible assets as at September 30, 2007 is as follows:

	Audited combined net tangible assets of the Group attributable to equity holders of the Company as at September 30, 2007	Less: net tangible assets of the Non-core Operations as at September 30, 2007	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted net tangible assets of the Group attributable to equity holders of the Company	Unaudited pro forma adjusted net tangible assets per share	
	(Note 1)	(Note 2)	(Note 3)		(Note 4)	(Note 4)
	US$'000	US$'000	US$'000	US$'000	US$	(Equivalent to HK$)
Based on an Offer Price of HK$3.00 per share	869,247	(250,586)	146,662	765,323	0.0577	0.4495
Based on an Offer Price of HK$4.10 per share	869,247	(250,586)	200,879	819,540	0.0618	0.4814

Notes:

(1) The audited combined net tangible assets of the Group attributable to equity holders of the Company as at September 30, 2007 is extracted from the accountant's report set out in Appendix I to the prospectus, which is based on the audited combined net assets of the Group attributable to equity holders of the Company as at September 30, 2007 of US$877,190,000 with an adjustment for the intangible assets as at September 30, 2007 of US$7,943,000.

(2) For the purpose of the accountant's report, the combined net tangible assets of the Group as at 30 September 2007 included net tangible assets of companies of the Group engaged in the Non-core Operations amounting to US$250,586,000 as they formed an integral part of the Group's business as at September 30, 2007. Pursuant to the Reorganization, the companies engaged in the Non-core Operations were transferred to the shareholders of the Company and the 0.13% minority shareholders of WWHL by way of distribution of dividend in specie on December 31, 2007. The unaudited pro forma adjusted net tangible assets of the Group attributable to equity holders of the Company have been reduced, after taking into account this distribution, by the amount of the net tangible assets of the Non-core Operations as at September 30, 2007 of US$250,586,000, which is derived based on the combined net assets of the Non-core Operations as at 30 September 2007 of US$257,018,000 with an adjustment for intangible assets of the Non-core Operations as at 30 September 2007 of US$6,432,000.

(3) The estimated net proceeds from the Global Offering are based on an indicative Offer Price of HK$3.00 (equivalent to US$0.39) and HK$4.10 (equivalent to US$0.53) per share, respectively, after deducting the underwriting fees and other related expenses payable by the Company, and take no account of any shares which may be issued upon the exercise of the Over-allotment Option or any options which may be granted under the Pre-IPO Share Option Scheme. For the purpose of the estimated net proceeds from the Global Offering, the translation of HK dollars into US dollars was made at the rate of HK$7.7842 to US$1.00, the exchange rate prevailing on February 27, 2008.

(4) The unaudited pro forma adjusted net tangible assets per Share is derived at after adjustments referred to in the preceding paragraphs and on the basis of that 13,252,722,750 Shares were in issue assuming that the Reorganisation and the Global Offering had been completed on September 30, 2007 but takes no account of any shares which may be issued upon the exercise of the Over-allotment Option or any options which may be granted under the Pre-IPO Share Option Scheme.

(5) As at January 31, 2008, the Group's property interests were revalued by CB Richard Ellis Limited, an independent property valuer, and the relevant property valuation report is set out in Appendix IV — Property Valuation. The net revaluation surplus, representing the excess of market value of the properties over their book value, is approximately US$96,636,000. In accordance with the Group's accounting policies, such properties are stated at historical cost less accumulated depreciation and impairment. As such, the net revaluation surplus has not been included in the Group's combined financial information as at September 30, 2007 and will not be included in the Group's financial statements for the year ended December 31, 2007. The adjustments referred to in the preceding paragraphs do not take into account this revaluation surplus. Had the properties been stated at such revaluation, an additional depreciation of US$6,284,000 per annum would be charged against the combined income statement.

(6) Except for the adjustments mentioned above, no other adjustment has been made to the unaudited pro forma adjusted net tangible assets to reflect any trading result or other transactions of the Group entered into subsequent to September 30, 2007.

DIVIDEND POLICY

Our Board may declare dividends in the future after taking into account our operations, earnings, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the Cayman Companies Law. Our shareholders in general meeting must approve any declaration of dividends, which must not exceed the amount recommended by our Board. In addition, our Directors may from time to time pay such interim dividends as appear to our Board to be justified by our profits, or special dividends of such amounts and on such dates as they think fit. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of the Board.

Future dividend payments will also depend upon the availability of dividends received from our subsidiaries in China. PRC laws require that dividends be paid only out of net profit calculated according to PRC accounting principles, which differ in many aspects from generally accepted accounting principles in other jurisdictions, including Hong Kong Financial Reporting Standards. PRC laws also require foreign-invested enterprises, such as most of our subsidiaries in China, to set aside part of their net profit as statutory reserves, which are not available for distribution as cash dividends. Distributions from our subsidiaries may also be restricted if they incur debt or losses, or in accordance with any restrictive covenants in bank credit facilities or other agreements that we or our subsidiaries and associated companies may enter into in the future.

Subject to the factors above, we plan to distribute regular dividends after listing on the Hong Kong Stock Exchange, and currently intend to distribute as dividend to all our future shareholders approximately 30% of our total distributable profits in respect of the year ended December 31, 2007.

NO SIGNIFICANT INTERRUPTIONS

Our Directors confirm that there have been no interruptions in our business that may have a significant effect on our results of operations and financial position in the last 12 months.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that there has been no material adverse change in our financial or trading position since September 30, 2007.